Town of Highland Park, Texas
TOWN COUNCIL STUDY SESSION
AGENDA

8:00 AM
February 17, 2026

4700 Drexel Drive Highland Park, TX 75205
Executive Conference Room, Second Floor

I. CALL TO ORDER

II. PUBLIC COMMENT

This portion of the agenda is the public's opportunity to address the Town Council about any item listed on the agenda, except public hearings. Comments related to public hearings will be heard when the specific hearing begins. Public comments are limited to three (3) minutes per speaker, unless otherwise required by law. Per the Texas Open Meetings Act, the Town Council is not permitted to take action on or discuss any item not listed on the agenda. Items suggested for action may be placed on a future agenda at the Town Council's sole discretion.

III. FUTURE AGENDA DISCUSSION

A. Review, discuss, and consider the opportunity for a Town Council Member to request an item to be placed on a future Town Council Meeting agenda.

IV. REPORTS

A. Review and discuss the monthly Financial and Investment Report for the three-month period ending December 31, 2025.

B. Review and discuss the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025.

C. Review and discuss the 2025 Racial Profiling Report for Highland Park Department of Public Safety compiled and analyzed by Dr. Alex del Carmen.

D. Review and discuss a presentation regarding on-street parking-related challenges and mobility solutions.

V. CLOSED SESSION

A. In accordance with the Texas Government Code, Chapter 551, Subchapter D, Section 551.071 – CONSULTATION WITH ATTORNEY – the Town Council will convene in closed session for consultation with and to receive legal advice from the Town Attorney regarding pending or contemplated litigation or settlement offer or regarding a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter re: (i) DART withdrawal election.

VI. OPEN SESSION

A. Pursuant to Section 551.102 of the Texas Government Code, the final action, decision, or vote regarding Closed Session Item A. above shall be made, if any.

VII. ADJOURNMENT

Any item on this posted agenda could be discussed in closed session as long as it is within one of the permitted categories under Sections 551.071 through 551.076 and 551.087 of the Texas Government Code.

A member of the public may address the governing body regarding an item on the agenda either before or during the body's consideration of the item, upon being recognized by the presiding officer or the consent of the body.

SPECIAL ACCOMMODATIONS FOR TOWN COUNCIL MEETINGS: Let us know if you need special assistance of any kind.

Please contact the Town of Highland Park Administrative staff at (214) 521-4161 from 7:30 a.m. - 4:30 p.m., Monday through Friday.

Town of Highland Park
Town Council Study Session
Tuesday, February 17, 2026

Item Coversheet

Review, discuss, and consider the opportunity for a Town Council Member to request an item to be placed on a future Town Council Meeting agenda.

PRESENTED BY: Joanna Mekeal, Town Secretary

BACKGROUND:

This item is provided at the request of the Mayor for a member of the Town Council to request that an item be placed on a future Town Council study session agenda for discussion or consideration. Town Council discussion and consideration would be limited to including a potential agenda item and scheduling such on a future agenda. The agenda item would be included in the study session agenda of regular Town Council meetings.

RECOMMENDATION

Staff recommends approval of the inclusion of the agenda item for future regular Town Council meetings (not special or emergency).

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

None

Town of Highland Park
Town Council Study Session
Tuesday, February 17, 2026

Item Coversheet

Review and discuss the monthly Financial and Investment Report for the three-month period ending December 31, 2025.

PRESENTED BY: John Samford, Director of Finance

BACKGROUND:

The attached Financial and Investment Report summarizes activity for the three-month period ending December 31, 2025. As of that date, combined revenues for the General and Utility Funds totaled $14,832,867, representing 28.2% of the annual budgeted revenue for these two funds. Combined expenditures and encumbrances for the same funds amounted to $11,024,871, or 20.4% of the total combined expenditure budget. A narrative summary is included within the report to provide context.

Additionally, the Quarterly Investment Report for the period ending December 31, 2025, is presented for review. As of December 31, the total market value of the Town's cash and investment portfolio was $69,746,546, with a weighted average yield of 4.00% and an average maturity of 57 days.

RECOMMENDATION

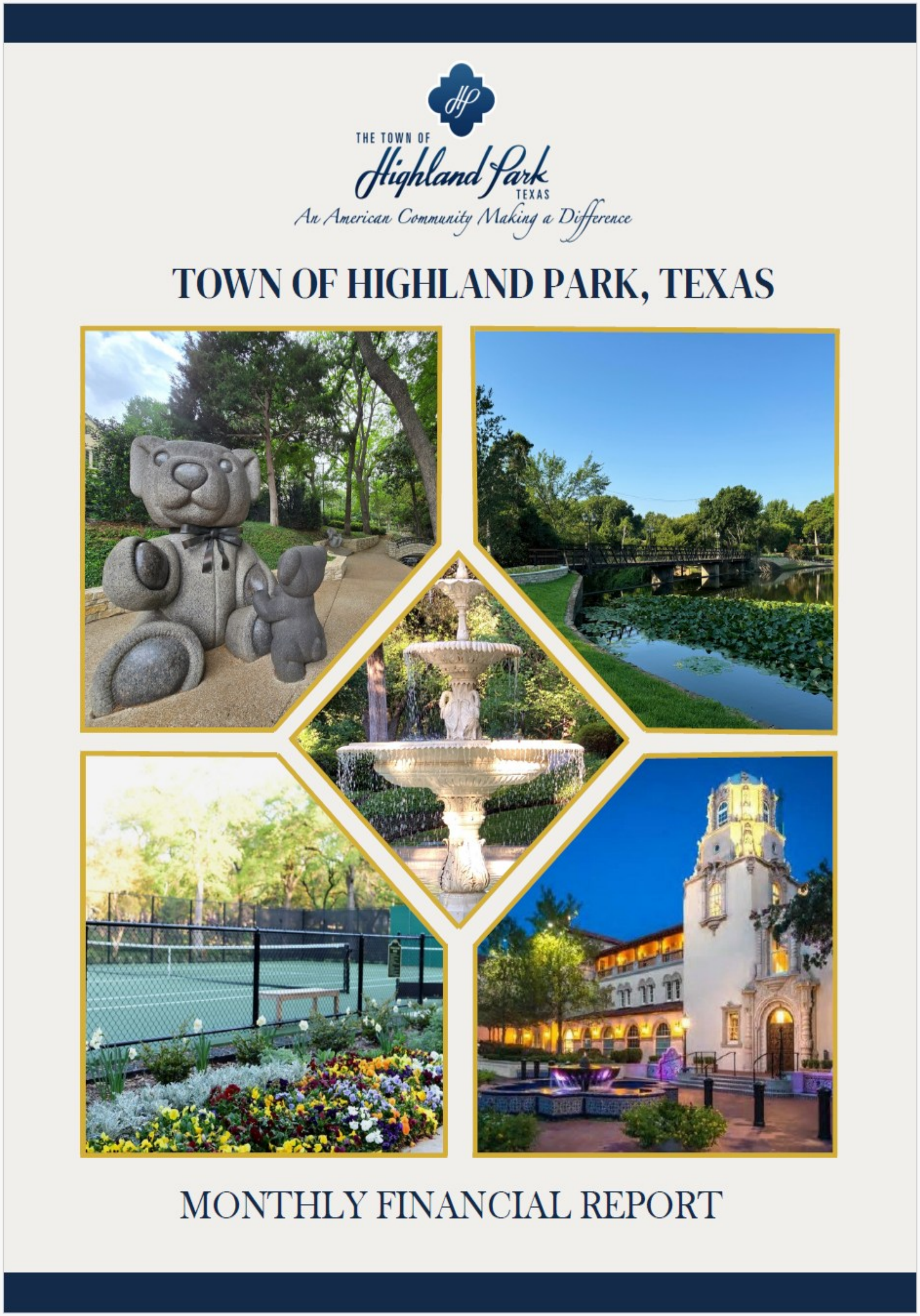
There is no recommended action associated with this agenda item as it is presented solely for informational and discussion purposes.

FINANCIAL IMPACT

There is no financial impact associated with this agenda item as it is presented solely for informational and discussion purposes.

ATTACHMENTS

Monthly Fin Report_122025 - Final, Quarterly Investment Report_12.31.25 Signed



OVERVIEW

As of December 31, 2025, General and Utility Fund combined revenues are $14,832,867. This is 28.2% of the annual budgeted revenue amount. Combined expenses and encumbrances of $11,024,871 are 20.4% of the annual budget.

December 31 marks the end of the third month of the 2025-26 Budget Year. Therefore, the year to date budget percentage for budgetary comparison is 25.0%.

YEAR TO DATE (YTD) ACTIVITY

- ***Property Taxes*** are 96.4% of projection
- ***Sales Taxes*** are 125.3% of projection
- ***Building Permits*** are 99.6% of projection
- ***Water Sales*** are 102.2% of projection

COMPARISON TO LAST YEAR

- ***Property Taxes*** are 105.1% of prior year
- ***Sales Taxes*** are 94.9% of prior year
- ***Building Permits*** are 130.2% of prior year
- ***Water Sales*** are 99.4% of prior year

This data contained in this report is as of February 6, 2026.

Note: Due to rounding, figures presented in this report may not sum precisely to the stated totals, and percentages may not exactly reflect the underlying absolute values.

GENERAL FUND REVENUES

Revenue Signal Key
🟢 > 100% of Projected
🟡 95-100% of Projected
🔴 < 95% of Projected

	December 2025				Year To Date as of December 2025				Year To Date as of December 2025			Year To Date as of December 2024		
	Signal	Actual	Projected	%	Signal	Actual	Projected	%	Actual	Budget	%	Actual	Budget	%
Property Taxes	🟢	$ 6,148,591	$ 6,006,212	102.4%	🟡	$ 7,714,855	$ 8,005,040	96.4%	$ 7,714,855	$ 20,433,960	37.8%	$ 7,339,320	$ 19,463,027	37.7%
Sales Taxes	🟢	841,980	546,153	154.2%	🟢	2,284,945	1,823,977	125.3%	2,284,945	8,283,320	27.6%	2,408,211	7,020,752	34.3%
Mixed Beverage Taxes	🟢	49,595	47,843	103.7%	🟡	129,576	132,248	98.0%	129,576	555,985	23.3%	124,962	540,000	23.1%
Franchise Fees	🔴	554	7,056	7.9%	🔴	184,833	209,985	88.0%	184,833	1,016,500	18.2%	197,256	995,600	19.8%
Licenses and Permits	🟢	162,838	97,156	167.6%	🟡	403,227	412,068	97.9%	403,227	1,392,385	29.0%	320,742	1,726,725	18.6%
Charges for Services	🔴	98,544	105,474	93.4%	🔴	281,040	303,181	92.7%	281,040	1,352,100	20.8%	284,183	1,411,914	20.1%
Fines and Forfeitures	🟢	31,065	28,770	108.0%	🔴	86,847	99,296	87.5%	86,847	415,900	20.9%	69,803	239,500	29.1%
Earnings on Investments	🔴	23,533	33,748	69.7%	🟢	93,859	78,555	119.5%	93,859	539,240	17.4%	128,895	601,000	21.4%
Miscellaneous	🟡	34,079	35,650	95.6%	🟢	153,444	106,949	143.5%	153,444	427,795	35.9%	90,829	376,201	24.1%
Transfers	-	-	-	-	-	-	-	-	-	1,702,810	-	-	1,575,100	-
Total Revenues	🟢	$ 7,390,779	$ 6,908,062	107.0%	🟢	$ 11,332,626	$ 11,171,299	101.4%	$ 11,332,626	$ 36,119,995	31.4%	$ 10,964,201	$ 33,949,819	32.3%

YEAR TO DATE OVERVIEW

Through December 31, General Fund non-property tax revenues of $3,617,771 are $451,512 above projection. Total revenues(including property taxes) are $161,327 above projection and are up 3.4% compared to the same period in the prior fiscal year.

PROPERTY TAXES

Property tax revenue is at 96.4% of the amount projected at this point in the fiscal year and 105.1% of the amount collected during this same period last fiscal year. The majority of Property Tax revenue is received during the months of December through February. Property taxes account for 57% of total General Fund budgeted revenue based on the original budget.

SALES TAXES

Sales tax revenue year to date is 125.3% of the amount projected at this point in the fiscal year and 94.9% of the amount collected during this same period last fiscal year for this revenue source. Last fiscal year, the Town received large, one-time prior period collections in October. Sales taxes account for 23% of total General Fund budgeted revenue based on the original budget.

MIXED BEVERAGE TAXES

Mixed Beverage Tax receipts are at 98.0% of the amount projected at this point in the fiscal year and 103.7% of the amount collected during this same period last fiscal year for this revenue source. Mixed Beverage Taxes are received monthly from the Texas Comptroller of Public Accounts.

FRANCHISE FEES

Franchise Fees are at 88.0% of the amount projected at this point in the fiscal year and 93.7% of the amount collected during this same period last fiscal year. Franchise Fees are received monthly and quarterly with the exception of the Natural Gas franchise fee, which is received annually in one payment.

LICENSES AND PERMITS

Licenses and permits revenue is at 97.9% of the amount projected at this point in the fiscal year and 125.7% of the amount collected during this same period last fiscal year for this revenue category. Licenses and permits accounts primarily for building permits, but also includes electrical and alarm permits, beverage and carriage service licenses.

CHARGES FOR SERVICES

Charges for services are at 92.7% of the amount projected at this point in the fiscal year and 98.9% of the amount collected during this same period last fiscal year for this revenue category. This category includes a variety of fees such as EMS, alarm monitoring, registration fees, and court related fees.

FINES AND FORFEITURES

Fines and forfeitures are at 87.5% of the amount projected at this point in the fiscal year and 124.4% of the amount collected during this same period last fiscal year for this revenue category. This category primarily consists of Municipal Court fines along with other miscellaneous fines.

EARNINGS ON INVESTMENTS

Earnings on investments are at 119.5% of the amount projected at this point in the fiscal year and 72.8% of the amount collected during this same period last fiscal year for this revenue category. Investment earnings are conservatively projected and can fluctuate based on the Fed Funds rate and investible balances.

MISCELLANEOUS REVENUES

Miscellaneous revenues are at 143.5% of the amount projected at this point in the fiscal year due one-time recognition of amounts held in escrow for demolitions. Miscellaneous revenues include penalties on delinquent property taxes, tower lease rental charges, donations, contributions, and other non-major revenues.

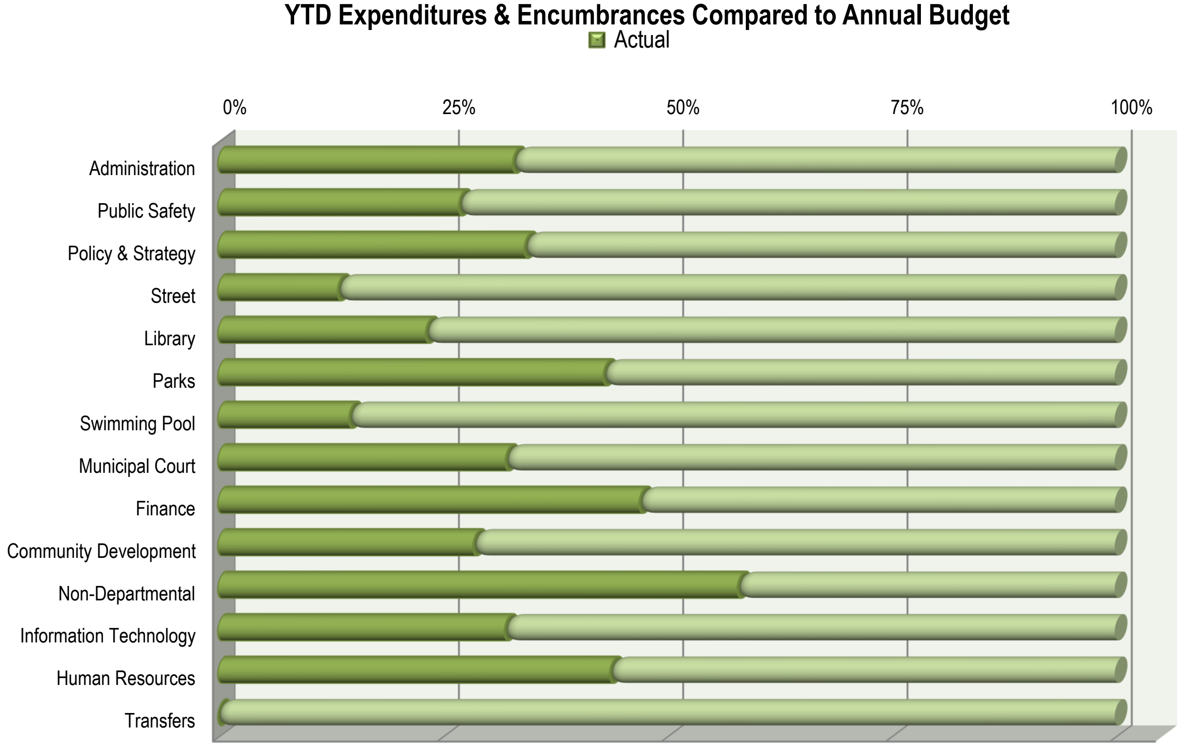
TRANSFERS

Biannual transfers consist of a cost allocation from the Utility Fund for the fund's share of G&A expenses and a transfer from the Court Security Fund to the General Fund for payroll related costs associated with court security. Transfers are recorded 50% in February and 50% in July.

GENERAL FUND EXPENDITURES

	Year To Date as of December 2025			Year To Date as of December 2024		
	Actual	Annual Budget	% of Budget	Actual	Annual Budget	% of Budget
Administration	$ 484,033	$ 1,469,953	32.9%	$ 376,681	$ 1,007,509	37.4%
Public Safety	4,978,184	18,514,428	26.9%	4,596,093	17,488,509	26.3%
Policy & Strategy	147,797	431,947	34.2%	80,803	312,748	25.8%
Street	64,007	477,891	13.4%	93,334	482,001	19.4%
Library	220,302	948,904	23.2%	212,974	922,733	23.1%
Parks	866,811	2,014,979	43.0%	820,226	1,963,343	41.8%
Swimming Pool	41,160	280,689	14.7%	50,636	278,100	18.2%
Municipal Court	211,615	659,182	32.1%	170,592	616,491	27.7%
Finance	424,545	902,861	47.0%	398,079	1,202,450	33.1%
Community Development	349,078	1,224,432	28.5%	198,224	1,148,360	17.3%
Non-Departmental	276,374	476,803	58.0%	470,458	1,011,032	46.5%
Information Technology	388,616	1,214,036	32.0%	479,052	1,068,196	44.8%
Human Resources	120,024	274,401	43.7%	-	-	-
Transfers	-	7,217,755	-	-	6,179,125	-
Total Expenditures	$ 8,572,546	$ 36,108,261	23.7%	$ 7,947,152	$ 33,680,597	23.6%

YTD Expenditures & Encumbrances Compared to Annual Budget



YEAR TO DATE OVERVIEW

Total General Fund expenditures and encumbrances of $8,572,546 are 23.7% of the annual budget.

GENERAL FUND OVERALL COMMENTARY

General Fund spending to date is about as expected this early into the fiscal year. Many departments encumber (reserve funds with Purchase Orders) for contracts in the beginning of the year, which will be expended as invoices are processed throughout the year for budgetary control purposes.

ADMINISTRATION

The annual estimate for Town Attorney services has been encumbered in this budget.

POLICY & STRATEGY

The annual contract for communications has been encumbered in this budget.

PARKS

Annual contract estimates for park maintenance and tree trimming services has been encumbered in this budget.

FINANCE

Annual contract estimates for the Dallas Central Appraisal District for property appraisal services and the annual audit have been encumbered in this budget.

COMMUNITY DEVELOPMENT

The annual SaaS contract for the OpenGov permitting system has been encumbered and paid in this budget.

NON-DEPARTMENTAL

The authorized supplemental retirement plan contribution has been encumbered in this budget. This supplemental contribution is intended to expedite pay down the net pension liability.

HUMAN RESOURCES

Annual contract estimates for various consulting services has been encumbered in this budget.

TRANSFERS

Bi-annual transfers include a transfer to the CIP Fund for infrastructure maintenance / rehabilitation. Transfers to the Equipment and Technology Replacement Funds accumulate resources for future equipment and technology purchases. A transfer to the Building Maintenance Fund supports the operational and maintenance budgets of Town Hall and the Service Center. Transfers to the Internal Service Funds occur once per year in January. The other transfers are recorded 50% in February and 50% in July.

UTILITY FUND REVENUES

Revenue Signal Key
Green: > 100% of Projected
Yellow: 95-100% of Projected
Red: < 95% of Projected

	December 2025				Year To Date as of December 2025				Year To Date as of December 2025			Year To Date as of December 2024		
	Signal	Actual	Projected	%	Signal	Actual	Projected	%	Actual	Budget	%	Actual	Budget	%
Water Sales	Green	$ 619,922	$ 606,227	102.3%	Green	$ 2,516,865	$ 2,462,676	102.2%	$ 2,516,865	$ 9,754,780	25.8%	$ 2,533,261	$ 9,176,886	27.6%
Sanitary Sewer Charges	Yellow	253,052	264,087	95.8%	Red	811,494	865,724	93.7%	811,494	3,434,185	23.6%	821,637	3,265,533	25.2%
Other Charges for Service	Green	10,830	7,612	142.3%	Green	26,250	22,836	115.0%	26,250	391,345	6.7%	16,230	38,000	42.7%
Licenses and Permits	Red	3,460	5,110	67.7%	Red	9,324	15,329	60.8%	9,324	61,315	15.2%	16,476	62,000	26.6%
Fines and Forfeitures	Red	4,429	8,423	52.6%	Red	24,924	31,004	80.4%	24,924	91,985	27.1%	29,322	75,000	39.1%
Earnings on Investments	Green	38,488	29,546	130.3%	Green	111,175	83,662	132.9%	111,175	362,475	30.7%	139,453	286,000	48.8%
Miscellaneous	Red	60	110	54.5%	Red	209	330	63.3%	209	1,841,320	0.0%	47,294	674,125	7.0%
Transfers	-	-	-	-	-	-	-	-	-	575,775	-	-	503,800	-
Total Revenues	Green	$ 930,241	$ 921,115	101.0%	Green	$ 3,500,241	$ 3,481,561	100.5%	$ 3,500,241	$ 16,513,180	21.2%	$ 3,603,673	$ 14,081,344	25.6%

YEAR TO DATE OVERVIEW

Total Utility Fund operational revenues (excluding transfers) totaling $3,500,241 is in line with year to date projection and down 2.9% when compared to the amount received through the same period in the prior fiscal year. The FY26 budget reflects a 3.9% increase in water rates and a 3.0% increase in sewer rates.

WATER SALES

Water sales revenue year to date is at 102.2% of the amount projected at this point in the fiscal year and 99.4% of the amount collected during this same period last fiscal year. Water sales are conservatively forecasted due to the large fluctuation in consumption that can occur from year to year given that the customer base is primarily residential. This revenue source accounts for 59% of total Utility Fund revenue based on the original budget.

SEWER CHARGES

Sanitary sewer revenue year to date is at 93.7% of the amount projected at this point in the fiscal year and 98.8% of the amount collected during this same period last fiscal year. Sanitary sewer revenue accounts for 21% of total Utility Fund revenue based on the original budget.

OTHER CHARGES FOR SERVICES

This revenue is at 115.0% of the amount projected at this point in the fiscal year and 161.7% of the amount collected during this same period last fiscal year. This revenue source is primarily driven by charges for meter installations and also includes the anticipated fees from the backflow inspection program.

LICENSES AND PERMITS

Licenses and permits revenue (Plumbing Permits) is at 60.8% of the amount projected at this point in the fiscal year and 56.6% of the amount collected during this same period last fiscal year.

FINES AND FORFEITURES

Revenue (penalties assessed on delinquent utility bills) is at 80.4% of the amount projected at this point in the fiscal year and 85.0% of the amount collected during this same period last fiscal year. Late payment penalty revenue is driven by payment timing and the size of the past due balance.

EARNINGS ON INVESTMENTS

Investment earnings are 132.9% of the amount projected at this point in the fiscal year and 79.7% of the amount collected during this same period last fiscal year. Investment earnings are conservatively projected and can fluctuate based on the Fed Funds rate and investible balances.

MISCELLANEOUS REVENUE

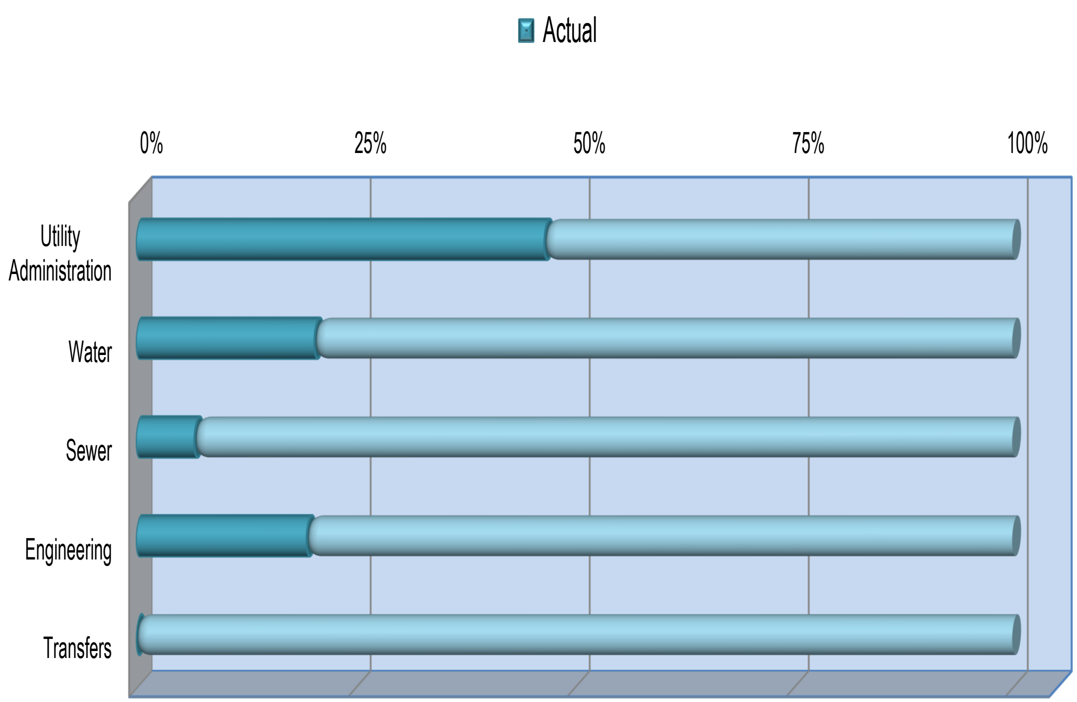
Miscellaneous Revenue accounts for capital contributions (cost sharing) related to repairs, maintenance, and capital projects from outside organizations. Other non-significant revenue items are included in this category as well.

TRANSFERS

Biannual transfers consist of a transfer from the Solid Waste Fund for the cost allocation of the Solid Waste Fund's share of Utility Fund admin costs. Additionally, transfers from the Capital Project and Storm Water Drainage Funds offset related Engineering services. Transfers are recorded 50% in February and 50% in July.

	Year To Date as of December 2025			Year To Date as of December 2024		
	Actual	Annual Budget	% of Budget	Actual	Annual Budget	% of Budget
Utility Administration	$ 225,451	$ 483,800	46.6%	$ 176,080	$ 465,029	37.9%
Water	1,533,258	7,532,414	20.4%	1,307,340	8,627,893	15.2%
Sewer	392,658	5,901,682	6.7%	264,934	4,412,146	6.0%
Engineering	300,958	1,546,228	19.5%	223,876	1,277,737	17.5%
Transfers	-	2,503,488	-	-	2,327,556	-
Total Expenses	$ 2,452,325	$ 17,967,612	13.6%	$ 1,972,230	$ 17,110,361	11.5%

YTD Expenditures & Encumbrances Compared to Annual Budget



YEAR TO DATE OVERVIEW

Year to date expenditures, plus encumbrances and less non-cash expenditures of depreciation and bad debts, total $2,452,325 or 13.6% of annual budget, which is comparable to the same period in the previous fiscal year. Many departments encumber (reserve funds with Purchase Orders) for contracts in the beginning of the year, which will be expended as invoices are processed throughout the year for budgetary control purposes.

Capital infrastructure improvement spending accounts for approximately 39% of the Utility Fund original budget (excluding transfers to other funds).

UTILITY ADMINISTRATION

Annual estimates for third party bill print and mail service and the annual maintenance for the Itron Meter Automated Meter Reading system have been encumbered and paid in this budget. This budget also includes the Utility Fund's share of the authorized supplemental retirement plan contribution, which has been encumbered.

TRANSFERS

Biannual transfers to other funds include a transfer to the General Fund for the Utility Fund's share of General Fund G&A expenses and a transfer to the Capital Projects Fund based on 5% of water and sanitary sewer revenues. A transfer to the Building Maintenance Fund is made for the Utility Fund's share of facility maintenance expenditures, and a transfer to the Equipment and Technology Replacement Funds is made to fund future equipment and technology purchases. Transfers to the Internal Service Funds occur once per year, in the month of January. All other transfers are made 50% in February and 50% in July.

WORKING CAPITAL SUMMARY

Fund	Working Capital (1)	Dedicated Funds (2)	Available Working Capital (3)	Outstanding Encumbrances
General Fund	$ 13,219,431	$ 5,312,631	$ 7,906,800	$ 1,834,377
Reserve Fund (4)	4,080,306	4,080,306	-	-
Utility Fund	10,508,120	2,802,300	7,705,821	2,321,416
Solid Waste Fund	544,049	544,049	-	51,758
Capital Projects Fund	23,714,885	23,714,885	-	4,262,777
Equipment Replacement Fund	5,045,382	5,045,382	-	580,712
Technology Replacement Fund	4,452,765	4,452,765	-	686,282
Storm Water Drainage Utility Fund	2,509,562	2,509,562	-	3,328,875
Building Maintenance Fund	1,457,602	1,457,602	-	139,115
Other Funds	812,660	812,660	-	14,290
	$ 66,344,762	$ 50,732,142	$ 15,612,620	$ 13,219,602

(1) Working Capital is defined as current assets less current liabilities. The Working Capital totals have not been reduced by outstanding encumbrances because expenditures are recognized in the period the liability is incurred.

(2) Dedicated funds represent the amount of Working Capital that has been reserved to comply with financial management policies, special purpose, or lawful requirements.

(3) Available Working Capital is the amount of Working Capital in excess of dedicated funds.

(4) The Reserve Fund holds proceeds from land sales completed by the Town.

CASH AND INVESTMENTS

The market value of the Town's investment portfolio at December 31, 2025 is $69,746,546. The Town's investment practice is to invest funds for specific maturity or call dates (passive investment management), rather than buy and sell based upon market conditions (active investment management). The total weighted average yield of the portfolio for the month is 4.00%.

/S/

John R. Samford
Director of Finance

/S/

Taylor S. Lough
Assistant Town Administrator

Town of Highland Park

MONTHLY INVESTMENT REPORT

For the Month Ended

December 31, 2025

Prepared by

Valley View Consulting, L.L.C.

Disclaimer: These reports were compiled using information provided by the Town. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

Strategy Summary

Month End Results by Investment Category:

Asset Type	November 30, 2025 Book Value	November 30, 2025 Market Value	December 31, 2025 Book Value	December 31, 2025 Market Value	Ave. Yield
Cash & Cash Equivalents	$ 43,335,787	$ 43,335,787	$ 48,953,930	$ 48,953,930	3.90%
Securities	5,986,456	5,996,266	2,987,969	2,997,751	4.06%
CDs	17,681,424	17,681,424	17,794,866	17,794,866	4.27%
Totals	**$ 67,003,668**	**$ 67,013,478**	**$ 69,736,764**	**$ 69,746,546**	4.00%

Current Month Weighted Average Yield (1)	
Total Portfolio	4.00%
Rolling Three Month Treasury	3.81%
Rolling Six Month Treasury	3.87%
TexPool	3.83%

Fiscal Year-to-Date Weighted Average Yield (2)	
Total Portfolio	4.14%
Rolling Three Month Treasury	3.97%
Rolling Six Month Treasury	4.00%
Average Monthly TexPool	3.99%

Interest Earnings (Approximate)	
Monthly Interest Income	$ 233,944
Year-to-date Interest Income	$ 716,029

(1) **Current Month Weighted Average Yield** - calculated using month end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees. The yield for the reporting month is used for bank and money market balances.

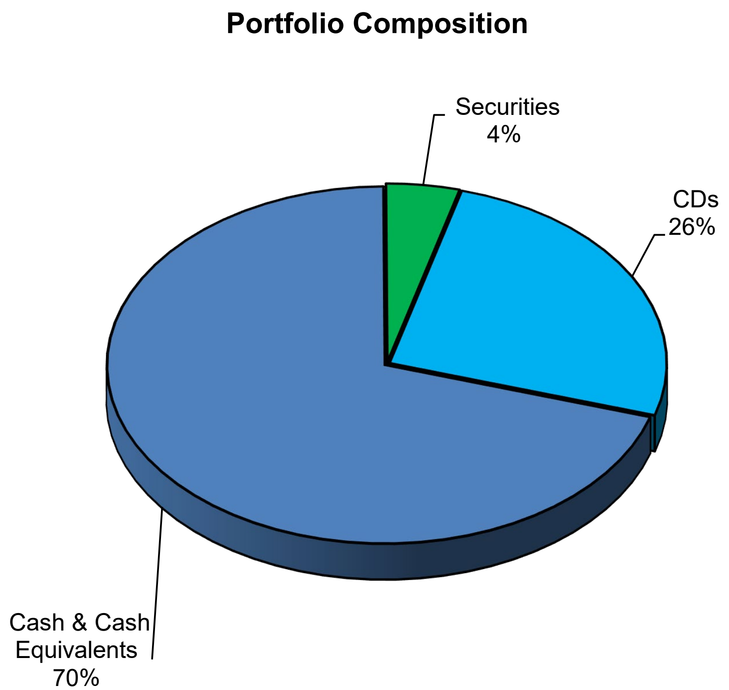
(2) **Fiscal Year-to-Date Weighted Average Yield -** calculated using month end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

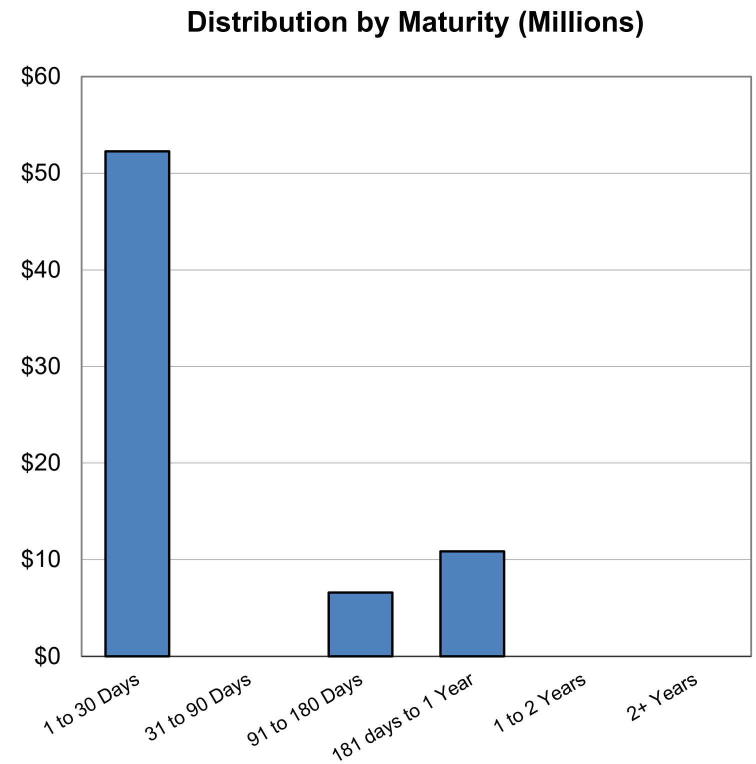
Investment Holdings
December 31, 2025

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
PlainsCapital Bank - Cash		3.90%	01/01/26	12/31/25	$ 39,226,193	$ 39,226,193	1.00	$ 39,226,193	1	3.90%
NexBank MMA		4.05%	01/01/26	12/31/25	76	76	1.00	76	1	4.05%
NexBank ICS		3.90%	01/01/26	12/31/25	9,727,661	9,727,661	1.00	9,727,661	1	3.90%
Cash & Cash Equivalents - Sub Total					**48,953,930**	**48,953,930**		**48,953,930**	**1**	**3.90%**
East West Bank CD		4.09%	01/29/26	04/29/25	3,299,905	3,299,905	100.00	3,299,905	29	4.17%
Texas Bank and Trust CD		4.10%	05/01/26	05/01/25	4,083,101	4,083,101	100.00	4,083,101	121	4.16%
TFNB CD		4.25%	06/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	180	4.32%
TFNB CD		4.25%	06/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	180	4.32%
TFNB CD		4.25%	06/29/26	09/29/25	505,298	505,298	100.00	505,298	180	4.32%
BOK Financial IntraFi CD		4.42%	08/06/26	08/08/24	1,063,847	1,063,847	100.00	1,063,847	218	4.52%
TFNB CD		4.25%	09/29/26	09/29/25	2,526,490	2,526,490	100.00	2,526,490	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	2,021,192	2,021,192	100.00	2,021,192	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	252,649	252,649	100.00	252,649	272	4.32%
UST-Note	Aa1/AA+	3.50%	09/30/26	10/28/24	3,000,000	2,987,969	99.93	2,997,751	273	4.06%
Investments - Sub Total					**20,794,866**	**20,782,834**		**20,792,616**	**190**	**4.24%**
Total Portfolio					**$ 69,748,796**	**$ 69,736,764**		**$ 69,746,546**	**57**	**4.00%**
									(1)	**(2)**

(1) Weighted average life - For purposes of calculating weighted average life, bank accounts and money market funds are assumed to have an one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts and money market funds.





	Book Value	Percent
Cash & Cash Equivalents	48,953,930	70%
Securities	2,987,969	4%
CDs	17,794,866	26%
	69,736,764	**100%**

	Book Value	Percent
1 to 30 Days	$ 52,253,835	75%
31 to 90 Days	–	0%
91 to 180 Days	6,609,591	9%
181 days to 1 Year	10,873,338	16%
1 to 2 Years	–	0%
2+ Years	–	0%
	$ 69,736,764	**100%**

Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 11/30/25	Increases	Decreases	Book Value 12/31/25	Market Value 11/30/25	Change in Market Value	Market Value 12/31/25
PlainsCapital Bank - Cash	3.90%	01/01/26	$ 33,341,744	$ 5,884,449	$ –	$ 39,226,193	$ 33,341,744	$ 5,884,449	$ 39,226,193
NexBank MMA	4.05%	01/01/26	24,845	–	(24,769)	76	24,845	(24,769)	76
NexBank ICS	3.90%	01/01/26	9,969,198	–	(241,537)	9,727,661	9,969,198	(241,537)	9,727,661
Cash & Cash Equivalents - Sub Total	**3.90%**		**43,335,787**	**5,884,449**	**(266,306)**	**48,953,930**	**43,335,787**	**5,618,143**	**48,953,930**
FFCB	5.06%	12/10/25	2,999,854	–	(2,999,854)	–	3,000,647	(3,000,647)	–
East West Bank CD	4.17%	01/29/26	3,288,463	11,442	–	3,299,905	3,288,463	11,442	3,299,905
Texas Bank and Trust CD	4.16%	05/01/26	4,083,101	–	–	4,083,101	4,083,101	–	4,083,101
TFNB CD	4.32%	06/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	06/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	06/29/26	500,000	5,298	–	505,298	500,000	5,298	505,298
BOK Financial IntraFi CD	4.52%	08/06/26	1,059,860	3,987	–	1,063,847	1,059,860	3,987	1,063,847
TFNB CD	4.32%	09/29/26	2,500,000	26,490	–	2,526,490	2,500,000	26,490	2,526,490
TFNB CD	4.32%	09/29/26	2,000,000	21,192	–	2,021,192	2,000,000	21,192	2,021,192
TFNB CD	4.32%	09/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	09/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	09/29/26	250,000	2,649	–	252,649	250,000	2,649	252,649
UST-Note	4.06%	09/30/26	2,986,603	1,366	–	2,987,969	2,995,619	2,132	2,997,751
Investments - Sub Total	**4.24%**		**23,667,880**	**114,807**	**(2,999,854)**	**20,782,834**	**23,677,690**	**(2,885,074)**	**20,792,616**
TOTAL/AVERAGE	**4.00%**		**$ 67,003,668**	**$ 5,999,256**	**$ (3,266,160)**	**$ 69,736,764**	**$ 67,013,478**	**$ 2,733,068**	**$ 69,746,546**

Allocation
December 31, 2025

Book Value

	Total	General	Capital Projects	Solid Waste	Utility	Equipment Replacement	Technology Replacement	Stormwater Drainage	Building Maintenance	Local Youth Diversion Fund	Municipal Jury	Court S&T Fund	Forfeited Property
PlainsCapital Bank - Cash	$ 39,226,193	$ 10,161,281	$ 15,255,732	$ 566,613	$ 6,216,896	$ 1,175,727	$ 909,046	$ 4,136,603	$ 214,618	$ 115,186	$ 2,304	$ 26,197	$ 132,988
NexBank MMA	76	76	–	–	–	–	–	–	–	–	–	–	–
NexBank ICS	9,727,661	2,523,469	4,439,371	123,258	1,586,357	592,012	8,712	–	204,279	–	–	–	–
Cash & Cash Equivalents - Sub Total	48,953,930	12,684,826	19,695,103	689,871	7,803,253	1,767,739	917,758	4,136,603	418,897	115,186	2,304	26,197	132,988
01/29/26–East West Bank CD	3,299,905	–	1,099,968	–	2,199,937	–	–	–	–	–	–	–	–
05/01/26–Texas Bank and Trust CD	4,083,101	–	–	–	–	1,020,775	1,020,775	2,041,551	–	–	–	–	–
06/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–	–	–	–	–	–
06/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–	–	–	–	–	–
06/29/26–TFNB CD	505,298	–	–	–	–	–	–	–	505,298	–	–	–	–
08/06/26–BOK Financial IntraFi CD	1,063,847	265,962	–	–	–	265,962	265,962	–	265,962	–	–	–	–
09/29/26–TFNB CD	2,526,490	2,526,490	–	–	–	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	2,021,192	–	2,021,192	–	–	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–	–	–	–	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–	–	–	–	–	–
09/29/26–TFNB CD	252,649	–	–	–	–	–	–	–	252,649	–	–	–	–
09/30/26–UST-Note	2,987,969	1,207,641	1,780,327	–	–	–	–	–	–	–	–	–	–
Investments - Sub Total	20,782,834	4,000,093	4,901,488	–	2,199,937	3,307,929	3,307,929	2,041,551	1,023,909	–	–	–	–
Total	**$ 69,736,764**	**$ 16,684,919**	**$ 24,596,591**	**$ 689,871**	**$ 10,003,190**	**$ 5,075,668**	**$ 4,225,687**	**$ 6,178,154**	**$ 1,442,806**	**$ 115,186**	**$ 2,304**	**$ 26,197**	**$ 132,988**

Market Value

	Total	General	Capital Projects	Solid Waste	Utility	Equipment Replacement	Technology Replacement	Stormwater Drainage	Building Maintenance	Local Youth Diversion Fund	Municipal Jury	Court S&T Fund	Forfeited Property
PlainsCapital Bank - Cash	$ 39,226,193	$ 10,161,281	$ 15,255,732	$ 566,613	$ 6,216,896	$ 1,175,727	$ 909,046	$ 4,136,603	$ 214,618	$ 115,186	$ 2,304	$ 26,197	$ 132,988
NexBank MMA	76	76	–	–	–	–	–	–	–	–	–	–	–
NexBank ICS	9,727,661	2,523,469	4,439,371	123,258	1,586,357	592,012	8,712	–	204,279	–	–	–	–
Cash & Cash Equivalents - Sub Total	48,953,930	12,684,826	19,695,103	689,871	7,803,253	1,767,739	917,758	4,136,603	418,897	115,186	2,304	26,197	132,988
01/29/26–East West Bank CD	3,299,905	–	1,099,968	–	2,199,937	–	–	–	–	–	–	–	–
05/01/26–Texas Bank and Trust CD	4,083,101	–	–	–	–	1,020,775	1,020,775	2,041,551	–	–	–	–	–
06/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–	–	–	–	–	–
06/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–	–	–	–	–	–
06/29/26–TFNB CD	505,298	–	–	–	–	–	–	–	505,298	–	–	–	–
08/06/26–BOK Financial IntraFi CD	1,063,847	265,962	–	–	–	265,962	265,962	–	265,962	–	–	–	–
09/29/26–TFNB CD	2,526,490	2,526,490	–	–	–	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	2,021,192	–	2,021,192	–	–	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–	–	–	–	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–	–	–	–	–	–
09/29/26–TFNB CD	252,649	–	–	–	–	–	–	–	252,649	–	–	–	–
09/30/26–UST-Note	2,997,751	1,211,595	1,786,156	–	–	–	–	–	–	–	–	–	–
Investments - Sub Total	20,792,616	4,004,046	4,907,316	–	2,199,937	3,307,929	3,307,929	2,041,551	1,023,909	–	–	–	–
Total	**$ 69,746,546**	**$ 16,688,872**	**$ 24,602,419**	**$ 689,871**	**$ 10,003,190**	**$ 5,075,668**	**$ 4,225,687**	**$ 6,178,154**	**$ 1,442,806**	**$ 115,186**	**$ 2,304**	**$ 26,197**	**$ 132,988**

Allocation (Continued)
December 31, 2025

Book Value

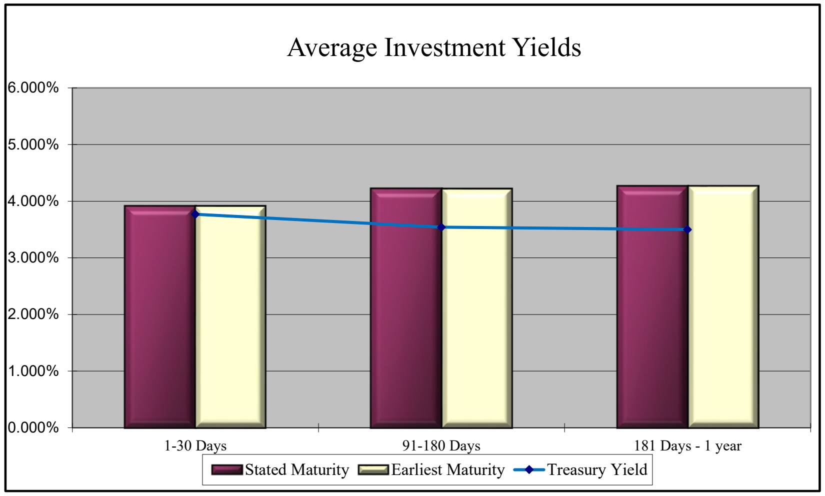
	Court Technology	Court Security	Library
PlainsCapital Bank - Cash	$ 37,671	$ 26,156	$ 249,175
NexBank MMA	–	–	–
NexBank ICS	62,855	–	187,348
Cash & Cash Equivalents - Sub Total	100,526	26,156	436,523
01/29/26–East West Bank CD	–	–	–
05/01/26–Texas Bank and Trust CD	–	–	–
06/29/26–TFNB CD	–	–	–
06/29/26–TFNB CD	–	–	–
06/29/26–TFNB CD	–	–	–
08/06/26–BOK Financial IntraFi CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/30/26–UST-Note	–	–	–
Investments - Sub Total	–	–	–
Total	**$ 100,526**	**$ 26,156**	**$ 436,523**

Market Value

	Court Technology	Court Security	Library
PlainsCapital Bank - Cash	$ 37,671	$ 26,156	$ 249,175
NexBank MMA	–	–	–
NexBank ICS	62,855	–	187,348
Cash & Cash Equivalents - Sub Total	100,526	26,156	436,523
01/29/26–East West Bank CD	–	–	–
05/01/26–Texas Bank and Trust CD	–	–	–
06/29/26–TFNB CD	–	–	–
06/29/26–TFNB CD	–	–	–
06/29/26–TFNB CD	–	–	–
08/06/26–BOK Financial IntraFi CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/29/26–TFNB CD	–	–	–
09/30/26–UST-Note	–	–	–
Investments - Sub Total	–	–	–
Total	**$ 100,526**	**$ 26,156**	**$ 436,523**

	Total	General*	Capital Projects	Solid Waste	Utility	Equipment Replacement	Technology Replacement	Stormwater Drainage	Building Maintenance	Local Youth Diversion Fund	Municipal Jury	Court S&T Fund	Forfeited Property	Court Technology	Court Security	Library
Cash & Money Market Interest	$ 156,368	$ 19,848	$ 73,052	$ 2,447	$ 30,860	$ 6,353	$ 3,347	$ 15,793	$ 1,695	$ 417	$ 8	$ 86	$ 488	$ 375	$ 96	$ 1,503
Investment Interest	77,576	18,402	17,180	–	7,628	11,775	11,775	7,109	3,706	–	–	–	–	–	–	–
Total	**$ 233,944**	**$ 38,250**	**$ 90,233**	**$ 2,447**	**$ 38,488**	**$ 18,128**	**$ 15,122**	**$ 22,902**	**$ 5,401**	**$ 417**	**$ 8**	**$ 86**	**$ 488**	**$ 375**	**$ 96**	**$ 1,503**

***Includes bank interest earned by the Reserve Fund**



This monthly report is in full compliance with the investment strategies as established in the Town's Investment Policies and the Public Funds Investment Act, Chapter 2256, Texas Government Code.

/S/

Taylor S. Lough
Assistant Town Administrator

/S/

John R. Samford
Director of Finance

01 -GENERAL FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
31-TAXES	29,273,265.00	7,040,166.18	10,129,375.68	34.60	0.00	19,143,889.32
32-FRANCHISE FEES	1,016,500.00	553.62	184,833.31	18.18	0.00	831,666.69
33-LICENSES & PERMITS	1,392,385.00	162,838.71	403,226.84	28.96	0.00	989,158.16
34-CHARGES FOR SERVICE	1,352,100.00	98,545.21	281,040.22	20.79	0.00	1,071,059.78
35-FINES & FORFEITS	415,900.00	31,064.43	86,847.02	20.88	0.00	329,052.98
36-EARNINGS ON INVESTMENT	539,240.00	23,533.03	93,858.57	17.41	0.00	445,381.43
38-MISCELLANEOUS	427,795.00	34,078.42	153,445.44	35.87	0.00	274,349.56
39-TRANSFERS	1,702,810.00	0.00	0.00	0.00	0.00	1,702,810.00
*** TOTAL REVENUES ***	36,119,995.00	7,390,779.60	11,332,627.08	31.37	0.00	24,787,367.92
EXPENDITURE SUMMARY						
01-ADMINISTRATION	1,469,953.00	86,031.73	260,991.18	32.93	223,042.42	985,919.40
02-PUBLIC SAFETY	18,514,428.00	1,515,417.90	4,822,742.20	26.89	155,442.25	13,536,243.55
04-POLICY & STRATEGY	431,947.00	40,168.57	93,687.36	34.22	54,110.00	284,149.64
05-STREET	477,891.00	22,291.91	72,660.93	13.39	(8,653.79)	413,883.86
07-LIBRARY	948,904.00	68,431.72	222,471.06	23.22	(2,168.68)	728,601.62
08-PARKS & RECREATION	2,014,979.00	182,175.63	561,265.63	43.02	305,545.00	1,148,168.37
09-SWIMMING POOL	280,689.00	6,780.42	41,159.89	14.66	0.00	239,529.11
10-MUNICIPAL COURT	659,182.00	47,348.62	163,614.76	32.10	48,000.00	447,567.24
11-FINANCE	902,861.00	85,108.43	304,485.92	47.02	120,058.70	478,316.38
12-COMMUNITY DEVELOPMENT	1,224,432.00	104,030.81	432,023.62	28.51	(82,946.10)	875,354.48
15-NON-DEPARTMENTAL	476,803.00	30,498.64	74,349.86	57.96	202,023.82	200,429.32
17-INFORMATION TECHNOLOG	1,214,036.00	162,181.86	316,372.42	32.01	72,243.67	825,419.91
18-HUMAN RESOURCES	274,400.98	14,932.71	93,398.66	43.74	26,625.01	154,377.31
50-INTERFUND TRANSFERS	7,217,755.00	0.00	0.00	0.00	0.00	7,217,755.00
*** TOTAL EXPENDITURES ***	36,108,260.98	2,365,398.95	7,459,223.49	23.74	1,113,322.30	27,535,715.19
REVENUE OVER/(UNDER) EXPENSES	11,734.02	5,025,380.65	3,873,403.59	522.04	(1,113,322.30)	(2,748,347.27)

FINANCIAL STATEMENT
AS OF: DECEMBER 31ST, 2025

10 -CAPITAL PROJECTS FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
36-EARNINGS ON INVESTMENT	687,945.00	90,232.56	269,866.57	39.23	0.00	418,078.43
38-MISCELLANEOUS	16,722,529.00	0.00	0.00	0.00	0.00	16,722,529.00
39-TRANSFERS	5,609,538.00	0.00	0.00	0.00	0.00	5,609,538.00
*** TOTAL REVENUES ***	23,020,012.00	90,232.56	269,866.57	1.17	0.00	22,750,145.43
EXPENDITURE SUMMARY						
01-ADMINISTRATION	0.00	120,341.00	272,009.83	0.00	(271,940.82)	(69.01)
05-STREET	25,781,031.00	541,286.48	1,517,344.63	5.58	(79,401.47)	24,343,087.84
08-PARKS	1,131,968.00	37,631.06	84,781.96	10.32	32,077.50	1,015,108.54
50-INTERFUND TRANSFERS	1,335,450.00	0.00	0.00	0.00	0.00	1,335,450.00
*** TOTAL EXPENDITURES ***	28,248,449.00	699,258.54	1,874,136.42	5.50	(319,264.79)	26,693,577.37
REVENUE OVER/(UNDER) EXPENSES	(5,228,437.00)	(609,025.98)	(1,604,269.85)	24.58	319,264.79	(3,943,431.94)

19 -SOLID WASTE FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
34-CHARGES FOR SERVICE	1,917,715.00	159,356.64	478,409.32	24.95	0.00	1,439,305.68
36-EARNINGS ON INVESTMENT	23,820.00	2,447.83	6,892.82	28.94	0.00	16,927.18
39-TRANSFERS	26,700.00	0.00	0.00	0.00	0.00	26,700.00
*** TOTAL REVENUES ***	1,968,235.00	161,804.47	485,302.14	24.66	0.00	1,482,932.86
EXPENDITURE SUMMARY						
16-SANITATION	1,808,265.00	156,035.13	435,899.83	26.42	41,875.69	1,330,489.48
50-INTERFUND TRANSFERS	150,615.00	0.00	0.00	0.00	0.00	150,615.00
*** TOTAL EXPENDITURES ***	1,958,880.00	156,035.13	435,899.83	24.39	41,875.69	1,481,104.48
REVENUE OVER/(UNDER) EXPENSES	9,355.00	5,769.34	49,402.31	80.46	(41,875.69)	1,828.38

FINANCIAL STATEMENT
AS OF: DECEMBER 31ST, 2025

20 -UTILITY FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
33-LICENSES & PERMITS	61,315.00	3,459.50	9,323.60	15.21	0.00	51,991.40
34-CHARGES FOR SERVICE	13,580,310.00	883,804.80	3,354,609.71	24.70	0.00	10,225,700.29
35-FINES & FORFEITS	91,985.00	4,429.30	24,924.06	27.10	0.00	67,060.94
36-EARNINGS ON INVESTMENT	362,475.00	38,487.90	111,174.59	30.67	0.00	251,300.41
38-MISCELLANEOUS	1,841,320.00	60.07	208.87	0.01	0.00	1,841,111.13
39-TRANSFERS	575,775.00	0.00	0.00	0.00	0.00	575,775.00
*** TOTAL REVENUES ***	16,513,180.00	930,241.57	3,500,240.83	21.20	0.00	13,012,939.17
EXPENDITURE SUMMARY						
21-ADMINISTRATION	483,800.00	32,981.34	157,047.70	46.09	65,959.60	260,792.70
22-WATER	7,532,414.00	857,038.88	2,565,411.79	20.36	(1,032,154.32)	5,999,156.53
23-SEWER	5,901,682.00	278,326.20	751,109.19	6.65	(358,450.71)	5,509,023.52
25-ENGINEERING	1,546,228.00	89,501.29	314,199.39	19.46	(13,241.00)	1,245,269.61
50-INTERFUND TRANSFERS	2,503,488.00	0.00	0.00	0.00	0.00	2,503,488.00
*** TOTAL EXPENDITURES ***	17,967,612.00	1,257,847.71	3,787,768.07	13.63	(1,337,886.43)	15,517,730.36
REVENUE OVER/(UNDER) EXPENSES	(1,454,432.00)	(327,606.14)	(287,527.24)	72.22-	1,337,886.43	(2,504,791.19)

21 -EQUIPMENT REPLACEMENT FND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
36-EARNINGS ON INVESTMENT	180,230.00	18,128.22	53,337.35	29.59	0.00	126,892.65
37-SALE OF ASSETS	10,000.00	0.00	15,001.00	150.01	0.00	(5,001.00)
39-TRANSFERS	832,350.00	0.00	0.00	0.00	0.00	832,350.00
*** TOTAL REVENUES ***	1,022,580.00	18,128.22	68,338.35	6.68	0.00	954,241.65
EXPENDITURE SUMMARY						
01-ADMINISTRATION	1,051,675.00	49,783.66	53,651.81	58.28	559,227.43	438,795.76
*** TOTAL EXPENDITURES ***	1,051,675.00	49,783.66	53,651.81	58.28	559,227.43	438,795.76
REVENUE OVER/(UNDER) EXPENSES	(29,095.00)	(31,655.44)	14,686.54	871.60	(559,227.43)	515,445.89

FINANCIAL STATEMENT
AS OF: DECEMBER 31ST, 2025

22 -TECHNOLOGY REPL. FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
36-EARNINGS ON INVESTMENT	137,655.00	15,122.29	44,277.16	32.17	0.00	93,377.84
38-MISCELLANEOUS	233,131.00	29,789.56	147,391.98	63.22	0.00	85,739.02
39-TRANSFERS	798,990.00	0.00	0.00	0.00	0.00	798,990.00
*** TOTAL REVENUES ***	1,169,776.00	44,911.85	191,669.14	16.39	0.00	978,106.86
EXPENDITURE SUMMARY						
01-ADMINISTRATION	819,925.00	(53,535.95)	91,746.20	57.07	376,151.51	352,027.29
*** TOTAL EXPENDITURES ***	819,925.00	(53,535.95)	91,746.20	57.07	376,151.51	352,027.29
REVENUE OVER/(UNDER) EXPENSES	349,851.00	98,447.80	99,922.94	78.96-	(376,151.51)	626,079.57

23 -STORMWATER DRAINAGE FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
34-CHARGES FOR SERVICE	2,287,190.00	189,326.97	568,259.29	24.85	0.00	1,718,930.71
36-EARNINGS ON INVESTMENT	241,950.00	22,902.31	68,242.42	28.21	0.00	173,707.58
38-MISCELLANEOUS	500,000.00	0.00	0.00	0.00	0.00	500,000.00
39-TRANSFERS	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00
*** TOTAL REVENUES ***	4,029,140.00	212,229.28	636,501.71	15.80	0.00	3,392,638.29
EXPENDITURE SUMMARY						
01-ADMINISTRATION	8,105,357.00	356,470.44	679,655.14	41.57	2,690,081.13	4,735,620.73
50-INTERFUND TRANSFERS	182,310.00	0.00	0.00	0.00	0.00	182,310.00
*** TOTAL EXPENDITURES ***	8,287,667.00	356,470.44	679,655.14	40.66	2,690,081.13	4,917,930.73
REVENUE OVER/(UNDER) EXPENSES	(4,258,527.00)	(144,241.16)	(43,153.43)	64.18	(2,690,081.13)	(1,525,292.44)

24 -BUILDING MAINTENANCE FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
36-EARNINGS ON INVESTMENT	58,195.00	5,329.17	16,835.36	28.93	0.00	41,359.64
38-MISCELLANEOUS	18,900.00	1,574.71	4,724.13	25.00	0.00	14,175.87
39-TRANSFERS	868,055.00	0.00	0.00	0.00	0.00	868,055.00
*** TOTAL REVENUES ***	945,150.00	6,903.88	21,559.49	2.28	0.00	923,590.51
EXPENDITURE SUMMARY						
13-SERVICE CENTER	87,100.00	7,142.14	14,346.49	23.87	6,448.00	66,305.51
14-MUNICIPAL BUILDING	904,780.00	58,740.76	178,501.78	32.49	115,469.98	610,808.24
*** TOTAL EXPENDITURES ***	991,880.00	65,882.90	192,848.27	31.73	121,917.98	677,113.75
REVENUE OVER/(UNDER) EXPENSES	(46,730.00)	(58,979.02)	(171,288.78)	627.45	(121,917.98)	246,476.76

25 -LOCAL YTH DIVERSION FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
34-CHARGES FOR SERVICE	15,015.00	1,476.77	4,231.44	28.18	0.00	10,783.56
36-EARNINGS ON INVESTMENT	3,610.00	416.83	1,187.78	32.90	0.00	2,422.22
*** TOTAL REVENUES ***	18,625.00	1,893.60	5,419.22	29.10	0.00	13,205.78
EXPENDITURE SUMMARY						
REVENUE OVER/(UNDER) EXPENSES	18,625.00	1,893.60	5,419.22	29.10	0.00	13,205.78

FINANCIAL STATEMENT
AS OF: DECEMBER 31ST, 2025

26 -MUNICIPAL JURY FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
34-CHARGES FOR SERVICE	285.00	29.55	84.63	29.69	0.00	200.37
36-EARNINGS ON INVESTMENT	75.00	8.34	23.76	31.68	0.00	51.24
*** TOTAL REVENUES ***	360.00	37.89	108.39	30.11	0.00	251.61
EXPENDITURE SUMMARY						
01-ADMINISTRATION	250.00	0.00	0.00	0.00	0.00	250.00
*** TOTAL EXPENDITURES ***	250.00	0.00	0.00	0.00	0.00	250.00
REVENUE OVER/(UNDER) EXPENSES	110.00	37.89	108.39	98.54	0.00	1.61

FINANCIAL STATEMENT
AS OF: DECEMBER 31ST, 2025

27 -COURT S & T FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
34-CHARGES FOR SERVICE	0.00	2,647.01	7,962.85	0.00	0.00	(7,962.85)
36-EARNINGS ON INVESTMENT	0.00	86.33	223.01	0.00	0.00	(223.01)
*** TOTAL REVENUES ***	0.00	2,733.34	8,185.86	0.00	0.00	(8,185.86)
EXPENDITURE SUMMARY						
01-ADMINISTRATION	14,945.00	0.00	0.00	0.00	0.00	14,945.00
*** TOTAL EXPENDITURES ***	14,945.00	0.00	0.00	0.00	0.00	14,945.00
REVENUE OVER/(UNDER) EXPENSES	(14,945.00)	2,733.34	8,185.86	54.77-	0.00	(23,130.86)

FINANCIAL STATEMENT
AS OF: DECEMBER 31ST, 2025

31 -FORFEITED PROPERTY FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
36-EARNINGS ON INVESTMENT	5,060.00	487.51	1,405.08	27.77	0.00	3,654.92
37-SALE OF ASSETS	2,500.00	0.00	0.00	0.00	0.00	2,500.00
*** TOTAL REVENUES ***	7,560.00	487.51	1,405.08	18.59	0.00	6,154.92
EXPENDITURE SUMMARY						
01-ADMINISTRATION	500.00	0.00	0.00	0.00	0.00	500.00
*** TOTAL EXPENDITURES ***	500.00	0.00	0.00	0.00	0.00	500.00
REVENUE OVER/(UNDER) EXPENSES	7,060.00	487.51	1,405.08	19.90	0.00	5,654.92

FINANCIAL STATEMENT
AS OF: DECEMBER 31ST, 2025

32 -COURT TECHNOLOGY FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
34-CHARGES FOR SERVICE	24,245.00	0.00	0.00	0.00	0.00	24,245.00
36-EARNINGS ON INVESTMENT	5,165.00	374.57	1,205.55	23.34	0.00	3,959.45
*** TOTAL REVENUES ***	29,410.00	374.57	1,205.55	4.10	0.00	28,204.45
EXPENDITURE SUMMARY						
01-ADMINISTRATION	40,632.00	7,214.77	22,125.18	81.56	11,012.50	7,494.32
*** TOTAL EXPENDITURES ***	40,632.00	7,214.77	22,125.18	81.56	11,012.50	7,494.32
REVENUE OVER/(UNDER) EXPENSES	(11,222.00)	(6,840.20)	(20,919.63)	284.55	(11,012.50)	20,710.13

33 -COURT SECURITY FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
34-CHARGES FOR SERVICE	23,750.00	0.00	0.00	0.00	0.00	23,750.00
36-EARNINGS ON INVESTMENT	1,450.00	95.88	276.35	19.06	0.00	1,173.65
*** TOTAL REVENUES ***	25,200.00	95.88	276.35	1.10	0.00	24,923.65
EXPENDITURE SUMMARY						
01-ADMINISTRATION	24,600.00	0.00	0.00	0.00	0.00	24,600.00
*** TOTAL EXPENDITURES ***	24,600.00	0.00	0.00	0.00	0.00	24,600.00
REVENUE OVER/(UNDER) EXPENSES	600.00	95.88	276.35	46.06	0.00	323.65

35 -LIBRARY FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
36-EARNINGS ON INVESTMENT	16,110.00	1,503.08	4,398.22	27.30	0.00	11,711.78
38-MISCELLANEOUS	80,555.00	17,623.16	19,690.43	24.44	0.00	60,864.57
*** TOTAL REVENUES ***	96,665.00	19,126.24	24,088.65	24.92	0.00	72,576.35
EXPENDITURE SUMMARY						
01-ADMINISTRATIVE	80,553.00	23.00	7,520.44	9.27	(54.00)	73,086.56
*** TOTAL EXPENDITURES ***	80,553.00	23.00	7,520.44	9.27	(54.00)	73,086.56
REVENUE OVER/(UNDER) EXPENSES	16,112.00	19,103.24	16,568.21	103.17	54.00	(510.21)

38 -RESERVE FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
36-EARNINGS ON INVESTMENT	136,800.00	14,788.82	42,824.57	31.30	0.00	93,975.43
*** TOTAL REVENUES ***	136,800.00	14,788.82	42,824.57	31.30	0.00	93,975.43
EXPENDITURE SUMMARY						
01-ADMINISTRATIVE	500,000.00	0.00	0.00	0.00	0.00	500,000.00
*** TOTAL EXPENDITURES ***	500,000.00	0.00	0.00	0.00	0.00	500,000.00
REVENUE OVER/(UNDER) EXPENSES	(363,200.00)	14,788.82	42,824.57	11.79-	0.00	(406,024.57)

40 -GENERAL FIXED ASSETS

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
EXPENDITURE SUMMARY						

FINANCIAL STATEMENT

AS OF: DECEMBER 31ST, 2025

99 -CONSOLIDATED CASH FUND

25.00% OF FISCAL YEAR

	ANNUAL BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	% OF BUDGET	Y-T-D ENCUMB.	BUDGET BALANCE
REVENUE SUMMARY						
EXPENDITURE SUMMARY						

Town of Highland Park

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 2025

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the Town of Highland Park is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Taylor Lough
Assistant Town Administrator

Director of Finance

Disclaimer: These reports were compiled using information provided by the Town. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

Strategy Summary

Quarter End Results by Investment Category:

Asset Type	September 30, 2025 Book Value	September 30, 2025 Market Value	December 31, 2025 Book Value	December 31, 2025 Market Value	Ave. Yield
Cash & Cash Equivalents	$ 46,629,961	$ 46,629,961	$ 48,953,930	$ 48,953,930	3.90%
Securities	5,982,876	5,997,817	2,987,969	2,997,751	4.06%
CDs	17,609,459	17,609,459	17,794,866	17,794,866	4.27%
Totals	**$ 70,222,295**	**$ 70,237,237**	**$ 69,736,764**	**$ 69,746,546**	4.00%

Current Quarter Weighted Average Yield (1)

Total Portfolio	4.00%
Rolling Three Month Treasury	3.81%
Rolling Six Month Treasury	3.87%
TexPool	3.83%

Fiscal Year-to-Date Weighted Average Yield (2)

Total Portfolio	4.00%
Rolling Three Month Treasury	3.81%
Rolling Six Month Treasury	3.87%
Average Monthly TexPool	3.83%

Interest Earnings (Approximate)

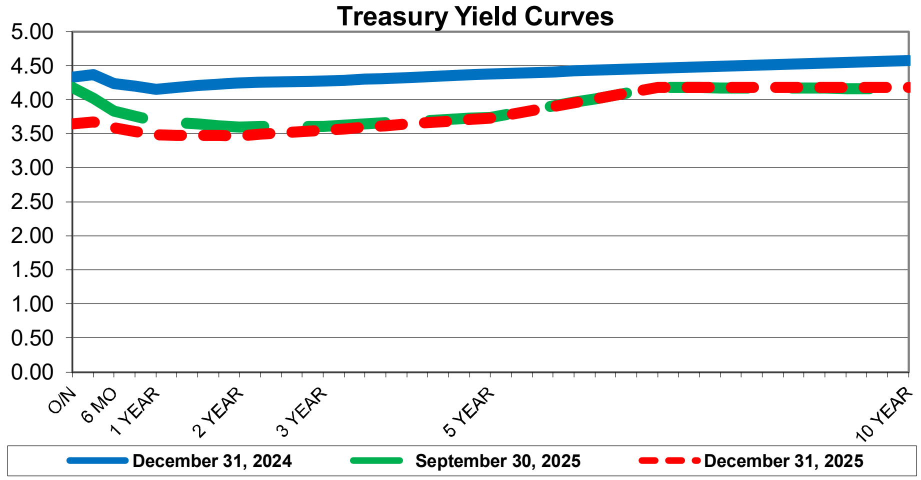
Quarterly Interest Income	$ 716,029
Year-to-date Interest Income	$ 716,029

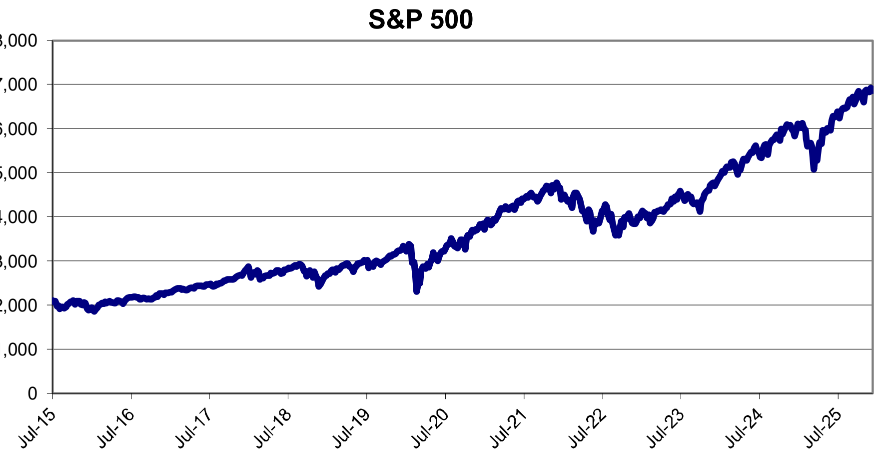
(1) **Current Quarter Weighted Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees. The yield for the reporting month is used for bank and money market balances.

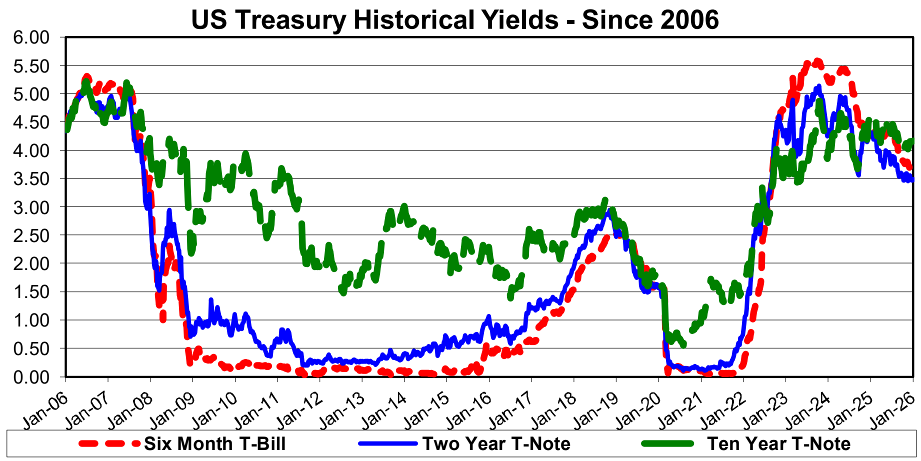
(2) **Fiscal Year-to-Date Weighted Average Yield -** calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

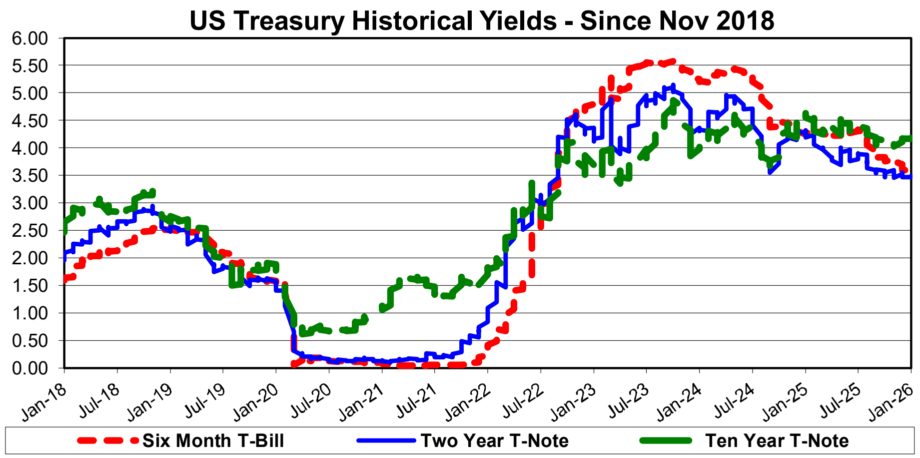
Economic Overview
12/31/2025

The Federal Open Market Committee (FOMC) cut the Fed Funds target again 12/10 to 3.50% - 3.75% (Effective Fed Funds trade +/-3.64%). Additional rate cuts during 2026 are uncertain, but could include one spring and one fall. December Non-Farm Payroll only added 50k (slightly below 60k expectation). 2025 averaged 49k per month. The S&P 500 Stock Index almost reached 7,000. The yield curve dips between 1 and 2 years rising thereafter. Crude Oil held steady below $60. Inflation continues above the FOMC 2% target (Core PCE +/-2.8% September). The Markets have had muted reactions to uncertain economic and political events.







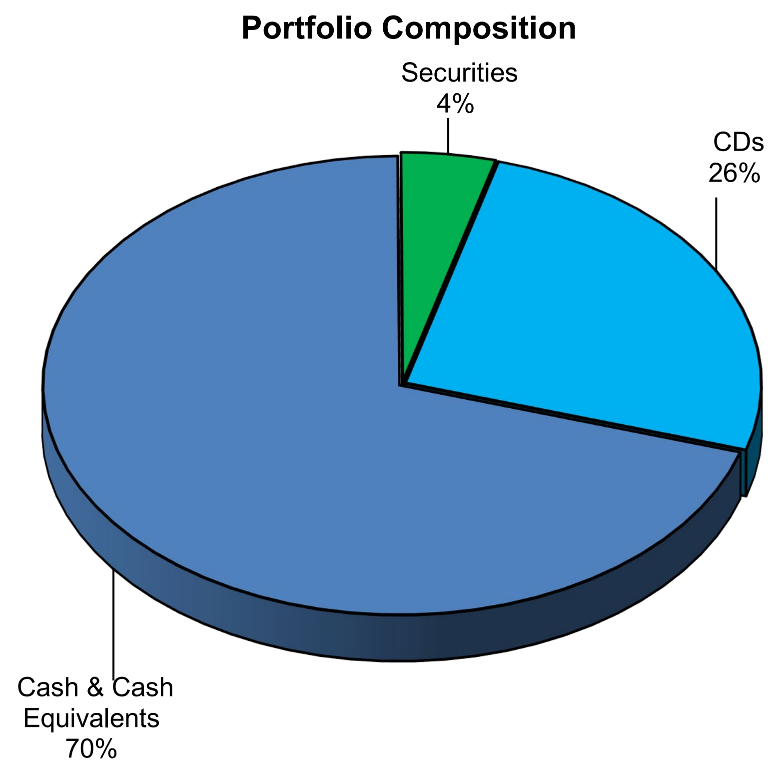


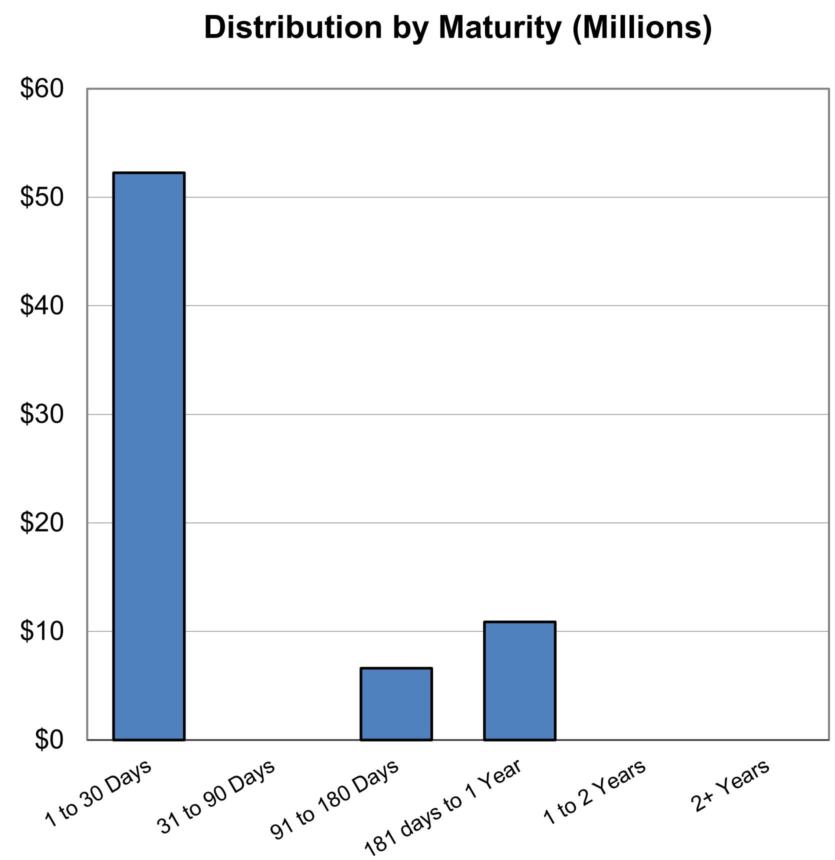
Investment Holdings
December 31, 2025

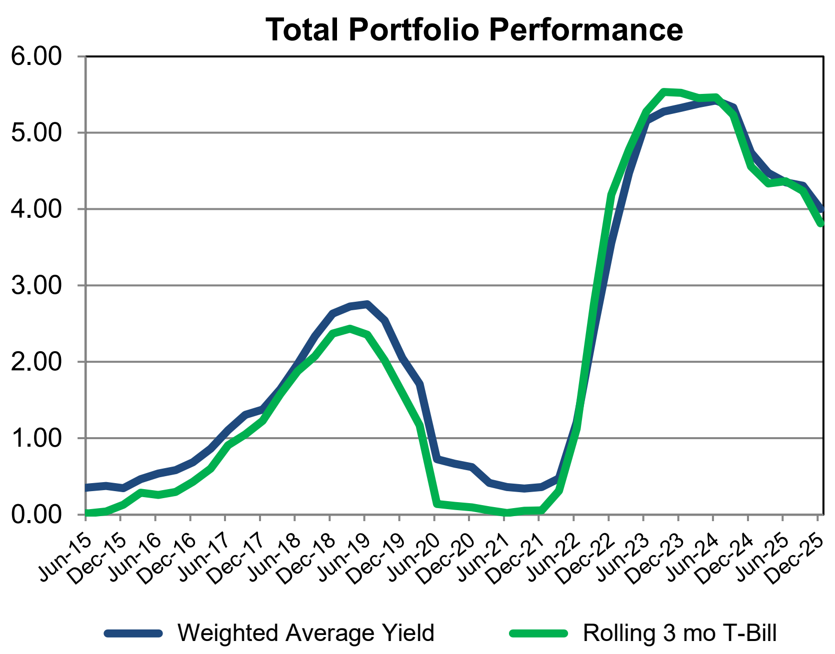
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
PlainsCapital Bank - Cash		3.90%	01/01/26	12/31/25	$ 39,226,193	$ 39,226,193	1.00	$ 39,226,193	1	3.90%
NexBank MMA		4.05%	01/01/26	12/31/25	76	76	1.00	76	1	4.05%
NexBank ICS		3.90%	01/01/26	12/31/25	9,727,661	9,727,661	1.00	9,727,661	1	3.90%
Cash & Cash Equivalents - Sub Total					**48,953,930**	**48,953,930**		**48,953,930**	**1**	**3.90%**
East West Bank CD		4.09%	01/29/26	04/29/25	3,299,905	3,299,905	100.00	3,299,905	29	4.17%
Texas B&T CD		4.10%	05/01/26	05/01/25	4,083,101	4,083,101	100.00	4,083,101	121	4.16%
TFNB CD		4.25%	06/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	180	4.32%
TFNB CD		4.25%	06/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	180	4.32%
TFNB CD		4.25%	06/29/26	09/29/25	505,298	505,298	100.00	505,298	180	4.32%
BOK Financial IntraFi CD		4.42%	08/06/26	08/08/24	1,063,847	1,063,847	100.00	1,063,847	218	4.52%
TFNB CD		4.25%	09/29/26	09/29/25	2,526,490	2,526,490	100.00	2,526,490	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	2,021,192	2,021,192	100.00	2,021,192	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	1,010,596	1,010,596	100.00	1,010,596	272	4.32%
TFNB CD		4.25%	09/29/26	09/29/25	252,649	252,649	100.00	252,649	272	4.32%
UST-Note	Aa1/AA+	3.50%	09/30/26	10/28/24	3,000,000	2,987,969	99.93	2,997,751	273	4.06%
Investments - Sub Total					**20,794,866**	**20,782,834**		**20,792,616**	**190**	**4.24%**
					$ 69,748,796	**$ 69,736,764**		**$ 69,746,546**	**57**	**4.00%**
									(1)	**(2)**

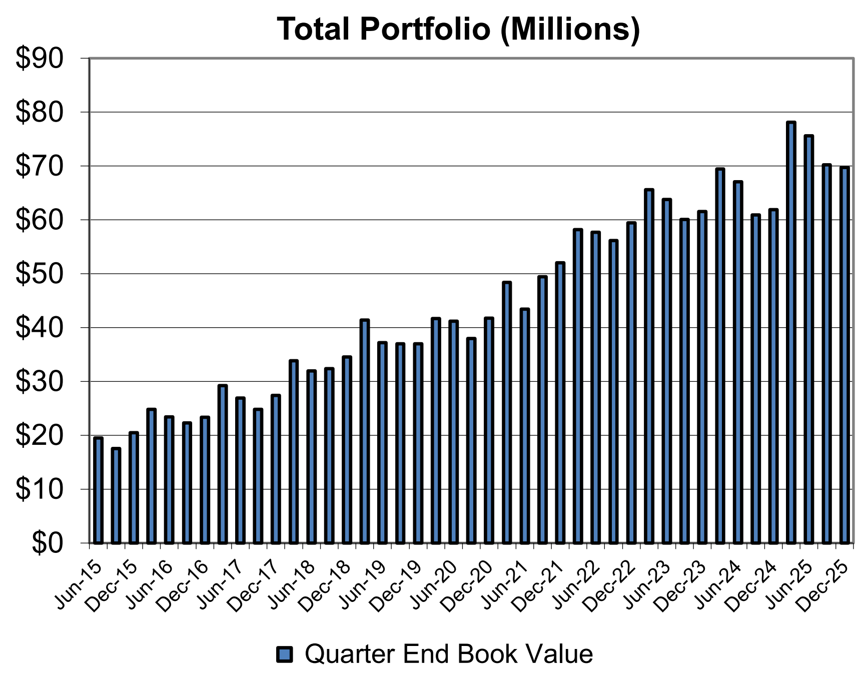
(1) Weighted average life - For purposes of calculating weighted average life, bank accounts and money market funds are assumed to have an one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts and money market funds.


Portfolio Composition
Securities 4%
CDs 26%
Cash & Cash Equivalents 70%

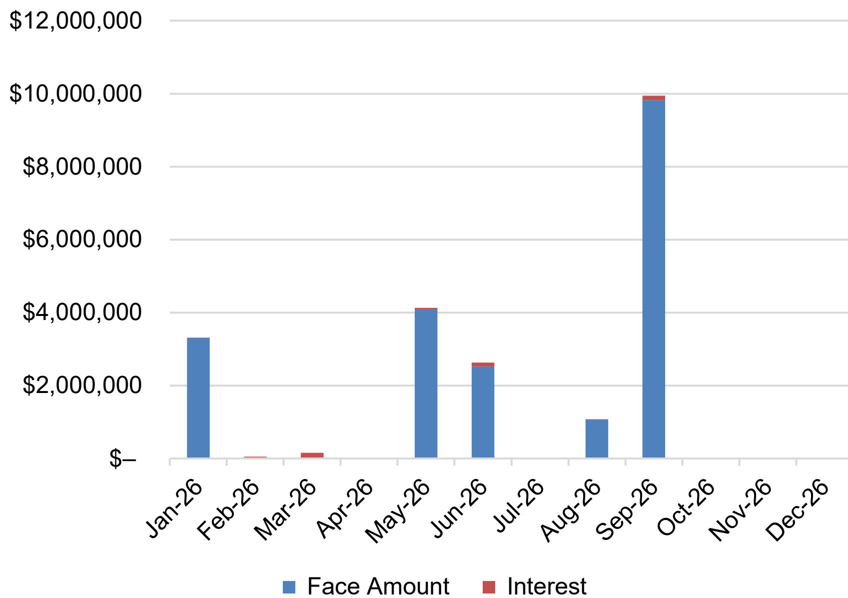

Distribution by Maturity (Millions)
$60
$50
$40
$30
$20
$10
$0
1 to 30 Days
31 to 90 Days
91 to 180 Days
181 days to 1 Year
1 to 2 Years
2+ Years


Total Portfolio Performance
6.00
5.00
4.00
3.00
2.00
1.00
0.00
Jun-15
Dec-15
Jun-16
Dec-16
Jun-17
Dec-17
Jun-18
Dec-18
Jun-19
Dec-19
Jun-20
Dec-20
Jun-21
Dec-21
Jun-22
Dec-22
Jun-23
Dec-23
Jun-24
Dec-24
Jun-25
Dec-25
Weighted Average Yield
Rolling 3 mo T-Bill


Total Portfolio (Millions)
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
Jun-15
Dec-15
Jun-16
Dec-16
Jun-17
Dec-17
Jun-18
Dec-18
Jun-19
Dec-19
Jun-20
Dec-20
Jun-21
Dec-21
Jun-22
Dec-22
Jun-23
Dec-23
Jun-24
Dec-24
Jun-25
Dec-25
Quarter End Book Value

Maturity Cash Flows - Next 12 Months

Month	Face Amount	Interest	Total
Jan-26	$ 3,299,905	$ 14,371	$ 3,314,276
Feb-26	–	45,810	45,810
Mar-26	–	154,464	154,464
Apr-26	–	3,873	3,873
May-26	4,083,101	44,822	4,127,923
Jun-26	2,526,490	104,012	2,630,501
Jul-26	–	4,002	4,002
Aug-26	1,063,847	644	1,064,491
Sep-26	9,821,522	125,574	9,947,097
Oct-26	–	–	–
Nov-26	–	–	–
Dec-26	–	–	–
TOTALS	**$ 20,794,866**	**$ 497,571**	**$ 21,292,437**



Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 09/30/25	Increases	Decreases	Book Value 12/31/25	Market Value 09/30/25	Change in Market Value	Market Value 12/31/25
PlainsCapital Bank - Cash	3.90%	01/01/26	$ 34,211,197	$ 5,014,996	$ –	$ 39,226,193	$ 34,211,197	$ 5,014,996	$ 39,226,193
NexBank MMA	4.05%	01/01/26	24,673	–	(24,597)	76	24,673	(24,597)	76
NexBank ICS	3.90%	01/01/26	12,394,091	–	(2,666,430)	9,727,661	12,394,091	(2,666,430)	9,727,661
Cash & Cash Equivalents - Sub Total	**3.90%**		**46,629,961**	**5,014,996**	**(2,691,027)**	**48,953,930**	**46,629,961**	**2,323,969**	**48,953,930**
FFCB	5.06%	12/10/25	2,998,961	–	(2,998,961)	–	3,004,473	(3,004,473)	–
East West Bank CD	4.17%	01/29/26	3,266,063	33,842	–	3,299,905	3,266,063	33,842	3,299,905
Texas B&T CD	4.16%	05/01/26	4,041,337	41,764	–	4,083,101	4,041,337	41,764	4,083,101
TFNB CD	4.32%	06/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	06/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	06/29/26	500,000	5,298	–	505,298	500,000	5,298	505,298
BOK Financial IntraFi CD	4.52%	08/06/26	1,052,059	11,789	–	1,063,847	1,052,059	11,789	1,063,847
TFNB CD	4.32%	09/29/26	2,500,000	26,490	–	2,526,490	2,500,000	26,490	2,526,490
TFNB CD	4.32%	09/29/26	2,000,000	21,192	–	2,021,192	2,000,000	21,192	2,021,192
TFNB CD	4.32%	09/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	09/29/26	1,000,000	10,596	–	1,010,596	1,000,000	10,596	1,010,596
TFNB CD	4.32%	09/29/26	250,000	2,649	–	252,649	250,000	2,649	252,649
UST-Note	4.06%	09/30/26	2,983,914	4,054	–	2,987,969	2,993,344	4,407	2,997,751
Investments - Sub Total	**4.24%**		**23,592,334**	**189,461**	**(2,998,961)**	**20,782,834**	**23,607,275**	**(2,814,659)**	**20,792,616**
TOTAL/AVERAGE	**4.00%**		**$ 70,222,295**	**$ 5,204,457**	**$ (5,689,988)**	**$ 69,736,764**	**$ 70,237,237**	**$ (490,691)**	**$ 69,746,546**

Allocation
December 31, 2025

Book Value

	Total	General	Capital Projects	Solid Waste	Utility	Equipment Replacement	Technology Replacement	Stormwater Drainage
PlainsCapital Bank - Cash	$ 39,226,193	$ 10,161,281	$ 15,255,732	$ 566,613	$ 6,216,896	$ 1,175,727	$ 909,046	$ 4,136,603
NexBank MMA	76	76	–	–	–	–	–	–
NexBank ICS	9,727,661	2,523,469	4,439,371	123,258	1,586,357	592,012	8,712	–
Cash & Cash Equivalents - Sub Total	**48,953,930**	**12,684,826**	**19,695,103**	**689,871**	**7,803,253**	**1,767,739**	**917,758**	**4,136,603**
01/29/26–East West Bank CD	3,299,905	–	1,099,968	–	2,199,937	–	–	–
05/01/26–Texas B&T CD	4,083,101	–	–	–	–	1,020,775	1,020,775	2,041,551
06/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–
06/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–
06/29/26–TFNB CD	505,298	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	1,063,847	265,962	–	–	–	265,962	265,962	–
09/29/26–TFNB CD	2,526,490	2,526,490	–	–	–	–	–	–
09/29/26–TFNB CD	2,021,192	–	2,021,192	–	–	–	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–
09/29/26–TFNB CD	252,649	–	–	–	–	–	–	–
09/30/26–UST-Note	2,987,969	1,207,641	1,780,327	–	–	–	–	–
Investments - Sub Total	**20,782,834**	**4,000,093**	**4,901,488**	**–**	**2,199,937**	**3,307,929**	**3,307,929**	**2,041,551**
Total	**$ 69,736,764**	**$ 16,684,919**	**$ 24,596,591**	**$ 689,871**	**$ 10,003,190**	**$ 5,075,668**	**$ 4,225,687**	**$ 6,178,154**

Book Value

	Building Maintenance	Local Youth Diversion Fund	Municipal Jury	Court S&T Fund	Forfeited Property	Court Technology	Court Security	Library
PlainsCapital Bank - Cash	$ 214,618	$ 115,186	$ 2,304	$ 26,197	$ 132,988	$ 37,671	$ 26,156	$ 249,175
NexBank MMA	–	–	–		–	–	–	–
NexBank ICS	204,279	–	–		–	62,855	–	187,348
Cash & Cash Equivalents - Sub Total	**418,897**	**115,186**	**2,304**	**26,197**	**132,988**	**100,526**	**26,156**	**436,523**
01/29/26–East West Bank CD	–	–	–	–	–	–	–	–
05/01/26–Texas B&T CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	505,298	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	265,962	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	252,649	–	–	–	–	–	–	–
09/30/26–UST-Note	–	–	–	–	–	–	–	–
Investments - Sub Total	**1,023,909**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**$ 1,442,806**	**$ 115,186**	**$ 2,304**	**$ 26,197**	**$ 132,988**	**$ 100,526**	**$ 26,156**	**$ 436,523**

Allocation
December 31, 2025

Market Value

	Total	General	Capital Projects	Solid Waste	Utility	Equipment Replacement	Technology Replacement	Stormwater Drainage
PlainsCapital Bank - Cash	$ 39,226,193	$ 10,161,281	$ 15,255,732	$ 566,613	$ 6,216,896	$ 1,175,727	$ 909,046	$ 4,136,603
NexBank MMA	76	76	–	–	–	–	–	–
NexBank ICS	9,727,661	2,523,469	4,439,371	123,258	1,586,357	592,012	8,712	–
Cash & Cash Equivalents - Sub Total	**48,953,930**	**12,684,826**	**19,695,103**	**689,871**	**7,803,253**	**1,767,739**	**917,758**	**4,136,603**
01/29/26–East West Bank CD	3,299,905	–	1,099,968	–	2,199,937	–	–	–
05/01/26–Texas B&T CD	4,083,101	–	–	–	–	1,020,775	1,020,775	2,041,551
06/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–
06/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–
06/29/26–TFNB CD	505,298	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	1,063,847	265,962	–	–	–	265,962	265,962	–
09/29/26–TFNB CD	2,526,490	2,526,490	–	–	–	–	–	–
09/29/26–TFNB CD	2,021,192	–	2,021,192	–	–	–	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	1,010,596	–	–
09/29/26–TFNB CD	1,010,596	–	–	–	–	–	1,010,596	–
09/29/26–TFNB CD	252,649	–	–	–	–	–	–	–
09/30/26–UST-Note	2,997,751	1,211,595	1,786,156	–	–	–	–	–
Investments - Sub Total	**20,792,616**	**4,004,046**	**4,907,316**	**–**	**2,199,937**	**3,307,929**	**3,307,929**	**2,041,551**
Total	**$ 69,746,546**	**$ 16,688,872**	**$ 24,602,419**	**$ 689,871**	**$ 10,003,190**	**$ 5,075,668**	**$ 4,225,687**	**$ 6,178,154**

Allocation
December 31, 2025

(Continued)

Market Value

	Building Maintenance	Local Youth Diversion Fund	Municipal Jury	Court S&T Fund	Forfeited Property	Court Technology	Court Security	Library
PlainsCapital Bank - Cash	$ 214,618	$ 115,186	$ 2,304	$ 26,197	$ 132,988	$ 37,671	$ 26,156	$ 249,175
NexBank MMA	–	–	–	–	–	–	–	–
NexBank ICS	204,279	–	–	–	–	62,855	–	187,348
Cash & Cash Equivalents - Sub Total	**418,897**	**115,186**	**2,304**	**26,197**	**132,988**	**100,526**	**26,156**	**436,523**
01/29/26–East West Bank CD	–	–	–	–	–	–	–	–
05/01/26–Texas B&T CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	505,298	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	265,962	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	252,649	–	–	–	–	–	–	–
09/30/26–UST-Note	–	–	–	–	–	–	–	–
Investments - Sub Total	**1,023,909**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**$ 1,442,806**	**$ 115,186**	**$ 2,304**	**$ 26,197**	**$ 132,988**	**$ 100,526**	**$ 26,156**	**$ 436,523**

Allocation
September 30, 2025

Book Value

	Total	General	Capital Projects	Solid Waste	Utility	Equipment Replacement	Technology Replacement	Stormwater Drainage
PlainsCapital Bank - Cash	$ 34,211,197	$ 4,683,137	$ 16,949,980	$ 507,572	$ 6,985,251	$ (1,759)	$ (299,569)	$ 4,661,692
NexBank MMA	24,673	24,673	–	–	–	–	–	–
NexBank ICS	12,394,091	2,473,554	4,394,826	122,022	1,570,439	1,839,235	1,247,104	–
Cash & Cash Equivalents - Sub Total	**46,629,961**	**7,181,364**	**21,344,806**	**629,594**	**8,555,690**	**1,837,476**	**947,535**	**4,661,692**
12/10/25–FFCB	2,998,961	2,998,961	–	–	–	–	–	–
01/29/26–East West Bank CD	3,266,063	–	1,088,688	–	2,177,375	–	–	–
05/01/26–Texas B&T CD	4,041,337	–	–	–	–	1,010,334	1,010,334	2,020,668
06/29/26–TFNB CD	1,000,000	–	–	–	–	1,000,000	–	–
06/29/26–TFNB CD	1,000,000	–	–	–	–	–	1,000,000	–
06/29/26–TFNB CD	500,000	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	1,052,059	263,015	–	–	–	263,015	263,015	–
09/29/26–TFNB CD	2,500,000	2,500,000	–	–	–	–	–	–
09/29/26–TFNB CD	2,000,000	–	2,000,000	–	–	–	–	–
09/29/26–TFNB CD	1,000,000	–	–	–	–	1,000,000	–	–
09/29/26–TFNB CD	1,000,000	–	–	–	–	–	1,000,000	–
09/29/26–TFNB CD	250,000	–	–	–	–	–	–	–
09/30/26–UST-Note	2,983,914	1,206,003	1,777,912	–	–	–	–	–
Investments - Sub Total	**23,592,334**	**6,967,979**	**4,866,599**	**–**	**2,177,375**	**3,273,349**	**3,273,349**	**2,020,668**
Total	**$ 70,222,295**	**$ 14,149,342**	**$ 26,211,406**	**$ 629,594**	**$ 10,733,065**	**$ 5,110,825**	**$ 4,220,884**	**$ 6,682,360**

Allocation (Continued)
September 30, 2025

Book Value

	Building Maintenance	Local Youth Diversion Fund	Municipal Jury	Court S&T Fund	Forfeited Property	Court Technology	Court Security	Library
PlainsCapital Bank - Cash	$ 142,107	$ 109,767	$ 2,195	$ 18,011	$ 131,583	$ 58,805	$ 25,880	$ 236,545
NexBank MMA	–	–	–		–	–	–	–
NexBank ICS	499,219	–	–		–	62,224	–	185,468
Cash & Cash Equivalents - Sub Total	**641,326**	**109,767**	**2,195**	**18,011**	**131,583**	**121,029**	**25,880**	**422,013**
12/10/25–FFCB	–	–	–	–	–	–	–	–
01/29/26–East West Bank CD	–	–	–	–	–	–	–	–
05/01/26–Texas B&T CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	500,000	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	263,015	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	250,000	–	–	–	–	–	–	–
09/30/26–UST-Note	–	–	–	–	–	–	–	–
Investments - Sub Total	**1,013,015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**$ 1,654,341**	**$ 109,767**	**$ 2,195**	**$ 18,011**	**$ 131,583**	**$ 121,029**	**$ 25,880**	**$ 422,013**

Allocation
September 30, 2025

Market Value

	Total	General	Capital Projects	Solid Waste	Utility	Equipment Replacement	Technology Replacement	Stormwater Drainage
PlainsCapital Bank - Cash	$ 34,211,197	$ 4,683,137	$ 16,949,980	$ 507,572	$ 6,985,251	$ (1,759)	$ (299,569)	$ 4,661,692
NexBank MMA	24,673	24,673	–	–	–	–	–	–
NexBank ICS	12,394,091	2,473,554	4,394,826	122,022	1,570,439	1,839,235	1,247,104	–
Cash & Cash Equivalents - Sub Total	**46,629,961**	**7,181,364**	**21,344,806**	**629,594**	**8,555,690**	**1,837,476**	**947,535**	**4,661,692**
12/10/25–FFCB	3,004,473	3,004,473	–	–	–	–	–	–
01/29/26–East West Bank CD	3,266,063	–	1,088,688	–	2,177,375	–	–	–
05/01/26–Texas B&T CD	4,041,337	–	–	–	–	1,010,334	1,010,334	2,020,668
06/29/26–TFNB CD	1,000,000	–	–	–	–	1,000,000	–	–
06/29/26–TFNB CD	1,000,000	–	–	–	–	–	1,000,000	–
06/29/26–TFNB CD	500,000	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	1,052,059	263,015	–	–	–	263,015	263,015	–
09/29/26–TFNB CD	2,500,000	2,500,000	–	–	–	–	–	–
09/29/26–TFNB CD	2,000,000	–	2,000,000	–	–	–	–	–
09/29/26–TFNB CD	1,000,000	–	–	–	–	1,000,000	–	–
09/29/26–TFNB CD	1,000,000	–	–	–	–	–	1,000,000	–
09/29/26–TFNB CD	250,000	–	–	–	–	–	–	–
09/30/26–UST-Note	2,993,344	1,209,814	1,783,530	–	–	–	–	–
Investments - Sub Total	**23,607,275**	**6,977,301**	**4,872,218**	**–**	**2,177,375**	**3,273,349**	**3,273,349**	**2,020,668**
Total	**$ 70,237,237**	**$ 14,158,665**	**$ 26,217,024**	**$ 629,594**	**$ 10,733,065**	**$ 5,110,825**	**$ 4,220,884**	**$ 6,682,360**

Market Value

	Building Maintenance	Local Youth Diversion Fund	Municipal Jury	Court S&T Fund	Forfeited Property	Court Technology	Court Security	Library
PlainsCapital Bank - Cash	$ 142,107	$ 109,767	$ 2,195	$ 18,011	$ 131,583	$ 58,805	$ 25,880	$ 236,545
NexBank MMA	–	–	–	–	–	–	–	–
NexBank ICS	499,219	–	–	–	–	62,224	–	185,468
Cash & Cash Equivalents - Sub Total	**641,326**	**109,767**	**2,195**	**18,011**	**131,583**	**121,029**	**25,880**	**422,013**
12/10/25–FFCB	–	–	–	–	–	–	–	–
01/29/26–East West Bank CD	–	–	–	–	–	–	–	–
05/01/26–Texas B&T CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	–	–	–	–	–	–	–	–
06/29/26–TFNB CD	500,000	–	–	–	–	–	–	–
08/06/26–BOK Financial IntraFi CD	263,015	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	–	–	–	–	–	–	–	–
09/29/26–TFNB CD	250,000	–	–	–	–	–	–	–
09/30/26–UST-Note	–	–	–	–	–	–	–	–
Investments - Sub Total	**1,013,015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**$ 1,654,341**	**$ 109,767**	**$ 2,195**	**$ 18,011**	**$ 131,583**	**$ 121,029**	**$ 25,880**	**$ 422,013**

Town of Highland Park
Town Council Study Session
Tuesday, February 17, 2026

Item Coversheet

Review and discuss the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025.

PRESENTED BY: John Samford, Director of Finance

BACKGROUND:

The Town is required by the Local Government Code, Town Charter, and its Financial Administrative Policies to undergo an annual audit of its financial statements for each fiscal year. This audit must be performed by an independent Certified Public Accountant. To fulfill this requirement, the Town Council engaged the professional audit firm Weaver and Tidwell, L.L.P. to conduct the audit for the fiscal year ending September 30, 2025.

The audit function is a critical component of the Town's commitment to public accountability. The audit was conducted in accordance with Government Auditing Standards and satisfies all requirements established under state law. The audit resulted in an unmodified (clean) opinion, confirming that the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Specifically, the audit was performed in compliance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

The auditors presented their report and findings to the Finance and Audit Advisory Committee on February 9, 2026. The Committee recommended acceptance of the annual audit. The auditors will also present the report and findings to the Town Council during this study session.

RECOMMENDATION

This item is being presented for discussion purposes only at this time. Formal acceptance of the Annual Comprehensive Financial Report and related audit for the fiscal year ending September 30, 2025 will occur at a future Town Council meeting.

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

2025 ACFR_Discussion Draft, 2025 Audit Communication Letter_Discussion Draft, 2025 Report on Internal Control_Discussion Draft

Town of Highland Park, Texas

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

THE TOWN OF
Highland Park
TEXAS
An American Community Making a Difference

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025

Town of Highland Park, Texas

Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2025

Prepared by:
Finance Department

Town of Highland Park, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
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Town of Highland Park, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
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Introductory Section
(Unaudited)

MAYOR
William C. Beecherl

MAYOR PRO TEM
Don Snell

TOWN ADMINISTRATOR
Tobin E. Maples, AICP

THE TOWN OF Highland Park TEXAS
4700 DREXEL DRIVE, HIGHLAND PARK, TEXAS 75205
Telephone 214-521-4161

TOWN COUNCIL MEMBERS
Alan Friedman
Marc Myers
Lydia Novakov
Leland White

February XX, 2026

The Honorable Mayor, Town Council and the Citizens
of the Town of Highland Park:

The Town of Highland Park ("Town") Financial Management Policies require that the Town's Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Annual Comprehensive Financial Report for the Town of Highland Park, Texas for the fiscal year ended September 30, 2025, is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town was incorporated in 1913 and chartered as a home-rule city under Texas law in 1975. The Town is a fully developed upper-class residential community located in the heart of Dallas, just a few miles north of the Dallas central business district. The Town occupies approximately 2.2 square miles and serves a population of about 8,793. The Town is empowered by state statute to levy a property tax on both real and business personal property located within its boundaries.

The Town operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and five (5) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and the Town Administrator (manager), Town Secretary, Municipal Judge, and Town Attorney. The Town Administrator is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing heads of various departments. The Mayor and Town Council members serve two (2) year terms with a limit of three (3) terms in either capacity. All elected officials are elected at large.

The Town provides a full range of services, including public safety (police, fire and emergency medical), maintenance of streets and infrastructure, sanitation services, maintenance of the treated water distribution system and both sanitary and storm sewer collection and transmission systems, library services, parks and recreation as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line-item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. The personnel portion of the budget is developed by the Town's Finance and Human Resources Departments, utilizing market data compiled from other cities and compensation professionals. The Town Administrator uses these requests as the starting point for developing a proposed budget. The Town's Charter requires that the proposed budget be submitted to the Town Secretary no later than August 31st with adoption taking place no later than September 15th. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings. The appropriated budget is prepared by fund and department (e.g. Public Safety). Department heads may make transfers of appropriations within a department's budgeted operations and maintenance levels; however, reallocation of personnel and capital appropriations must be approved by the Town Administrator. Amendments to budget dollar amounts must be approved by the Town Council. Budget-to-actual comparisons are provided in this report for the General Fund on page 24 and other budgeted governmental funds on pages 61-62 and 68-73.

Local Economy

Property tax revenues provide a significant portion of the Town's total governmental revenue within its General Fund. Historically, the Town has realized strong property value growth year-to-year, which was also experienced for fiscal year 2025. The property tax rate was reduced from fiscal year 2024 from 22.053 cents per $100 of taxable assessed value to 20.855 cents. Despite the reduction in the tax rate, property tax revenues were higher than the prior year. Even with one of the lowest municipal property tax rates in the Dallas/Ft. Worth Metroplex, property tax revenues are still considered a viable revenue source. Building activity, a key economic indicator, was slightly lower than in the prior fiscal year. While permits for new construction remained comparable to the previous year, the number of remodel permits issued in fiscal year 2025 declined relative to fiscal year 2024. In contrast, sales tax revenue—another measure of economic performance—rose by 6.7% over the prior fiscal year, driven in part by increased retail activity within the community. The Town's fiscal year 2026 Adopted Budget reflects a reduction in sales tax revenue as compared to the amount received during fiscal year 2025 due to the receipt of one-time prior period collections audit adjustments; however, actual revenue trends continue to show steady upward momentum.

Relevant Financial Policies

The Town's financial operations are guided by the Statement of Financial Management Policies as adopted by the Town Council. The purpose of these policies is to provide guidelines, in accordance with the applicable Texas Statutes and the Town of Highland Park Charter, Ordinances and Resolutions, for the planning and direction of the financial affairs of the Town. The intended goal of the Statement of Financial Management Policies is to enable the Town to adhere to the principles of sound municipal finance and to continue its long-term stable and positive financial condition.

Long-term Financial Planning

At September 30, 2025, General Fund unassigned fund balance exceeded the reserve amount required by its fund balance policy of 17% of operating expenditures. Moreover, the unrestricted net position requirement of 25% operating expenses within the Enterprise Fund was also met. The General Fund ended the year with an unassigned fund balance equivalent to 29.1% of current year expenditures. The Town's Enterprise Fund encompasses water and sewer operations, as well as solid waste services. The unrestricted net position of the Enterprise Fund represented 87.7% of total operating expenses and transfers out. In addition, the Enterprise Fund had $3,673,733 in encumbrances at year end. Unrestricted net position equates to 60.8% of current year operating expenses, including transfers out, once this item is taken into account.

Town management, in conjunction with the Council, developed and adopted a formal Capital Improvement Plan (CIP) for the Town during the year. The development of a formal CIP resulted in a separate multi-year capital budget, which is in addition to the Town's annual operating budget. Projects selected for inclusion in the CIP are evaluated based on several areas: safety, impact on Town services, quality of life, necessity, asset life expectancy, outside financial sources, and budgetary impact.

The Town is committed to continue funding its capital program on a pay-as-you-go basis. The development of a formal CIP and the use of fund balances within the General and Enterprise Fund in excess of the established minimums will each play a significant role in the Town's short-term and long-term financial strategies.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Highland Park for its annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the forty-third time that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2024. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Town. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and Town Council members for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectively submitted,

Tobin E. Maples, AICP	Taylor S. Lough
Town Administrator	Assistant Town Administrator

John R. Samford, CPA, CTP
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Highland Park
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

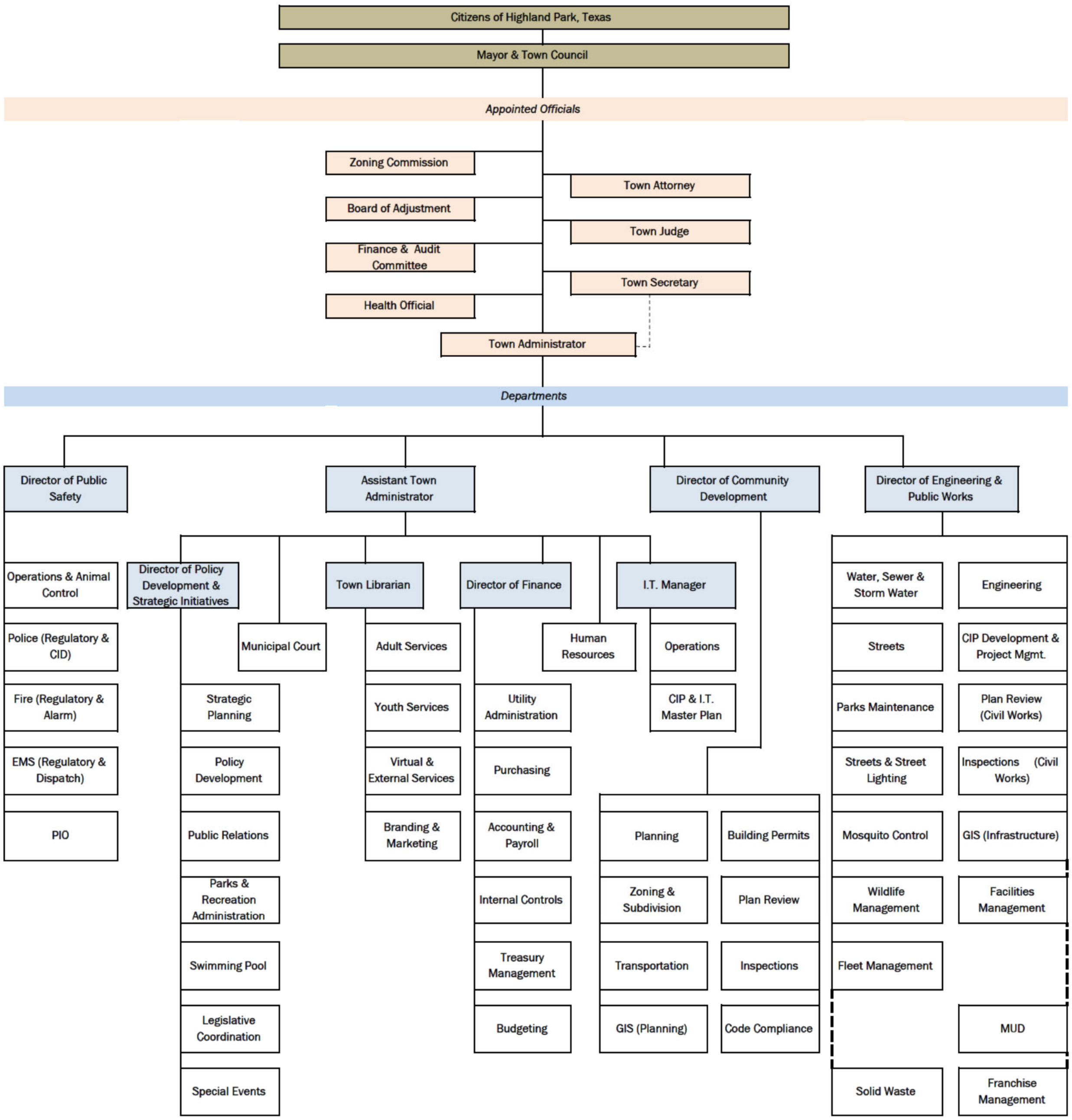
September 30, 2024

Christopher P. Morrill

Executive Director/CEO

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

Town of Highland Park, Texas
Organizational Structure - As of October 1, 2024



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Town of Highland Park
Principal Officials

Town Council

Will C. Beecherl, **Mayor**

Don Snell, **Mayor Pro Tem**

Marc Myers, **Council Member**

Lydia Novakov, **Council Member**

Alan Friedman, **Council Member**

Leland White, **Council Member**

Town Administrator
Tobin E. Maples, AICP

Town Attorney
Susan Thomas

Town Judge
Albert D. Hammack

Local Health Authority
Dallas County Health & Human Services (DCHHS)

Town Secretary
Joanna Mekeal, TMRC

Assistant Town Administrator
Taylor Lough

Director of Engineering & Public Works
Lori Chapin, P.E.

Director of Finance
John Samford, CPA, CTP

Director of Public Safety
Chuck McGinnis

Town Librarian
Kortney Nelson, MLS

Director of Community Development
Jeff Armstrong, AICP

Director of Policy Development & Strategic Initiatives
Letecia McNatt

Financial Section

Independent Auditor's Report

The Honorable Mayor
and Members of the Town Council
Town of Highland Park, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Highland Park, Texas (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

The Honorable Mayor
and Members of the Town Council
Town of Highland Park, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February xx, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

(Firm Name)

The Woodlands, Texas
February xx, 2026

Management's Discussion and Analysis (Unaudited)

As management of the Town of Highland Park, Texas (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $178,170,797 (net position). Of this amount, $60,024,022 is classified as unrestricted net position and may be used to meet the Town's ongoing obligations to citizens and creditors, including funding of the Town's 'pay as you go' capital improvement plan and equipment replacement program.

- The Town's total net position increased a total of $11,785,138, excluding the prior period adjustment discussed below. The increase is a result of operations of $3,924,782 and changes in capital assets of $5,547,318, net of the impact of pension and Other Post-Employment Benefits (OPEB) $2,313,038.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $46,829,926, an increase of $7,657,496 in comparison with the prior year. Approximately 17.3% of the reported combined ending fund balances, or $8,093,421, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $8,093,421 or, 29% of total General Fund expenditures, and the unrestricted net position for the Enterprise Fund was $11,969,450, or 87.7% of total Enterprise Fund operating expenses and transfers out. The Enterprise Fund had $3,673,733 in encumbrances at year-end. It is important to note that this fund encompasses the water and sewer utility as well as solid waste. Moreover, working capital adjusted for less liquid current assets such as prepaids, inventory and unbilled receivables is used as a measure of funds available for spending.
- Total governmental capital outlay of $6,824,267 was primarily funded through resources within the Capital Projects Fund and Stormwater Drainage Fund set aside for that purpose or funding received from external entities to improve infrastructure within the Town.
- The Town implemented GASB Statement 101 – Compensated Absences at the beginning of fiscal year 2025 which resulted in a prior period adjustment to net position totaling $1,473,297 ($1,359,136 for governmental activities and $114,161 for business-type activities/enterprise fund) for this change in accounting principle.
- The Town continues the practice of funding capital improvements on a pay-as-you-go basis. Accordingly, the Town has no bonded or bank debt. However, the Town has entered into subscription-based information technology arrangements with outstanding balances of $54,389, a $273,261 decrease from 2024.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish between governmental activities (i.e., functions of the Town that are principally supported by taxes and intergovernmental revenues) and business-type activities (i.e., functions that are intended to recover all or a significant portion of their cost through user fees and charges). The governmental activities of the Town include general government, public safety, streets, library services and parks and recreation. The business-type activities of the Town include the distribution and sale of treated water, and the collection and disposal of sewer and solid waste.

***Fund Financial Statements*:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains ten individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Capital Projects Fund, and the Stormwater Drainage Fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget. The Town also adopts annual appropriated budgets for eight of the other governmental funds. Budgetary comparison schedules are provided for each of these funds within the combining and individual fund financial statements and schedules section of this report. The Municipal Court Building Security and Technology Fund was created in May 29, 2025, as required by state law, and no budget was adopted for this fund in 2025.

Proprietary Funds: The Town maintains two different types of proprietary funds. The Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its distribution and sale of treated water, the collection and disposal of sanitary sewer and the collection and disposal of solid waste. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its equipment, building maintenance and management information systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-52 of this report.

Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertaining to the Town's funding of its obligation to provide pension benefits to Town employees through the Texas Municipal Retirement System and the Town's funding of its other postemployment benefit liability. Also included are the combining and individual fund financial statements and schedules. This supplementary information may be found on pages 54-78 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $178,170,797 at the close of the most recent fiscal year.

The largest portion of the Town's net position (65.7%) is its net investment in capital assets (e.g., land, buildings, machinery and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Additionally, $1,004,471 is restricted for Public Safety, Library, and Public, Educational, and Government (PEG) access channel fees. The remaining balance of $60,024,022, is classified as unrestricted net position and may be used to meet the Town's ongoing obligations to citizens and creditors, including funding of the Town's 'pay as you go' capital improvement plan.

Town of Highland Park, Texas Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 66,672,999	$ 59,158,702	$ 13,930,928	$ 14,326,976	$ 80,603,927	$ 73,485,678
Capital assets	77,297,646	73,499,909	38,453,444	36,703,863	115,751,090	110,203,772
Total assets	143,970,645	132,658,611	52,384,372	51,030,839	196,355,017	183,689,450
Deferred outflows of resources	2,179,669	4,490,225	288,582	657,164	2,468,251	5,147,389
Current liabilities	5,027,900	4,395,183	2,591,621	3,113,683	7,619,521	7,508,866
Long-term liabilities	6,083,058	9,544,909	775,464	1,069,494	6,858,522	10,614,403
Total liabilities	11,110,958	13,940,092	3,367,085	4,183,177	14,478,043	18,123,269
Deferred inflows of resources	6,028,493	2,761,965	145,935	92,649	6,174,428	2,854,614
Net position						
Investment in capital assets	79,951,820	72,785,134	37,190,484	35,032,513	117,142,304	107,817,647
Restricted	1,004,471	886,447	-	-	1,004,471	886,447
Unrestricted	48,054,572	46,775,198	11,969,450	12,379,664	60,024,022	59,154,862
Total net position	$ 129,010,863	$ 120,446,779	$ 49,159,934	$ 47,412,177	$ 178,170,797	$ 167,858,956

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Town of Highland Park, Texas Change in Net Position

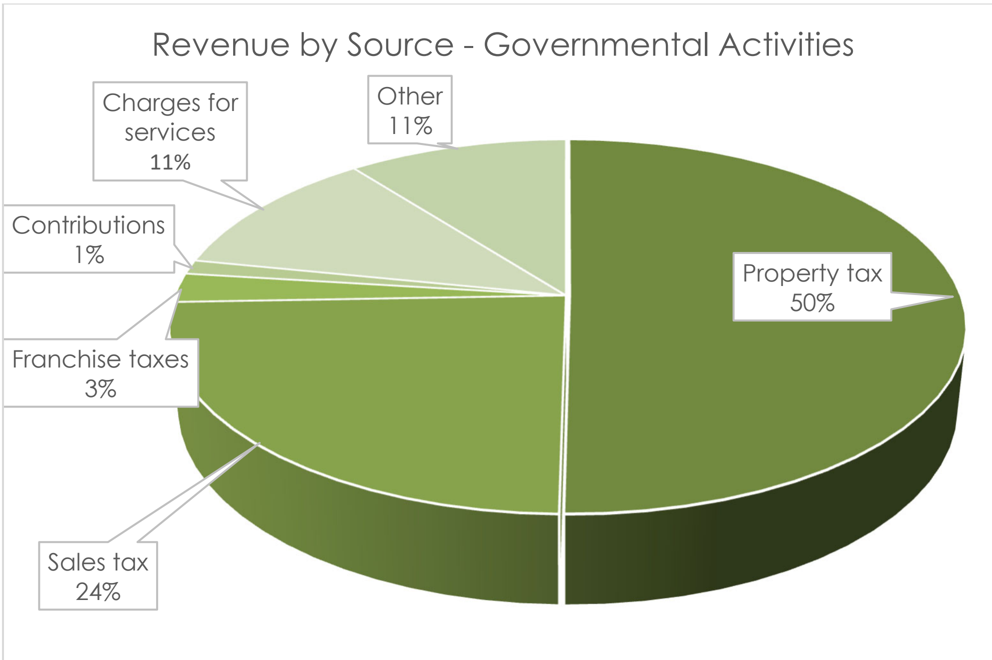
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenues						
Charges for services	$ 4,388,241	$ 3,569,487	$ 14,422,189	$ 13,776,335	$ 18,810,430	$ 17,345,822
Operating grants and contributions	63,025	54,257	-	-	63,025	54,257
Capital grants and contributions	412,795	6,727,501	112,450	362,000	525,245	7,089,501
General revenues						
Property tax	19,484,406	18,400,369	-	-	19,484,406	18,400,369
Sales tax	9,388,670	8,801,419	-	-	9,388,670	8,801,419
Franchise taxes	979,517	975,703	-	-	979,517	975,703
Other	4,073,295	4,010,490	509,565	785,216	4,582,860	4,795,706
Total revenues	38,789,949	42,539,226	15,044,204	14,923,551	53,834,153	57,462,777
Expenses						
General government	3,615,321	3,425,900	11,389,165	10,564,079	15,004,486	13,989,979
Public safety	16,648,483	16,902,924	-	-	16,648,483	16,902,924
Development services	289,432	283,562	-	-	289,432	283,562
Streets	3,663,336	3,355,212	-	-	3,663,336	3,355,212
Library	999,474	1,013,033	-	-	999,474	1,013,033
Parks	2,401,666	2,283,552	-	-	2,401,666	2,283,552
Swimming pool	283,912	313,900	-	-	283,912	313,900
Municipal court	663,330	632,741	-	-	663,330	632,741
Finance	1,073,614	1,141,355	-	-	1,073,614	1,141,355
Building inspection	1,021,282	794,351	-	-	1,021,282	794,351
Total expenses	30,659,850	30,146,530	11,389,165	10,564,079	42,049,015	40,710,609
Excess (deficiency) of revenues over (under) expenditures	8,130,099	12,392,696	3,655,039	4,359,472	11,785,138	16,752,168
Transfers	1,793,121	1,631,302	(1,793,121)	(1,631,302)	-	-
Changes in net position	9,923,220	14,023,998	1,861,918	2,728,170	11,785,138	16,752,168
Net position, beginning of year, as previously reported	120,446,779	106,422,781	47,412,177	44,684,007	167,858,956	151,106,788
Change in Accounting Principle (GASB 101)	(1,359,136)	-	(114,161)	-	(1,473,297)	-
Net position, beginning of year (as restated)	119,087,643	106,422,781	47,298,016	44,684,007	166,385,659	151,106,788
Net position - ending	$ 129,010,863	$ 120,446,779	$ 49,159,934	$ 47,412,177	$ 178,170,797	$ 167,858,956

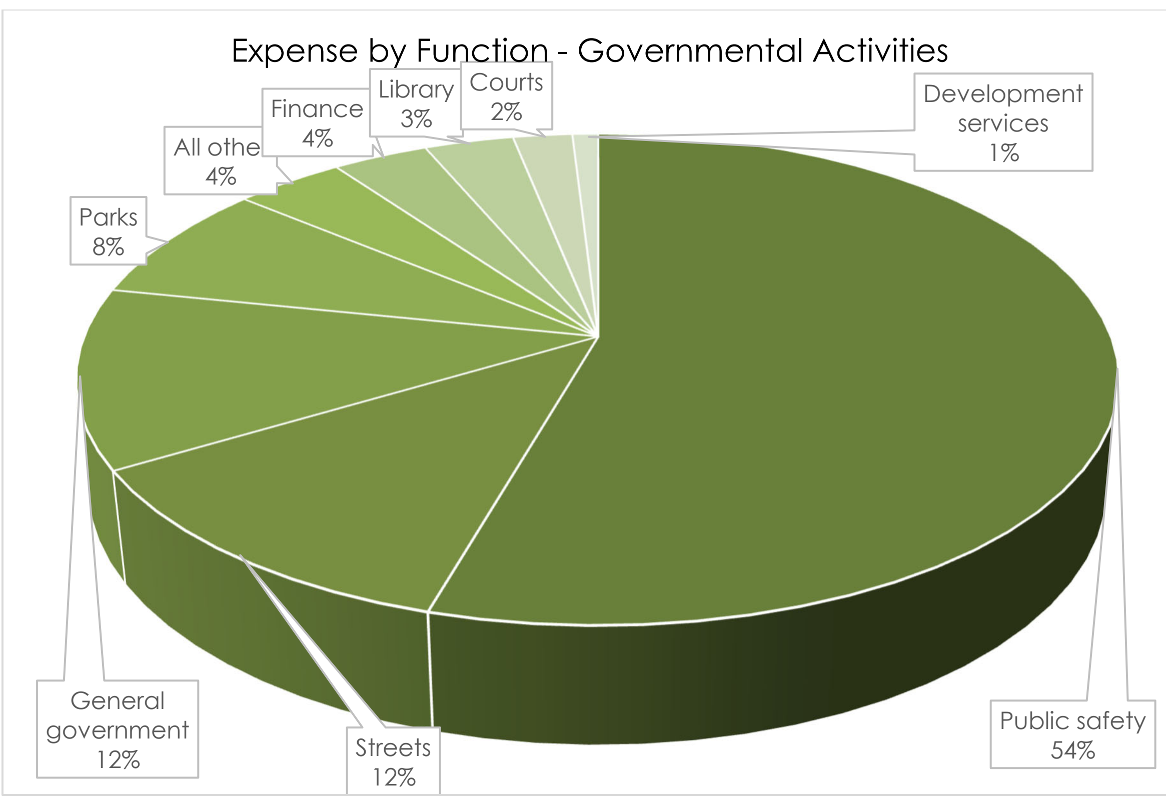
The Town's total net position of $178,170,797 increased a total of $11,785,138 or 7% over the previous fiscal year, which excludes the prior period adjustment for GASB 101. The increase is a result of operations of $3,924,782 and changes in capital assets of $5,547,318, net of the impact of pension and Other Post-Employment Benefits (OPEB) $2,313,038. During the year, the Town experienced an increase in property tax revenue, which was directly related to an increase in taxable assessed value. For Fiscal Year 2025 (Tax Year 2024), the property tax rate decreased from $0.220530 per $100 of taxable assessed value to $0.208550 per $100 of taxable assessed value. The Town experienced strong growth in sales tax revenue totaling $9,388,670, which is an increase of $587,251 or 6.7% over the amount collected in the previous fiscal year. The sales tax increase was primarily attributed to robust retail activity offset by repayments of sales tax to the State Comptroller as a result of an incorrect allocation to Highland Park. The repayment term began May 2023 and will end April 2029.

Governmental Activities: Governmental activities increased the Town's net position by $9,923,220, excluding the prior period adjustment.

Total revenues of $38,789,949 for fiscal year 2025 decreased by $3,749,277 (8.8%) from fiscal year 2024. Property tax revenue grew $1,084,037 due to an increase in taxable assessed values offset by a slight decrease in the tax rate. Capital grants and contributions decreased $6,314,706 primarily due to capital contributions received in 2024 from the Dallas Area Rapid Transit, Dallas County, and the City of University Park for infrastructure and mobility improvement projects that were not repeated in fiscal year 2025.

Total expenses increased $513,320 (1.7%) from 2024. The majority of this change was driven by increases in Street Department spending of $308,124 and Building Inspection of $226,931.

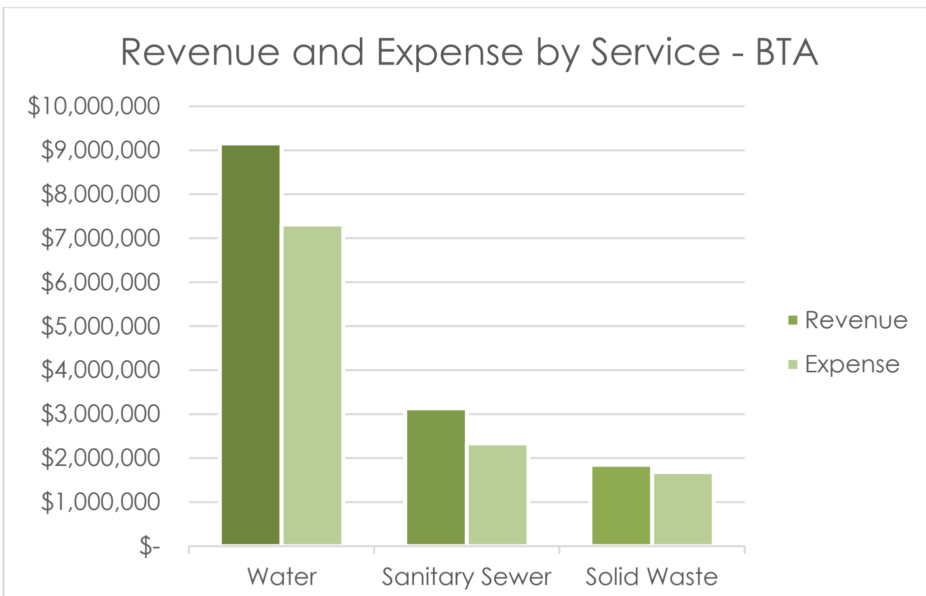




Business-type Activities: The rate structures for business-type activities are developed with the intent of generating resources sufficient to fund the cost of the respective service provided and for infrastructure replacement and/or rehabilitation. Net position from operations for business-type activities, excluding transfers, increased $3,655,039.

Total business-type revenues for 2025 increased by $120,653 (.8%) from 2024 revenues. Charges for services increased by $645,854 due to an increase in water and wastewater (6.5%) and solid waste (4.0%) rates coupled with a slight reduction in the gallons of water sold. Capital grants and contributions decreased by $249.550 due to the reduction of donations of storm sewer mains by developers to the Town. Other revenue decreased by $275,651 primarily due to interest earnings resulting from decreased investment performance attributable to the decrease in the Federal Fund rate and available investible funds.

Transfers: Transactions of a significant nature that did not impact the Town's total net position involved transfers made in conjunction with the Town's capital improvement program. Annually, the Utility Fund transfers a portion of its current resources to the Town's Capital Improvement Fund. Since fiscal year 2013 an inter-fund transfer is made to the General Fund for the purpose of funding a portion of the administrative costs of running the Town that is attributed to the Utility Fund. Transfers in the amount of $1,550,500, were made from the Enterprise Fund to the General Fund for these purposes. There was also $714,521 transferred to the capital projects fund for projects.



Government's Funds Financial Analysis

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

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $46,829,926, an increase of $7,657,496 in comparison with the prior year. This increase consists of the net result of activities described below for each of the individual governmental funds.

Approximately 17.3% of total fund balance, or $8,093,421, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance includes amounts not available for new spending because it is 1) non-spendable and is for inventory and prepaid items ($33,256); 2) is restricted for special revenue funds and for use by the Library, DPS, Court, and PEG Access Channels ($1,004,471); 3) committed for capital acquisition and storm water drainage improvements ($30,279,328); or 4) assigned for capital projects, drainage, compensated absences, and to liquidate contracts and purchase orders of the prior period ($7,419,450).

Fund Balances - Governmental Funds

	General Fund		Capital Projects		Stormwater Fund		Non- Major Funds		Total Governmental Funds	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Fund Balances										
Nonspendable	$ 33,256	$ 33,106	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,256	$ 33,106
Restricted	202,855	191,314	-	-	-	-	801,616	695,133	1,004,471	886,447
Committed	7,637,479	7,466,208	20,727,930	15,530,470	1,913,919	2,070,587	-	-	30,279,328	25,067,265
Assigned	2,189,427	1,690,675	4,591,225	1,259,568	638,798	1,417,138	-	-	7,419,450	4,367,381
Unassigned	8,093,421	8,818,231	-	-	-	-	-	-	8,093,421	8,818,231
Total Fund Balances	$ 18,156,438	$ 18,199,534	$ 25,319,155	$ 16,790,038	$ 2,552,717	$ 3,487,725	$ 801,616	$ 695,133	$ 46,829,926	$ 39,172,430

The General Fund is the primary operating fund of the Town. The total fund balance of the Town's General Fund decreased by $43,096 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of $7,152,829 as well as; (2) budgeted transfers-out in the amount of $8,771,025 from current revenues primarily to the Capital Projects Fund; and (3) transfers-in of $1,575,100 primarily from the Enterprise Fund for the purpose of funding the Enterprise Fund's portion of administrative costs related to Town operations.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.1% of total General Fund expenditures less capital outlay, while total fund balance represents 65.3% of that same amount. The Capital Projects Fund ended the fiscal year with a total fund balance of $25,319,155, all committed or assigned for capital acquisitions and projects. The total fund balance of this fund increased by $8,529,117 during the current fiscal year; this was the net result of (1) an excess of revenues over expenditures of $60,071 (2) $9,455,046 in transfers into the Capital Projects Fund (General Fund $8,740,525 and Enterprise Fund $714,521 and (3) a transfer to the Enterprise Fund of $286,000 and a transfer to the Stormwater Drainage Fund of $700,000.

The Stormwater Drainage Fund ended the fiscal year with a total fund balance of $2,552,717. Of this amount, $1,913,919 is committed (i.e., available for future stormwater drainage improvements) with the balance being assigned for outstanding encumbrances expected to be honored upon performance by the vendor in the next year. The total fund balance of this fund decreased by $935,008 during the current fiscal year; this was the net result of (1) an excess of expenditures over revenue of $1,479,608; and (2) net transfers-in of $544,600. The excess of expenditures over revenue was due to stormwater drainage capital improvements requiring the planned use of available fund balance.

Proprietary Funds: The Town's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Town's Enterprise Fund at the end of the year amounted to $11,969,450, a decrease of $410,214, while total net position of $49,159,934 increased a total $1,747,757 which includes a reduction in opening net position of $114,161 due to the implementation of GASB 101. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Net Position - Proprietary Funds

	Enterprise Fund		Internal Service Funds		Total Proprietary Funds	
	2025	2024	2025	2024	2025	2024
Net Position						
Net investment in capital assets	$ 37,190,484	$ 35,032,513	$ 6,068,086	$ 5,294,007	$ 43,258,570	$ 40,326,520
Unrestricted	11,969,450	12,379,664	10,987,574	10,142,155	22,957,024	22,521,819
Total Net Position	$ 49,159,934	$ 47,412,177	$ 17,055,660	$ 15,436,162	$ 66,215,594	$ 62,848,339

Total Net Position of the Internal Service Funds increased $1,619,498 to $17,055,660. These three funds account for the acquisition and disposal of vehicles, repair and maintenance of buildings and the replacement of technology equipment.

General Fund Budgetary Highlights

Actual fiscal year 2025 General Fund revenues of $34,963,492 were $2,066,118 (6.3%) more than the final amended budget, primarily due to stronger than expected sales tax revenue. Actual fiscal year 2025 General Fund expenditures of $27,810,663 were $2,416,209 (8.0%) less than the final amended budget due to savings in all departments ($1,416,209) and a budgeted transfer of $1,000,000 to the Stormwater Drainage Fund that was ultimately accounted for as an advance and treated as a due to/from in the fund financial statements.

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of September 30, 2025, amounts to $115,751,090 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, software subscriptions and park facilities. The net increase in the Town's investment in capital assets for the current fiscal year was $5,547,318, or 5.0% and primarily related to infrastructure improvements, the reconstruction of Beverly Drive-Miramar Avenue, Potomac Avenue-Auburndale Avenue along with various alleyway, water and sewer and drainage improvements. Additionally, a right-to-use subscription asset was reported in the Technology Replacement Fund. Additional information on the Town's capital assets can be found in Note 4 on pages 41-42 of this report.

Economic Factors and Next Year's Budgets and Rates

The development of the fiscal year 2025 – 2026 Operating Budget reflects a positive outlook for the Town's various revenue sources. Specifically:

- Taxable real and business personal property values grew at approximately 9.86%, or $927,193,000 as compared to the certified values provided in July 2024. Most of this increase results from reassessments, however, approximately $149,563,000 is related to new construction. In response, the tax rate was lowered from $0.208550 to $0.199296 per $100 taxable assessed. As a result of these changes, property tax revenues are projected to increase $970,933 as compared to the fiscal year 2025 budget.
- Sales tax projections were increased to $8,283,320 as compared to $7,020,752 budgeted for fiscal year 2025. Anticipated increase in retail activity coupled with the sales tax repayment arrangement with the State Comptroller affects this outlook.
- Water and sewer rates were adjusted by 3.9% and 3.0%, respectively, in response to an increase in the cost to purchase water from the Dallas County Park Cities Municipal Utility District and the cost of wastewater treatment provided by the City of Dallas in addition increases in the cost of capital improvements, personnel, and repair and maintenance.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Highland Park
Finance Department
4700 Drexel Drive
Highland Park, Texas 75205

Basic Financial Statements

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

Town of Highland Park, Texas

Statement of Net Position

September 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 36,614,984	$ 8,769,165	$ 45,384,149
Investments	21,414,958	2,177,376	23,592,334
Receivables (net of allowances for uncollectibles)	7,778,965	2,366,172	10,145,137
Inventories	10,690	195,950	206,640
Prepaids	22,566	5,904	28,470
Restricted assets			
Cash and cash equivalents	830,836	416,361	1,247,197
Capital assets (net of accumulated depreciation/amortization, where applicable)			
Depreciable	60,895,136	36,658,780	97,553,916
Non-depreciable	16,402,510	1,794,664	18,197,174
Total assets	143,970,645	52,384,372	196,355,017
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension contributions	1,655,432	189,394	1,844,826
Deferred pension experience loss	127,154	29,704	156,858
Deferred OPEB contributions	40,652	7,124	47,776
Deferred OPEB experience loss	110,611	19,092	129,703
Deferred OPEB assumption change loss	245,820	43,268	289,088
Total deferred outflows of resources	2,179,669	288,582	2,468,251
LIABILITIES			
Vouchers payable	2,341,892	1,677,334	4,019,226
Retainage payable	177,458	333,806	511,264
Accrued liabilities	760,309	51,116	811,425
Deposits	66,154	416,361	482,515
Noncurrent liabilities			
Due within one year			
Compensated absences	1,406,946	113,004	1,519,950
Subscription liability	54,389	-	54,389
Sales tax obligation	220,752	-	220,752
Due in more than one year			
Compensated absences	1,714,045	137,669	1,851,714
Sales tax obligation	570,298	-	570,298
Net pension liability	2,467,704	417,397	2,885,101
Total OPEB liability	1,331,011	220,398	1,551,409
Total liabilities	11,110,958	3,367,085	14,478,043
DEFERRED INFLOWS OF RESOURCES			
Deferred pension experience gain	35,035	10,412	45,447
Deferred pension assumption gain	280,573	26,888	307,461
Deferred pension investment gain	705,454	70,026	775,480
Deferred OPEB experience gain	10,774	1,826	12,600
Deferred OPEB assumption change gain	216,368	36,783	253,151
Deferred inflows - leases	4,780,289	-	4,780,289
Total deferred inflows of resources	6,028,493	145,935	6,174,428
NET POSITION			
Net investment in capital assets	79,951,820	37,190,484	117,142,304
Restricted for:			
Public safety	381,684	-	381,684
Library	419,932	-	419,932
PEG	202,855	-	202,855
Unrestricted	48,054,572	11,969,450	60,024,022
TOTAL NET POSITION	$ 129,010,863	$ 49,159,934	$ 178,170,797

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Statement of Activities

For the Fiscal Year Ended September 30, 2025

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants And Contributions**	**Capital Grants And Contributions**
PRIMARY GOVERNMENT				
Governmental activities				
General government	$ 3,615,321	$ 1,164,208	$ 14,563	$ -
Department of public safety	16,648,483	1,064,143	-	-
Community services	289,432	-	-	-
Street department	3,663,336	-	-	412,795
Library	999,474	8,361	48,462	-
Parks department	2,401,666	27,840	-	-
Swimming pool	283,912	105,418	-	-
Municipal court	663,330	522,222	-	-
Finance department	1,073,614	-	-	-
Building inspection department	1,021,282	1,496,049	-	-
Total governmental activities	30,659,850	4,388,241	63,025	412,795
Business-type activities				
Enterprise	11,389,165	14,422,189	-	112,450
Total business-type activities	11,389,165	14,422,189	-	112,450
Total primary government	$ 42,049,015	$ 18,810,430	$ 63,025	$ 525,245

GENERAL REVENUES

Property taxes

Sales taxes

Mixed beverage taxes

Franchise taxes

Penalties and interest on taxes

Interest on investments

Gain on sale of capital assets

Miscellaneous income

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Change in Accounting Principle (GASB 101)

Net position, beginning of year (as restated)

NET POSITION, END OF YEAR

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business - Type Activities	Total
$ (2,436,550)	$ -	$ (2,436,550)
(15,584,340)	-	(15,584,340)
(289,432)	-	(289,432)
(3,250,541)	-	(3,250,541)
(942,651)	-	(942,651)
(2,373,826)	-	(2,373,826)
(178,494)	-	(178,494)
(141,108)	-	(141,108)
(1,073,614)	-	(1,073,614)
474,767	-	474,767
(25,795,789)	-	(25,795,789)
-	3,145,474	3,145,474
-	3,145,474	3,145,474
$ (25,795,789)	$ 3,145,474	$ (22,650,315)
$ 19,484,406	$ -	$ 19,484,406
9,388,670	-	9,388,670
521,443	-	521,443
979,517	-	979,517
95,010	-	95,010
2,921,612	509,565	3,431,177
172,581	-	172,581
362,649	-	362,649
1,793,121	(1,793,121)	-
35,719,009	(1,283,556)	34,435,453
9,923,220	1,861,918	11,785,138
120,446,779	47,412,177	167,858,956
(1,359,136)	(114,161)	(1,473,297)
119,087,643	47,298,016	166,385,659
$ 129,010,863	$ 49,159,934	$ 178,170,797

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

Town of Highland Park, Texas

Balance Sheet - Governmental Funds

September 30, 2025

		General Fund		Capital Projects Fund		Stormwater Drainage		Nonmajor Governmental Funds		Total Governmental Funds
ASSETS										
Cash and equivalents	$	7,182,148	$	21,344,806	$	4,661,693	$	830,836	$	34,019,483
Investments		6,967,978		4,866,598		2,020,668		-		13,855,244
Receivables, net										
Interest		44,978		233		13,619		-		58,830
Taxes		1,915,257		-		-		-		1,915,257
Leases		2,188,422		-		-		-		2,188,422
Other		423,668		-		-		-		423,668
Fines		172,529		-		-		-		172,529
Due from other funds		3,600,000		-		-		-		3,600,000
Inventories		10,690		-		-		-		10,690
Prepaids		22,566		-		-		-		22,566
TOTAL ASSETS	$	22,528,236	$	26,211,637	$	6,695,980	$	830,836	$	56,266,689
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
LIABILITIES										
Vouchers payable	$	842,629	$	760,361	$	497,926	$	29,220	$	2,130,136
Retainage payable		-		132,121		45,337		-		177,458
Accrued liabilities		755,263		-		-		-		755,263
Due to other funds		-		-		3,600,000		-		3,600,000
Deposits		66,154		-		-		-		66,154
Total liabilities		1,664,046		892,482		4,143,263		29,220		6,729,011
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - property taxes		234,131		-		-		-		234,131
Unavailable revenue - ambulance		359,325		-		-		-		359,325
Unavailable revenue - fines		172,529		-		-		-		172,529
Unavailable revenue - leases		1,941,767		-		-		-		1,941,767
Total deferred inflows of resources		2,707,752		-		-		-		2,707,752
FUND BALANCES										
Nonspendable										
Inventories		10,690		-		-		-		10,690
Prepaids		22,566		-		-		-		22,566
Restricted										
Crime prevention		-		-		-		216,913		216,913
Court security and technology		-		-		-		164,771		164,771
Library		-		-		-		419,932		419,932
PEG		202,855		-		-		-		202,855
Committed										
Capital acquisition		7,637,479		20,727,930		-		-		28,365,409
Stormwater drainage improvements		-		-		1,913,919		-		1,913,919
Assigned										
Compensated absences		1,406,946		-		-		-		1,406,946
Capital projects		-		4,591,225		-		-		4,591,225
Drainage		-		-		638,798		-		638,798
Other		782,481		-		-		-		782,481
Unassigned		8,093,421		-		-		-		8,093,421
Total fund balances		18,156,438		25,319,155		2,552,717		801,616		46,829,926
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$	22,528,236	$	26,211,637	$	6,695,980	$	830,836	$	56,266,689

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$	46,829,926
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows related to pension and OPEB are not reported in the governmental funds.		2,179,669
Deferred inflows related to pension and OPEB are not reported in the governmental funds.		(1,248,204)
Capital assets used in governmental activities, including the internal service fund, are not reported in the governmental funds.		77,297,646
Property taxes receivable that are unavailable to pay for current period expenditures are deferred in the governmental funds.		234,131
Ambulance receivables that are unavailable to pay for current period expenditures are deferred in the governmental funds.		359,325
Court fines receivable that are unavailable to pay for current period expenditures are deferred in the governmental funds.		172,529
Excess sales tax due to the State of Texas is not reported in the governmental funds.		(791,050)
Net pension liability is not reported in the governmental funds.		(2,467,704)
The long-term liability for other postemployment benefits is not recorded in the governmental funds.		(1,331,011)
Payables for compensated absences are not reported in the governmental funds.		(3,120,991)
Internal service funds are used by the Town's management:		
The assets, liabilities and deferred inflows of the internal service funds are included with the governmental activities. The net property of $6,159,063, as it relates to the internal service funds is included in the capital asset amount above.		10,896,597
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	129,010,863

The Notes to the Basic Financial Statements are an integral part of this statement.

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

Town of Highland Park, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended September 30, 2025

	General Fund	Capital Projects Fund	Stormwater Drainage	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 19,499,123	$ -	$ -	$ -	$ 19,499,123
Sales taxes	9,388,670	-	-	-	9,388,670
Mixed beverage taxes	521,443	-	-	-	521,443
Franchise fees	979,517	-	-	-	979,517
Penalties and interest	95,010	-	-	-	95,010
Licenses and permits	1,549,980	-	-	-	1,549,980
Service fees	1,253,339	-	1,142,518	68,760	2,464,617
Fines and forfeitures	335,079	-	-	-	335,079
Investment income	1,019,212	927,568	297,616	35,462	2,279,858
Contributions	14,563	-	-	48,462	63,025
Intergovernmental revenue	-	4,783,527	-	-	4,783,527
Miscellaneous	307,556	18	-	55,075	362,649
Total revenues	34,963,492	5,711,113	1,440,134	207,759	42,322,498
EXPENDITURES					
Current					
General government	3,106,694	-	191,632	-	3,298,326
Department of public safety	17,682,292	-	-	-	17,682,292
Community services	284,271	-	-	-	284,271
Street department	705,676	1,554,885	-	-	2,260,561
Library	900,217	-	-	40,251	940,468
Parks department	2,018,613	-	-	-	2,018,613
Swimming pool	238,729	-	-	-	238,729
Municipal court	632,578	-	-	36,425	669,003
Finance department	1,151,503	-	-	-	1,151,503
Building inspection department	1,090,090	-	-	-	1,090,090
Capital outlay	-	4,096,157	2,728,110	-	6,824,267
Total expenditures	27,810,663	5,651,042	2,919,742	76,676	36,458,123
Excess (deficiency) of revenues over (under) expenditures	7,152,829	60,071	(1,479,608)	131,083	5,864,375
OTHER FINANCING SOURCES (USES)					
Transfers in	1,575,100	9,455,046	700,000	-	11,730,146
Transfers out	(8,771,025)	(986,000)	(155,400)	(24,600)	(9,937,025)
Net other financing sources (uses)	(7,195,925)	8,469,046	544,600	(24,600)	1,793,121
Net change in fund balances	(43,096)	8,529,117	(935,008)	106,483	7,657,496
Fund balances, beginning of year	18,199,534	16,790,038	3,487,725	695,133	39,172,430
FUND BALANCES, END OF YEAR	$ 18,156,438	$ 25,319,155	$ 2,552,717	$ 801,616	$ 46,829,926

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2025

Net change in fund balances - total governmental funds	$ 7,657,496
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however in the Statement of Activities these costs are allocated over their estimated useful lives. This is the amount of capital additions reported as capital outlays.	6,824,267
The depreciation/amortization of capital assets used in governmental activities, excluding the Internal Service Funds, is not reported in the funds.	(3,497,350)
Compensated absences are reported as the amounts are earned in the Statement of Activities but as the amounts are paid in the funds. This is the net change in the liability for the year.	495,013
Property taxes levied and ambulance service and court revenue earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of allowance for uncollectibles) in the Statement of Activities. This is the net change in unavailable property taxes, ambulance fees and court fines for the year.	23,848
Excess sales tax obligation due to the State of Texas is shown as a liability in the government wide financial statements but is not recorded in the fund financial statements. This amount represents payments on the obligation during the year.	220,752
Intergovernmental revenues earned but not available are deferred in the governmental funds, but are recognized when earned in the Statement of Activities. This is the net change in unavailable intergovernmental revenue for the year.	(4,370,732)
Pension and OPEB expense is reported as the amount paid in the funds. In the Statement of Activities, this expense is increased or decreased based on changes in deferred outflows and deferred inflows in the Statement of Net Position.	950,428
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities.	1,619,498
Change in net position - governmental activities	$ 9,923,220

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes	$ 19,463,027	$ 19,463,027	$ 19,499,123	$ 36,096
Sales taxes	7,020,752	7,319,252	9,388,670	2,069,418
Mixed beverage taxes	540,000	540,000	521,443	(18,557)
Franchise fees	995,600	995,600	979,517	(16,083)
Penalties and interest	90,000	90,000	95,010	5,010
Licenses and permits	1,726,725	1,726,725	1,549,980	(176,745)
Service fees	1,411,914	1,411,914	1,253,339	(158,575)
Fines and forfeitures	239,500	239,500	335,079	95,579
Investment income	816,255	816,255	1,019,212	202,957
Contributions	17,500	17,500	14,563	(2,937)
Miscellaneous	269,701	277,601	307,556	29,955
Total revenues	32,590,974	32,897,374	34,963,492	2,066,118
EXPENDITURES				
Current				
General government	4,402,303	4,466,103	3,106,694	1,359,409
Department of public safety	17,989,125	17,969,125	17,682,292	286,833
Community services	312,748	312,748	284,271	28,477
Street department	847,137	847,137	705,676	141,461
Library	962,385	962,385	900,217	62,168
Parks department	2,104,408	2,104,408	2,018,613	85,795
Swimming pool	278,100	278,100	238,729	39,371
Municipal court	622,762	645,262	632,578	12,684
Finance department	1,216,351	1,211,351	1,151,503	59,848
Building inspection department	1,174,253	1,430,253	1,090,090	340,163
Total expenditures	29,909,572	30,226,872	27,810,663	2,416,209
Excess of revenues over expenditures	2,681,402	2,670,502	7,152,829	4,482,327
OTHER FINANCING SOURCES (USES)				
Transfers in	1,575,100	1,575,100	1,575,100	-
Transfers out	(4,771,025)	(8,771,025)	(8,771,025)	-
Net other financing sources (uses)	(3,195,925)	(7,195,925)	(7,195,925)	-
Net change in fund balances	(514,523)	(4,525,423)	(43,096)	4,482,327
Fund balance, beginning of year	18,199,534	18,199,534	18,199,534	-
FUND BALANCE, END OF YEAR	$ 17,685,011	$ 13,674,111	$ 18,156,438	$ 4,482,327

The Notes to the Basic Financial Statements are an integral part of this statement.

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Town of Highland Park, Texas

Statement of Net Position
Proprietary Funds
September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets		
Cash and equivalents	$ 8,769,165	$ 3,426,337
Investments	2,177,376	7,559,714
Receivables (net of allowance for uncollectibles)		
Water, Sewer and Sanitation		
Billed	1,679,983	-
Unbilled	686,189	-
Interest	-	14,172
Other	-	11,799
Leases	-	2,994,288
Inventories	195,950	-
Prepaids	5,904	-
Total current assets	13,514,567	14,006,310
Noncurrent assets		
Restricted cash and cash equivalents	416,361	-
Capital assets		
Land	4,895	-
Construction in progress	1,789,769	573,255
Buildings and improvements	20,197	515,893
Improvements other than buildings	55,203,800	-
Vehicles and rolling stock	-	6,398,501
Machinery and equipment	2,219,371	7,748,197
Office furniture and equipment	25,326	-
Right-to-use subscription assets	-	173,746
Accumulated depreciation and amortization	(20,809,914)	(9,250,529)
Capital assets, net of accumulated depreciation and amortization	38,453,444	6,159,063
Total noncurrent assets	38,869,805	6,159,063
Total assets	52,384,372	20,165,373
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension contributions	189,394	-
Deferred pension experience loss	29,704	-
Deferred OPEB contributions	7,124	-
Deferred OPEB experience loss	19,092	-
Deferred OPEB assumption change loss	43,268	-
Total deferred outflows of resources	288,582	-
Total assets and deferred outflows of resources	52,672,954	20,165,373
LIABILITIES		
Current liabilities		
Vouchers payable	1,677,334	211,756
Retainage payable	333,806	-
Accrued liabilities	51,116	5,046
Deposits	416,361	-
Compensated absences	113,004	-
Subscription liability	-	54,389
Total current liabilities	2,591,621	271,191
Noncurrent liabilities		
Compensated absences	137,669	-
Net pension liability	417,397	-
OPEB liability	220,398	-
Subscription liability	-	-
Total noncurrent liabilities	775,464	-
Total liabilities	3,367,085	271,191
DEFERRED INFLOWS OF RESOURCES		
Deferred pension experience gain	10,412	-
Deferred pension assumption change gain	26,888	-
Deferred pension investment gain	70,026	-
Deferred OPEB experience gain	1,826	-
Deferred OPEB assumption change gain	36,783	-
Deferred inflows - leases	-	2,838,522
Total deferred inflows of resources	145,935	2,838,522
Total liabilities and deferred inflows of resources	3,513,020	3,109,713
NET POSITION		
Net investment in capital assets	37,190,484	6,068,086
Unrestricted	11,969,450	10,987,574
TOTAL NET POSITION	$ 49,159,934	$ 17,055,660

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Water sales	$ 8,918,977	$ -
Sewer services	3,134,075	-
New connections	120,255	-
Plumbing permits	47,985	-
Penalties for late payments	71,422	-
Inter-department water sales	227,032	-
Charges for services	1,849,793	1,563,035
Miscellaneous	52,650	1,045,907
Total operating revenues	14,422,189	2,608,942
OPERATING EXPENSES		
Personnel services	2,088,752	89,088
Materials and supplies	4,378,551	41,980
Services and charges	3,441,987	493,684
Depreciation	1,467,957	1,179,027
Total operating expenses	11,377,247	1,803,779
Operating income	3,044,942	805,163
NONOPERATING REVENUES		
Investment income	509,565	641,754
Gain (loss) on disposal of assets	(11,918)	172,581
Total nonoperating revenues	497,647	814,335
Income before contributions and transfers	3,542,589	1,619,498
Capital contributions	112,450	-
Transfers in	471,900	-
Transfers out	(2,265,021)	-
Change in net position	1,861,918	1,619,498
Net position, beginning of year, as previously presented	47,412,177	15,436,162
Change in accounting principle - GASB 101	(114,161)	-
Net position, beginning of year, as restated	47,298,016	15,436,162
NET POSITION, END OF YEAR	$ 49,159,934	$ 17,055,660

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING ACTIVITIES		
Cash received from customers	$ 14,496,477	$ -
Cash received from interfund services	-	2,539,527
Cash payments to suppliers for goods and services	(8,384,155)	(571,097)
Cash payments to employees	(2,043,941)	(89,269)
Net cash provided by operating activities	4,068,381	1,879,161
NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(2,265,021)	-
Transfers from other funds	471,900	-
Net cash used for noncapital financing activities	(1,793,121)	-
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,117,006)	(1,672,692)
Principal payments on subscription liabilities	-	(119,358)
Proceeds from sale of capital assets	-	10,650
Net cash used for capital and related financing activities	(3,117,006)	(1,781,400)
INVESTING ACTIVITIES		
Investment income	564,191	688,823
Sale of investments	4,128,309	3,024,280
Purchase of investments	(2,232,364)	(7,075,133)
Net cash provided by (used for) investing activities	2,460,136	(3,362,030)
Net change in cash and cash equivalents	1,618,390	(3,264,269)
Cash and cash equivalents, beginning of year	7,567,136	6,690,606
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,185,526	$ 3,426,337
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	$ 8,769,165	$ 3,426,337
Restricted cash and cash equivalents	416,361	-
	$ 9,185,526	$ 3,426,337

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Fund	Governmental Activities Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 3,044,942	$ 805,163
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,467,957	1,179,027
(Increase) decrease in assets and deferred outflows of resources		
Accounts receivable	74,288	33,068
Inventory	(9,328)	-
Prepaid items	(1,093)	24
Leases	-	(155,766)
Deferred outflows of resources - pension and OPEB	368,582	-
Increase (decrease) in liabilities and deferred inflows of resources		
Vouchers payable	(459,758)	18,745
Accrued liabilities	(18,480)	(919)
Deposits payable	(29,300)	-
Compensated absences	(45,658)	(181)
Pension and OPEB liability	(377,057)	-
Deferred inflows of resources - pension and OPEB	53,286	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,068,381	$ 1,879,161
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer contributions	$ 112,450	$ -
Subscriptions	$ -	$ 173,746

The Notes to the Basic Financial Statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Highland Park, Texas (Town), relating to the financial statements for the year ended September 30, 2025, conform to generally accepted accounting principles (GAAP) for local governmental units. The more significant accounting policies are summarized below.

Reporting Entity

In defining the scope of the Town for financial reporting purposes, the Town conforms to the criteria of the Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity as amended by GASB Statement 39, Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*. The Town's basic financial statements include all organizations and activities determined to be part of the Town's reporting entity. No other governmental organizations are includable within the Town's reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates 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 or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) 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 among program revenues are reported instead as general revenues.

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

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, as are 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, ambulance fees and fines, licenses, intergovernmental activities and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town and charges of the internal service funds to the water and sewer funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of change in net position, financial position and changes in cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the proprietary fund's activities are included on its statement of net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund and of the Town's Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

The Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Stormwater Drainage Fund – The Stormwater Drainage Fund is a capital projects fund that accounts for the collection of fees to protect the public health and safety from loss of life and property caused by surface water overflows, surface water stagnation and pollution arising from non-point source runoff within the Town.

The Town's Special Revenue Funds, included in Nonmajor Governmental Funds, are used to account for revenue sources that are legally restricted to expenditures for specified purposes and include the following:

Forfeited Property Fund – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law, for technological enhancements to the Municipal Court and is applicable to amounts collected on or before May 28, 2025.

Court Security Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as required by state law, to support Municipal Court security and is applicable to amounts collected on or before May 28, 2025.

Municipal Court Building Security and Technology Fund - This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as required by state law, to support both technological enhancements and security for the Municipal Court and is applicable to amounts collected on or after May 29, 2025.

Library Fund – Accounts for the receipt of royalty revenues restricted to the Library.

Local Youth Diversion Fund - This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law. The funds are designated to support a local mental health authority, juvenile alcohol and substance abuse programs, educational and leadership initiatives, teen court programs, and other projects aimed at preventing or reducing juvenile court referrals.

Municipal Jury Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juror reimbursements.

The Town reports the following major enterprise fund:

Enterprise Fund – The Town's Enterprise Fund is used to account for operations of the Town's sale of treated water and the disposal of sewage, as well as the collection and disposal of solid waste and recyclables, for its citizens.

Additionally, the government reports the following fund type:

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the Town. The Equipment Replacement Fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town. The Building Maintenance Fund is used to account for repairs and maintenance to buildings owned by the Town. The Technology Replacement Fund is used to account for the replacement of technology equipment.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Budgets and Budgetary Accounting

The Town's general policies and procedures in establishing the budgetary data reflected in the financial statements are described below.

1. The Town Administrator acts as the budget officer and prepares a proposed budget covering the expenditures of the Town in accordance with the provisions of the Town Charter.
2. A copy of the proposed budget is filed in the office of the Town Secretary no less than 30 days prior to the end of the fiscal year in accordance with provisions of the Town Charter.
3. A public hearing is conducted at a regular Town Council meeting to obtain citizen comments.
4. Notice of a public hearing relating to budget adoption is duly advertised by the Town Secretary in accordance with the provision of Vernon's Annotated Civil Statutes.
5. Prior to September 30, the budget is legally enacted through passage of an ordinance.
6. Amendments to the budget are made at regularly scheduled Town Council meetings.
7. The Town's budget is a line-item budget. Overall control is the responsibility of the Town Administrator with each respective department head being responsible for the administration of their departmental budgets. The department head has the flexibility of transferring appropriations between line items within the department as long as the total departmental appropriations are not exceeded. The exception to this policy is that no recognized salary or capital budgetary savings can be transferred without prior authorization of the Town Administrator.
8. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.
9. Formal budgetary integration is employed as a management control device during the current year for the General Fund, Enterprise Fund and Internal Service Funds.
10. Legally adopted budgets for the General Fund, Capital Projects Fund, Stormwater Drainage Fund and each of the nonmajor governmental funds, with the exception of Municipal Court Building Security and Technology Fund are annually adopted on the modified accrual basis of accounting. Budgeted amounts are as amended. Expenditures in excess of the budget may occur within individual expenditure accounts without Town Council approval. The Town Council must approve all expenditures in excess of the budget on a departmental basis.
11. The legally adopted budgets for the Enterprise Fund and Internal Service Funds are adopted on a basis consistent with GAAP, except that capital outlays are treated as expenses.

Inventories of Supplies

Inventories of supplies are stated at cost (first-in, first-out) and are determined by physical count. Inventory item expenditures are recognized when used under the consumption method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. The Town uses the consumption method in the governmental funds.

Leases

The Town is a lessor for noncancelable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements for any lease receivable with an initial, individual value of $100,000 or more. At the commencement of a lease, the Town initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Town has $5,182,710 remaining in leases receivable ($140,113 of which is due within one year) and $4,780,289 in deferred inflows as of September 30, 2025.

Key estimates and judgments related to the leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses the lessee's incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancelable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised or (2) terminated for which it is reasonably certain to not be exercised.

Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed-in-substance or that depend on an index or rate, residual value guarantee payments from the lessee that are fixed-in-substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA)

The Town has noncancelable contracts with SBITA vendors for the right-to-use information technology software, alone or in combination with tangible capital assets. The Town recognizes subscription liabilities, reported with long term liabilities, and right-to-use subscription assets, reported with the other capital assets, in the government-wide and proprietary funds financial statements. The Town recognizes SBITA liabilities with an initial, individual value of $100,000 or more.

At implementation of GASB Statement No. 96 and the commencement of subscription liabilities beginning after October 1, 2022, the Town initially measured the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Key estimates and judgments related to SBITAs include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the Town is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Property, Plant and Equipment

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the Town, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Improvements other than buildings	12-20
Machinery and equipment	5-20
Right-to-use subscription assets	5
Office furniture and equipment	10
Computer equipment	3-5
Police sedans	5
Pickups/small trucks	5
Medium/heavy trucks	6-7
Fire apparatus	20

Pensions

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

Information regarding the Town's net pension asset/liability is obtained from TMRS through a report prepared for the Town by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, GASB Statement No. 78, Pensions Provided by Certain Multiple-Employer Defined Benefit Plans, GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Defined Benefit Other Postemployment Benefit Plan

The Town has a single employer defined benefit other postemployment benefit (OPEB) plan (the Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Pension and OPEB contributions/benefit payments after measurement date – These contributions/benefit payments are deferred and reported as a reduction in net pension or OPEB liability (or as an increase in the net pension asset) in the year subsequent to their deferral.
- Difference in expected and actual pension/OPEB experience – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference due to changes of assumptions related to OPEB – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Difference in expected and actual pension/OPEB experience – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference due to changes of assumptions related to pension and OPEB – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference in projected and actual investment loss on pension assets – This difference is deferred and amortized over a closed five-year period.
- Unavailable revenue in governmental funds – These resources unavailable for revenue recognition are deferred and recognized as revenue when available.
- Unavailable revenue related to leases receivable.

Compensated Absences

The Town implemented GASB Statement 101 at October 1, 2024 which resulted in restatements to beginning net position of the governmental activities and the business-type activities/enterprise fund. The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation
The Town's policy permits employees to accumulate earned but unused vacation benefits, with no with limits on accumulation. Vacation benefits are eligible for payment upon separation from employment, with limitations.

Sick Leave
The Town's policy permits employees to accumulate earned but unused sick leave benefits, with no with limits on accumulation. Sick leave benefits are eligible for payment upon separation from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

Encumbrances

Encumbrances outstanding at the end of the year are not included in the expenditures of the Governmental Funds or expenses of the Enterprise Fund. Assigned fund balance is established in the governmental funds and a budget reappropriation is made for those amounts the Town intends to pay during the next year applicable to next year's budget appropriations.

Fund Balance

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* are Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with this statement, the Town classifies governmental fund balances as follows:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action of the highest level of decision-making authority. Committed fund balance is reported pursuant to an Ordinance passed by the Town Council.

Assigned – includes fund balance amounts that are self-imposed by the Town to be used for a particular purpose. Fund balance can be assigned by the Town's Council or the Assistant Town Administrator as established in the Town's Statement of Financial Management Policies. This classification includes insurance deductibles, encumbrances, program start-up costs, compensated absences, projected budget deficit for subsequent years and other legal uses.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Generally, the Town would first apply restricted resources, then committed, assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

Minimum Fund Balance Policy – It is the policy of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 17% of non-capital expenditures.

Property Tax

Property taxes attach as an enforceable lien on property located in the Town as of January 1. Taxes are levied on October 1 for the current fiscal year and are due and payable on or before January 31 of the following year. Dallas County bills and collects property taxes on behalf of the Town. The property tax revenues are recognized when levied to the extent that they result in current receivables. The tax rate for the current year was $0.208550 on each $100 of assessed valuation.

Note 2. Deposits and Investments

The Town's management of deposits and investments are directed by its Statement of Investment Policies (Policies), adopted by the Town Council. The Policies are in accordance with the laws of the State of Texas, where applicable. The Policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices. Authorized investments include obligations of the United States or its agencies and instrumentalities (excluding mortgage-backed securities), direct obligations of the State of Texas or its agencies and instrumentalities, collateralized certificates of deposit, eligible local government investment pools and money market mutual funds meeting specific conditions.

Repurchase agreements, reverse purchase agreements, bankers' acceptances and commercial paper are also authorized to the extent that they may be contained in the portfolios of approved local government investment pools. Investments are held until maturity or until fair values equal or exceed cost.

In accordance with GASB Statement No. 31 and No. 72, the Town's participating investments with a remaining maturity at time of purchase of less than one year and non-participating investments are reported utilizing an amortized cost measure. Participating investments with a remaining maturity at date of purchase of more than one year are reported at fair value.

Any unrealized gain/loss resulting from the valuation is recognized in the respective funds that participate in the Town's investment pool. The gain/loss resulting from valuation is reported within the revenue account "investment income" on the Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds and the Statement of Revenues, Expenses and Changes in Fund Net Position for Proprietary Funds.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three (3) months or less from the date of acquisition.

The Town's carrying amounts of cash and cash equivalents and investments as of September 30, 2025, as reflected in the financial statements, are:

Cash and cash equivalents	$ 45,384,149
Restricted cash and cash equivalents	1,247,197
Investments	23,592,334
	$ 70,223,680

The Town's deposits, including certificates of deposits, are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities pledged to the Town, and held in the Town's name. The balances held at financial institutions at year-end were $47,203,125.

Deposits and investments as of September 30, 2025, consist of the following:

Deposits	$ 46,629,946
Certificates of deposit	23,592,334
Petty cash on hand	1,400
	$ 70,223,680

The table below identifies the investment types that are allowed for the Town by the Public Funds Investment Act (Government Code Chapter 2265.) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	3 Years	80%	None
U.S. Government Agency Securities and Instruments of Government-Sponsored Corporations	3 Years	80%	None
Authorized Local Government Investment Pool (per Pool)	3 Years	75%	None
Fully Collateralized Certificates of Deposit	3 Years	80%	50%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	3 Years	25%	50%
Municipal Bonds	3 Years	25%	5%

The Town maintains a comprehensive and proactive cash management program which is designed to monitor and control all Town funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all the Town's funds are earning interest. The Town's investment strategy emphasizes low credit risk, diversification, and the management of maturities.

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 270 days. As of September 30, 2025, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At September 30, 2025, the Town had no investments subject to credit risk.

Concentration of Credit Risk – Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue or a specific class of securities. With the exception of U.S. Government securities (debt obligations issued by the U.S. Government, its agencies or instrumentalities) as authorized in the Town's investment policy, no more than 80% of the total investment portfolio will be invested in any one security type or with a single financial institution, with the exception of the Town's designated depository bank. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Texas Government Code, Section 2257, Collateral for Public Funds establishes the requirement of and the criteria for securing deposited public funds. The Town's investment policy further defines eligible securities acceptable for securing Town deposits at a level equal to at least 102% of deposits plus any accrued interest less any amount insured by the Federal Deposit Insurance Corporation. As of September 30, 2025, the Town's deposits with its financial institution in excess of federal depository insurance limits were fully collateralized.

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town avoids custodial credit risk on investments through its investment policy which further limits eligible instruments for investments of public funds. As of September 30, 2025, the Town had no custodial credit risk on its investments.

Note 3. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds					Business-Type Activities
	General	Capital Projects	Stormwater Drainage	Internal Service Fund	Total Governmental Activities	Enterprise
Taxes receivable	$ 1,990,278	$ -	$ -	$ -	$ 1,990,278	$ -
Allowance for uncollectible taxes	(75,021)	-	-	-	(75,021)	-
	1,915,257	-	-	-	1,915,257	-
Accounts receivable	980,886	-	-	-	980,886	2,395,304
Allowance for uncollectible accounts	(384,689)	-	-	-	(384,689)	(29,132)
	596,197	-	-	-	596,197	2,366,172
Interest receivable	44,978	233	13,619	14,172	73,002	-
Leases receivable	2,188,422	-	-	2,994,288	5,182,710	-
Other receivables	-	-	-	11,799	11,799	-
	2,233,400	233	13,619	3,020,259	5,267,511	-
Total	$ 4,744,854	$ 233	$ 13,619	$ 3,020,259	$ 7,778,965	$ 2,366,172

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2025
General Capital Assets					
Capital assets not being depreciated					
Land	$ 7,811,870	$ -	$ -	$ -	$ 7,811,870
Construction in progress	3,246,245	5,265,739	-	(494,599)	8,017,385
Total capital assets not being depreciated	11,058,115	5,265,739	-	(494,599)	15,829,255
Capital assets being depreciated					
Buildings	22,374,494	-	-	-	22,374,494
Capital improvements	68,580,120	1,558,528	-	494,599	70,633,247
Furniture and fixtures	40,444	-	-	-	40,444
Office equipment	400,155	-	-	-	400,155
Machinery and equipment	5,978,482	-	-	-	5,978,482
Total capital assets being depreciated	97,373,695	1,558,528	-	494,599	99,426,822
Less accumulated depreciation for					
Buildings	(8,140,357)	(680,713)	-	-	(8,821,070)
Capital improvements	(29,656,823)	(2,512,728)	-	-	(32,169,551)
Furniture and fixtures	(40,444)	-	-	-	(40,444)
Office equipment	(400,155)	-	-	-	(400,155)
Machinery and equipment	(2,382,365)	(303,909)	-	-	(2,686,274)
Total accumulated depreciation	(40,620,144)	(3,497,350)	-	-	(44,117,494)
Capital assets being depreciated, net	56,753,551	(1,938,822)	-	494,599	55,309,328
Internal Service Fund Capital Assets					
Capital assets not being depreciated/amortized					
Construction in progress	66,586	506,669	-	-	573,255
Total capital assets not being depreciated/amortized	66,586	506,669	-	-	573,255
Capital assets being depreciated/amortized					
Building improvements	254,498	261,395	-	-	515,893
Machinery and equipment	7,194,535	553,662	-	-	7,748,197
Vehicles and rolling stock	6,144,620	350,966	(97,085)	-	6,398,501
Right-to-use subscription assets	327,650	173,746	(327,650)	-	173,746
Total capital assets being depreciated/amortized	13,921,303	1,339,769	(424,735)	-	14,836,337
Less accumulated depreciation/amortization for					
Building improvements	(42,146)	(32,383)	-	-	(74,529)
Machinery and equipment	(5,187,972)	(107,778)	-	-	(5,295,750)
Vehicles and rolling stock	(2,938,468)	(980,951)	97,085	-	(3,822,334)
Right-to-use subscription assets	(131,060)	(57,915)	131,059	-	(57,916)
Total accumulated depreciation/amortization	(8,299,646)	(1,179,027)	228,144	-	(9,250,529)
Total capital assets being depreciated/amortized, net	5,621,657	160,742	(196,591)	-	5,585,808
Governmental activities capital assets, net	$ 73,499,909	$ 3,994,328	$ (196,591)	$ -	$ 77,297,646

	October 1, 2024	Additions	Sales or Other Dispositions	Adjustments/ Transfers	September 30, 2025
Business-type Activities					
Capital assets not being depreciated					
Land	$ 4,895	$ -	$ -	$ -	$ 4,895
Construction in progress	8,247,625	2,835,371	-	(9,293,227)	1,789,769
Total capital assets not being depreciated	8,252,520	2,835,371	-	(9,293,227)	1,794,664
Capital assets being depreciated					
Buildings	20,197	-	-	-	20,197
Improvements other than buildings	46,125,101	301,574	(516,102)	9,293,227	55,203,800
Machinery and equipment	2,126,860	92,511	-	-	2,219,371
Office furniture and equipment	25,326	-	-	-	25,326
Total capital assets being depreciated	48,297,484	394,085	(516,102)	9,293,227	57,468,694
Less accumulated depreciation/amortization for					
Building	(20,197)	-	-	-	(20,197)
Capital improvements	(17,734,905)	(1,456,246)	504,184	-	(18,686,967)
Machinery and equipment	(2,066,773)	(11,156)	-	-	(2,077,929)
Office equipment	(24,266)	(555)	-	-	(24,821)
Total accumulated depreciation	(19,846,141)	(1,467,957)	504,184	-	(20,809,914)
Total capital assets being depreciated, net	28,451,343	(1,073,872)	(11,918)	9,293,227	36,658,780
Business-type activities capital assets, net	$ 36,703,863	$ 1,761,499	$ (11,918)	$ -	$ 38,453,444

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

Governmental activities:	
General government	$ 779,130
Public safety	395,576
Town services	6,014
Street department	1,677,281
Library	70,528
Parks department	523,638
Swimming pool	45,183
Total depreciation/amortization expense - general capital assets	3,497,350
Internal service fund	1,179,027
Total Governmental activities	4,676,377
Business-type activities / Enterprise fund	$ 1,467,957

Note 5. Interfund Transactions

Interfund transfers are made throughout the fiscal year for a variety of reasons. Transfers made during fiscal year 2025 were as follows:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer In	Purpose of Transfer Out
General fund	$ 1,575,100	$ 8,771,025	1 and 3	2
Capital projects fund	9,455,046	986,000	2	1 and 2
Stormwater drainage fund	700,000	155,400	2	3
Nonmajor governmental funds	-	24,600	-	2 and 3
Enterprise fund	471,900	2,265,021	1 and 2	1 and 2
	$ 12,202,046	$ 12,202,046		

1) Indirect cost allocation
2) Capital funding
3) Personnel funding

Interfund balances at September 30, 2025 consisted of the following individual fund receivables and payables:

Due to fund	Due from Fund	Amount
General fund	Stormwater drainage fund	$ 3,600,000

Note 6. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning of Year (Restated)*	Additions	Reductions	End of Year	Within One Year
Governmental activities					
Compensated absences	$ 3,616,004	$ -	$ (495,013)	$ 3,120,991	$ 1,406,946
Subscription liability	327,650	173,746	(447,007)	54,389	54,389
Sales tax obligation	1,011,802	-	(220,752)	791,050	220,752
Total	$ 4,955,456	$ 173,746	$ (1,162,772)	$ 3,966,430	$ 1,682,087
Business-type activities					
Compensated absences	$ 296,331	$ -	$ (45,658)	$ 250,673	$ 113,004
Total	$ 5,251,787	$ 173,746	$ (1,208,430)	$ 4,217,103	$ 1,795,091

* Beginning balances for compensated absences were adjusted for the implementation of GASB 101. Compensated absences are reported as a net change for the year as allowed under provisions of GASB 101, paragraph 30.

Compensated absences liabilities, as well as the net pension and other postemployment benefit liabilities attributable to the governmental activities, will be liquidated by the General Fund.

Sales Tax Obligation

The Town negotiated a long-term payout of excess sales tax received in prior years in the original amount of $1,324,534, with the State Comptroller. The total negotiated payout calls for seventy-two equal monthly payments which are deducted each month from the Town's sales tax receipts beginning May 2023. The liability totaled $791,050 at September 30, 2025. No interest is associated with this liability.

Subscription Liability

The Town has entered into a SBITA with an interest rate of 3.88%. The Town has $115,830 remaining in net subscription assets and $54,389 (all current) in subscription liabilities and recorded $57,915 in amortization expense and $7,102 of interest expense for fiscal year ended September 30, 2025.

Future payments for the subscription liability are as follows:

	Principal	Interest	Total
2026	$ 54,389	$ 2,195	$ 56,584
Total	$ 54,389	$ 2,195	$ 56,584

Note 7. Retirement Plans

Texas Municipal Retirement System

Plan Description

The Town participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com.* All eligible employees of the 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 Town, within the options available in the state statutes governing TMRS.

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

A summary of plan provisions for the Town are as follows:

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	150
Inactive employees entitled to but not yet receiving benefits	52
Active employees	130
	332

Contributions

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

Employees for the Town were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 12.56% and 13.20% in calendar years 2025 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2025, were $2,431,516 which was $250,000 greater than actuarially required amount of $2,181,516.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-15-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.10%
Core fixed income	6.0%	5.00%
Non-core fixed income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private equity	13.0%	8.50%
Private debt	13.0%	8.20%
Real estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Public & Private Markets	4.0%	7.30%
Total	100%	

Discount Rate

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

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at December 31, 2023	$ 96,861,195	$ 89,753,842	$ 7,107,353
Changes for the year:			
Service cost	2,114,641	-	2,114,641
Interest	6,409,766	-	6,409,766
Difference between expected and actual experience	(27,687)	-	(27,687)
Changes in assumptions	-	-	-
Employer contributions	-	2,371,089	(2,371,089)
Employee contributions	-	1,118,012	(1,118,012)
Net investment income	-	9,291,079	(9,291,079)
Benefit payments, including refunds of employee contributions	(5,918,053)	(5,918,053)	-
Administrative expense	-	(59,810)	59,810
Other changes	-	(1,398)	1,398
Net changes	2,578,667	6,800,919	(4,222,252)
Balance at December 31, 2024	$ 99,439,862	$ 96,554,761	$ 2,885,101

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

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability (asset)	$ 13,898,568	$ 2,885,101	$ (6,443,513)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2025, the Town recognized pension expense of $1,407,239.

At September 30, 2025, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 156,858	$ 45,447
Changes of assumptions	-	307,461
Net differences between projected and actual pension plan earnings on pension plan investments	-	775,480
Contributions subsequent to the measurement date	1,844,826	-
Total	$ 2,001,684	$ 1,128,388

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,844,826 will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) for the year ending September 30, 2026.

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

Year Ended September 30,	
2026	$ 84,588
2027	1,069,949
2028	(1,479,526)
2029	(646,541)
Total	$ (971,530)

Deferred Compensation Plan

The Town offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 to its employees. Under this plan, employees may defer receipt of income. The plan is administered by Mission Square Retirement. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, and the Town has no fiduciary responsibilities over the plan. It is therefore not reported in the financial statements of the Town.

Note 8. Postemployment Benefits Other Than Pensions

The Town offers retired employees and their dependents the option to retain health and dental insurance coverage under the Town's insurance carrier until age 65 through a single employer defined benefit plan. The Town does not contribute funds for this coverage and retirees are required to pay all insurance premiums. While the Town does not directly pay premiums for retirees, the Town's cost for insurance coverage is affected by the inclusion of these individuals in the group. This effect on cost is considered to be an implicit rate subsidy. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the Town Council.

Before the age of 65, retired employees are allowed to remain on the Town's healthcare insurance.

The Town bills retirees quarterly in advance for the cost of their premiums and the Town remits these premiums at the same time it remits premiums for active employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

A measurement date of December 31, 2024 was used for the September 30, 2025 liability and expense. The information that follows was determined as of a valuation date of December 31, 2023.

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Active employees	125
Total employees	192

Total OPEB Liability: The Town's total OPEB liability of $1,551,409 ($1,331,011 for governmental activities and $220,398 for business-type activities) was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions: The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	December 31, 2024
Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.08% as of December 31, 2024
Inflation	2.50%
Salary Increase	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	35% for eligible employees who retiree at the age of 50 or later; 0% for eligible employees who retire before age 50.
Other Information	The discount rate changed from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

Discount Rate: For plans that do not have a formal trust that meets GASB's requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index".

Changes in the Total OPEB Liability

		Total OPEB Liability
Balances as of October 1, 2024	$	1,514,982
Changes for the year:		
Service cost		100,321
Interest on total OPEB liability		57,553
Difference between expected and actual experience		(1,772)
Changes of assumptions		(42,622)
Benefit payments, age adjusted premiums, net of retiree contributions		(77,053)
Balances as of September 30, 2025	$	1,551,409

Sensitivity of the total OPEB liability to changes in the discount rate and health care cost trend rates: The total OPEB liability of the Town has been calculated using a discount rate of 4.08%.

The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease 3.08%	Current Discount Rate Assumption 4.08%	1% Increase 5.08%
Total OPEB Liability	$ 1,694,003	$ 1,551,409	$ 1,423,134

The total OPEB liability of the Town has been calculated using the assumed health care cost trend rates of 7.2% decreasing to 4.25%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	$ 1,389,432	$ 1,551,409	$ 1,740,315

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2025, the Town recognized OPEB expense of $184,513. At September 30, 2025, the Town reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ 129,703	$ 12,600
Changes of assumptions	289,088	253,151
Benefit payments subsequent to the measurement date	47,776	-
	$ 466,567	$ 265,751

Benefit payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2026.

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

Year Ending September 30,	Amortization of Future Deferred (Inflows) Outflows of Resources
2026	$ 25,661
2027	26,792
2028	15,775
2029	26,811
2030	52,135
Thereafter	5,866
	$ 153,040

Note 9. Commitments and Contingencies

The Town purchases treated water from a third-party through a contract which expires on April 18, 2032.

Sewage service is provided to the Town under a contract with a third-party which expires in 2044.

The Town contracts for the use of a sanitary landfill for solid waste disposal with a third-party. This landfill was permitted by the State of Texas in 1995 with an initial projected life of 37 years. The current projected estimated useful life has been extended to 2037.

The Town contracts for solid waste collection services and collection of recyclable materials with a third-party which expires April 30, 2027.

The Town is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's management that the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

As discussed in Note 1, Summary of Significant Accounting Policies, Budgets and Budgetary Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Town had $10,052,780 of encumbrances expected to be honored upon performance by the vendor in the next year as follows:

General Fund	$ 782,481
Capital Projects Fund	4,591,225
Enterprise Fund	3,673,733
Equipment Replacement Fund	21,485
Technology Replacement Fund	324,530
Stormwater Drainage Fund	638,798
Building Maintenance Fund	17,197
Court Technology Fund	2,950
Library Fund	381

Required Supplementary Information
(Unaudited)

Town of Highland Park, Texas

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios
Texas Municipal Retirement System
For the Last Ten Measurement Years Ended December 31

	2024	2023	2022	2021	2020
TOTAL PENSION LIABILITY					
Service cost	$ 2,114,641	$ 2,029,542	$ 1,893,799	$ 1,813,834	$ 1,864,737
Interest	6,409,766	6,314,592	6,172,103	5,688,203	5,559,516
Changes of benefit terms	-	-	4,808,893		
Effect of plan changes	-	-	-	-	-
Differences between expected and actual experience	(27,687)	(47,810)	419,212	374,064	(92,870)
Change in assumptions*	-	(592,148)	-	-	-
Benefit payments, including refunds of employee contributions	(5,918,053)	(6,755,454)	(6,128,614)	(4,983,551)	(5,815,356)
Net change in total pension liability	2,578,667	948,722	7,165,393	2,892,550	1,516,027
Total pension liability - beginning	96,861,195	95,912,473	88,747,080	85,854,530	84,338,503
TOTAL PENSION LIABILITY - ENDING (a)	99,439,862	96,861,195	95,912,473	88,747,080	85,854,530
PLAN FIDUCIARY NET POSITION					
Contributions - employer	2,371,089	2,098,680	1,481,191	1,531,217	1,332,360
Contributions - employee	1,118,012	1,083,896	1,011,954	967,010	996,424
Net investment income	9,291,079	9,661,045	(6,863,768)	11,143,564	6,281,265
Benefit payments, including refunds of employee contributions	(5,918,053)	(6,755,454)	(6,128,614)	(4,983,551)	(5,815,356)
Administrative expense	(59,810)	(61,649)	(59,513)	(51,638)	(40,696)
Other	(1,398)	(430)	71,017	352	(1,589)
Net change in plan fiduciary net position	6,800,919	6,026,088	(10,487,733)	8,606,954	2,752,408
Plan fiduciary net position - beginning	89,753,842	83,727,754	94,215,487	85,608,533	82,856,125
PLAN FIDUCIARY NET POSITION - ENDING (b)	$ 96,554,761	$ 89,753,842	$ 83,727,754	$ 94,215,487	$ 85,608,533
NET PENSION (ASSET) LIABILITY - ENDING (a)-(b)	$ 2,885,101	$ 7,107,353	$ 12,184,719	$ (5,468,407)	$ 245,997
Plan fiduciary net position as a percentage of total pension (asset) liability	97.10%	92.66%	87.30%	106.16%	99.71%
Covered payroll	$ 15,971,605	$ 15,386,977	$ 14,456,483	$ 13,814,427	$ 14,234,630
Net pension (asset) liability as a percentage of covered payroll	18.06%	46.19%	84.29%	-39.58%	1.73%

*The long-term expected rate of return on pension plan investments decreased from 7% to 6.75% in 2015.

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension (asset) liability and is intended to show information for 10 years.

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2019	2018	2017	2016	2015
$ 1,798,273	$ 1,709,542	$ 1,643,029	$ 1,581,867	$ 1,408,625
5,372,028	4,887,236	4,735,388	4,601,305	4,443,414
4,682,521	-	-	-	-
732,922	3,684	76,301	(335,432)	1,099,257
(170,894)	-	-	-	1,761,337
(4,160,576)	(4,129,918)	(4,346,827)	(3,436,976)	(4,781,270)
8,254,274	2,470,544	2,107,891	2,410,764	3,931,363
76,084,229	73,613,685	71,505,794	69,095,030	65,163,667
84,338,503	76,084,229	73,613,685	71,505,794	69,095,030
848,997	805,639	668,603	374,590	444,414
947,885	899,083	866,707	835,073	787,570
11,408,726	(2,355,801)	9,925,987	4,678,472	107,358
(4,160,576)	(4,129,918)	(4,346,827)	(3,436,976)	(4,781,270)
(64,536)	(45,565)	(51,461)	(52,856)	(65,395)
(1,938)	(2,381)	(2,608)	(2,848)	(3,230)
8,978,558	(4,828,943)	7,060,401	2,395,455	(3,510,553)
73,877,567	78,706,510	71,646,109	69,250,654	72,761,207
$ 82,856,125	$ 73,877,567	$ 78,706,510	$ 71,646,109	$ 69,250,654
$ 1,482,378	$ 2,206,662	$ (5,092,825)	$ (140,315)	$ (155,624)
98.24%	97.10%	106.92%	100.20%	100.23%
$ 13,541,213	$ 12,844,042	$ 12,381,528	$ 11,929,614	$ 11,271,001
10.95%	17.18%	-41.13%	-1.18%	-1.38%

Town of Highland Park, Texas

Schedule of Contributions
Texas Municipal Retirement System
For the Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Actuarially determined contribution	$ 2,181,516	$ 2,052,326	$ 1,734,466	$ 1,293,919	$ 1,280,300
Contributions in relation to the actuarially determined contribution	(2,431,516)	(2,315,164)	(1,917,466)	(1,476,919)	(1,522,632)
CONTRIBUTIONS DEFICIENCY (EXCESS)	$ (250,000)	$ (262,838)	$ (183,000)	$ (183,000)	$ (242,332)
Covered payroll	$ 17,142,280	$ 15,790,149	$ 15,016,365	$ 14,264,657	$ 13,710,838
Contributions as a percentage of covered payroll	12.7%	13.0%	11.6%	9.1%	9.3%

Notes to Schedule

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year and become effective in January, 12 months and a day 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	20 Years (longest amortization ladder)
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuar to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected c a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date (December 31).

2020	2019	2018	2017	2016
$ 747,949	$ 728,484	$ 699,391	$ 600,931	$ 408,628
(1,195,508)	(839,877)	(770,984)	(600,931)	(408,628)
$ (447,559)	$ (111,393)	$ (71,593)	$ -	$ -
$ 13,825,301	$ 13,392,486	$ 12,697,397	$ 12,306,527	$ 12,214,139
8.65%	6.27%	6.07%	4.88%	3.35%

Town of Highland Park, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Last Eight Measurement Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY								
Service cost	$ 100,321	$ 71,315	$ 94,201	$ 72,856	$ 57,813	$ 45,081	$ 44,723	$ 39,166
Interest	57,553	40,407	21,400	25,653	30,984	39,551	35,710	38,395
Difference between expected and actual experience of the total OPEB liability	(1,772)	140,348	27,596	13,205	19,936	(62,317)	(2,483)	-
Changes of assumptions	(42,622)	342,947	(220,444)	(184,634)	88,745	80,071	(39,236)	47,917
Benefit payments	(77,053)	(84,152)	(69,114)	(45,616)	(52,490)	(43,749)	(59,608)	(54,711)
Net change in total OPEB liability	36,427	510,865	(146,361)	(118,536)	144,988	58,637	(20,894)	70,767
Total OPEB liability - beginning	1,514,982	1,004,117	1,150,478	1,269,014	1,124,026	1,065,389	1,086,283	1,015,516
TOTAL OPEB LIABILITY - ENDING	$ 1,551,409	$ 1,514,982	$ 1,004,117	$ 1,150,478	$ 1,269,014	$ 1,124,026	$ 1,065,389	$ 1,086,283
Covered-employee payroll	$ 14,872,862	$ 15,386,977	$ 14,456,483	$ 13,814,427	$ 14,234,630	$ 13,541,213	$ 12,844,042	$ 12,381,528
Total OPEB liability as a percentage of covered-employee payroll	10.43%	9.85%	6.95%	8.33%	8.91%	8.30%	8.29%	8.77%

Other Information:
There are no assets accumulated in a trust to pay related benefits for the OPEB Plan.

Changes of assumptions reflect the effects of changes in the discount rate each period. The discount rate at the beginning of FYE 2018 was 3.81%.
FYE22 - The attribution period for the accumulation of service costs was updated to only include employment with the Town of Highland Park.
FYE24 - The demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study. Additionally, the participation rates, 2-person coverage rate for males and health care cost trend rates were updated to better reflect the plan's anticipated experience.
FYE25 - Changes in assumptions reflect a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

Combining and Individual Fund Financial Statements and Schedules

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Town of Highland Park, Texas

Budgetary Comparison Schedule
Capital Projects Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment income	$ 675,000	$ 675,000	$ 927,568	$ 252,568
Intergovernmental	15,826,414	15,826,414	4,783,527	(11,042,887)
Miscellaneous	-	-	18	18
Total revenues	16,501,414	16,501,414	5,711,113	(10,790,301)
EXPENDITURES				
Current				
Street department	1,782,820	1,782,820	1,554,885	227,935
Capital outlay	27,759,811	27,759,811	4,096,157	23,663,654
Total expenditures	29,542,631	29,542,631	5,651,042	23,891,589
Excess (deficiency) of revenues over (under) expenditures	(13,041,217)	(13,041,217)	60,071	13,101,288
OTHER FINANCING SOURCES (USES)				
Transfers in	5,455,046	9,455,046	9,455,046	-
Transfers out	(986,000)	(986,000)	(986,000)	-
Net other financing sources (uses)	4,469,046	8,469,046	8,469,046	-
Net change in fund balances	(8,572,171)	(4,572,171)	8,529,117	13,101,288
Fund balance, beginning of year	16,790,038	16,790,038	16,790,038	-
FUND BALANCE, END OF YEAR	$ 8,217,867	$ 12,217,867	$ 25,319,155	$ 13,101,288

Town of Highland Park, Texas
Budgetary Comparison Schedule
Stormwater Drainage Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 1,129,560	$ 1,129,560	$ 1,142,518	$ 12,958
Investment income	137,000	137,000	297,616	160,616
Miscellaneous	1,000,000	1,000,000	-	(1,000,000)
Total revenues	2,266,560	2,266,560	1,440,134	(826,426)
EXPENDITURES				
Current				
General government	278,235	278,235	191,632	86,603
Capital outlay	4,728,050	4,728,050	2,728,110	1,999,940
Total expenditures	5,006,285	5,006,285	2,919,742	2,086,543
Excess (deficiency) of revenues over (under) expenditures	(2,739,725)	(2,739,725)	(1,479,608)	1,260,117
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	700,000	-
Transfers out	(155,400)	(155,400)	(155,400)	-
Net other financing sources (uses)	544,600	544,600	544,600	-
Net change in fund balances	(2,195,125)	(2,195,125)	(935,008)	1,260,117
Fund balance, beginning of year	3,487,725	3,487,725	3,487,725	-
FUND BALANCE, END OF YEAR	$ 1,292,600	$ 1,292,600	$ 2,552,717	$ 1,260,117

NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Forfeited Property Fund – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law, for technological enhancements to the Municipal Court and is applicable to amounts collected on or before May 28, 2025.

Court Security Fund – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law, for technological enhancements to the Municipal Court and is applicable to amounts collected on or before May 28, 2025.

Municipal Court Building Security and Technology Fund - This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as required by state law, to support both technological enhancements and security for the Municipal Court and is applicable to amounts collected on or after May 29, 2025.

Library Fund – Accounts for royalty receipts that are restricted for the library.

Local Youth Diversion – This special revenue fund accounts for the Local Consolidated Fee assessed to defendants, as mandated by state law. The funds are designated to support a local mental health authority, juvenile alcohol and substance abuse programs, educational and leadership initiatives, teen court programs, and other projects aimed at preventing or reducing juvenile court referrals.

Municipal Jury Fund– This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juror reimbursements.

Town of Highland Park, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue Funds		
	Forfeited Property	Court Technology	Court Security
ASSETS			
Cash and equivalents	$ 131,583	$ 121,447	$ 25,880
TOTAL ASSETS	$ 131,583	$ 121,447	$ 25,880
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Vouchers payable	$ 26,631	$ 567	$ -
Total liabilities	26,631	567	-
FUND BALANCES			
Restricted			
Crime prevention	104,952	-	-
Court security and technology	-	120,880	25,880
Library	-	-	-
Total fund balances	104,952	120,880	25,880
TOTAL LIABILITIES AND FUND BALANCES	$ 131,583	$ 121,447	$ 25,880

Special Revenue Funds - Continued				
Municipal Court Building Security and Technology Fund	Library	Local Youth Diversion Fund	Municipal Jury	Total Nonmajor Governmental Funds
18,011	$ 421,954	$ 109,766	$ 2,195	$ 830,836
$ 18,011	$ 421,954	$ 109,766	$ 2,195	$ 830,836
$ -	$ 2,022	$ -	$ -	$ 29,220
-	2,022	-	-	29,220
-	-	109,766	2,195	216,913
18,011	-	-	-	164,771
-	419,932	-	-	419,932
18,011	419,932	109,766	2,195	801,616
$ 18,011	$ 421,954	$ 109,766	$ 2,195	$ 830,836

Town of Highland Park, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Special Revenue Funds		
	Forfeited Property	Court Technology	Court Security
REVENUES			
Service fees	$ -	$ 17,190	$ 16,917
Investment income	5,004	5,859	1,558
Contributions	-	-	-
Miscellaneous	55,075	-	-
Total revenues	60,079	23,049	18,475
EXPENDITURES			
Current			
Library	-	-	-
Municipal court	348	36,077	-
Total expenditures	348	36,077	-
Excess (deficiency) of revenues over (under) expenditures	59,731	(13,028)	18,475
OTHER FINANCING USES			
Transfers out	-	-	(24,600)
Total other financing uses	-	-	(24,600)
Net change in fund balances	59,731	(13,028)	(6,125)
Fund balances, beginning of year	45,221	133,908	32,005
FUND BALANCES, END OF YEAR	$ 104,952	$ 120,880	$ 25,880

Special Revenue Funds - Continued				
Municipal Court Building Security and Technology Fund	Library	Local Youth Diversion Fund	Municipal Jury	Total Nonmajor Governmental Funds
$ 18,011	$ -	$ 16,316	$ 326	$ 68,760
-	18,568	4,385	88	35,462
-	48,462	-	-	48,462
-	-	-	-	55,075
18,011	67,030	20,701	414	207,759
-	40,251	-	-	40,251
-	-	-	-	36,425
-	40,251	-	-	76,676
18,011	26,779	20,701	414	131,083
-	-	-	-	(24,600)
-	-	-	-	(24,600)
18,011	26,779	20,701	414	106,483
-	393,153	89,065	1,781	695,133
$ 18,011	$ 419,932	$ 109,766	$ 2,195	$ 801,616

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Forfeited Property Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	$ 6,877	$ 6,877	$ 5,004	$ (1,873)
Miscellaneous	2,500	2,500	55,075	52,575
Total revenues	9,377	9,377	60,079	50,702
EXPENDITURES				
Current				
Municipal court	-	-	348	(348)
Total expenditures	-	-	348	(348)
Excess of revenues over expenditures	9,377	9,377	59,731	50,354
Net change in fund balances	9,377	9,377	59,731	50,354
Fund balance, beginning of year	45,221	45,221	45,221	-
FUND BALANCE, END OF YEAR	$ 54,598	$ 54,598	$ 104,952	$ 50,354

Town of Highland Park, Texas

Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Court Technology Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	$ 23,700	$ 23,700	$ 17,190	$ (6,510)
Investment income	5,753	5,753	5,859	106
Total revenues	29,453	29,453	23,049	(6,404)
EXPENDITURES				
Current				
Municipal court	24,927	24,927	36,077	(11,150)
Total expenditures	24,927	24,927	36,077	(11,150)
Net change in fund balances	4,526	4,526	(13,028)	(17,554)
Fund balance, beginning of year	133,908	133,908	133,908	-
FUND BALANCE, END OF YEAR	$ 138,434	$ 138,434	$ 120,880	$ (17,554)

Town of Highland Park, Texas

Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Court Security Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 23,300	$ 23,300	$ 16,917	$ (6,383)
Investment income	1,478	1,478	1,558	80
Total revenues	24,778	24,778	18,475	(6,303)
Excess (deficiency) of revenues over (under) expenditures	24,778	24,778	18,475	(6,303)
OTHER FINANCING USES				
Transfers out	(24,600)	(24,600)	(24,600)	-
Total other financing uses	(24,600)	(24,600)	(24,600)	-
Net change in fund balances	178	178	(6,125)	(6,303)
Fund balance, beginning of year	32,005	32,005	32,005	-
FUND BALANCE, END OF YEAR	$ 32,183	$ 32,183	$ 25,880	$ (6,303)

Town of Highland Park, Texas

Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Library Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment income	$ 18,200	$ 18,200	$ 18,568	$ 368
Contributions	53,800	53,800	48,462	(5,338)
Total revenues	72,000	72,000	67,030	(4,970)
EXPENDITURES				
Current				
Library	44,407	44,407	40,251	4,156
Total expenditures	44,407	44,407	40,251	4,156
Net change in fund balances	27,593	27,593	26,779	(814)
Fund balance, beginning of year	393,153	393,153	393,153	-
FUND BALANCE, END OF YEAR	$ 420,746	$ 420,746	$ 419,932	$ (814)

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Local Youth Diversion Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 15,100	$ 15,100	$ 16,316	$ 1,216
Investment income	3,773	3,773	4,385	612
Total revenues	18,873	18,873	20,701	1,828
Net change in fund balances	18,873	18,873	20,701	1,828
Fund balance, beginning of year	89,065	89,065	89,065	-
FUND BALANCE, END OF YEAR	$ 107,938	$ 107,938	$ 109,766	$ 1,828

Town of Highland Park, Texas
Nonmajor Special Revenue Fund
Budgetary Comparison Schedule
Municipal Jury Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Service fees	$ 300	$ 300	$ 326	$ 26
Investment income	75	75	88	13
Total revenues	375	375	414	39
Net change in fund balances	375	375	414	39
Fund balance, beginning of year	1,781	1,781	1,781	-
FUND BALANCE, END OF YEAR	$ 2,156	$ 2,156	$ 2,195	$ 39

INTERNAL SERVICE FUNDS

Equipment Replacement Fund – Accounts for the acquisition and disposal of vehicles and large dollar equipment for the Town.

Building Maintenance Fund – Accounts for repairs and maintenance to buildings owned by the Town.

Technology Replacement Fund – Accounts for the replacement of technology equipment.

Town of Highland Park, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2025

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,837,477	$ 641,324	$ 947,536	$ 3,426,337
Investments	3,273,349	1,013,016	3,273,349	7,559,714
Accrued interest receivable	7,042	88	7,042	14,172
Other receivables	-	-	11,799	11,799
Leases receivable	-	-	2,994,288	2,994,288
Total current assets	5,117,868	1,654,428	7,234,014	14,006,310
CAPITAL ASSETS				
Construction in progress	-	-	573,255	573,255
Buildings and improvements	-	515,893	-	515,893
Vehicles and rolling stock	6,398,501	-	-	6,398,501
Machinery and equipment	1,046,480	121,536	6,580,181	7,748,197
Right-to-use subscription assets	-	-	173,746	173,746
Accumulated depreciation/amortization	(4,362,144)	(126,518)	(4,761,867)	(9,250,529)
Capital assets, net of accumulated depreciation/amortization	3,082,837	510,911	2,565,315	6,159,063
Total assets	8,200,705	2,165,339	9,799,329	20,165,373
LIABILITIES				
Current liabilities				
Vouchers payable	87,171	20,492	104,093	211,756
Accrued liabilities	-	5,046	-	5,046
Subscription liability	-	-	54,389	54,389
Total current liabilities	87,171	25,538	158,482	271,191
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - leases	-	-	2,838,522	2,838,522
Total deferred inflows of resources	-	-	2,838,522	2,838,522
NET POSITION				
Net investment in capital assets	3,082,837	510,911	2,474,338	6,068,086
Unrestricted	5,030,697	1,628,890	4,327,987	10,987,574
Total net position	$ 8,113,534	$ 2,139,801	$ 6,802,325	$ 17,055,660

Town of Highland Park, Texas
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2025

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 551,650	$ 689,600	$ 321,785	$ 1,563,035
Miscellaneous	-	99,656	946,251	1,045,907
Total operating revenues	551,650	789,256	1,268,036	2,608,942
OPERATING EXPENSES				
Personnel services	-	89,088	-	89,088
Materials and supplies	-	41,980	-	41,980
Services and charges	-	486,582	7,102	493,684
Depreciation and amortization	596,522	41,663	540,842	1,179,027
Total operating expenses	596,522	659,313	547,944	1,803,779
Operating income (loss)	(44,872)	129,943	720,092	805,163
NON-OPERATING REVENUES				
Investment income	233,675	79,791	328,288	641,754
Gain (loss) on disposal of assets	10,650	-	161,931	172,581
Total non-operating revenues	244,325	79,791	490,219	814,335
Change in net position	199,453	209,734	1,210,311	1,619,498
Net position, beginning of year	7,914,081	1,930,067	5,592,014	15,436,162
NET POSITION, END OF YEAR	$ 8,113,534	$ 2,139,801	$ 6,802,325	$ 17,055,660

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

Town of Highland Park, Texas

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2025

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
OPERATING ACTIVITIES				
Cash received from interfund services	$ 574,176	$ 789,256	$ 1,176,095	$ 2,539,527
Cash payments to suppliers for goods and services	-	(560,896)	(10,201)	(571,097)
Cash payments to employees	-	(89,269)	-	(89,269)
Net cash provided by operating activities	574,176	139,091	1,165,894	1,879,161
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(419,479)	(261,395)	(991,818)	(1,672,692)
Principal payments on subscription liabilities	-	-	(119,358)	(119,358)
Proceeds from sale of capital assets	10,650	-	-	10,650
Net cash used for capital and related financing activities	(408,829)	(261,395)	(1,111,176)	(1,781,400)
INVESTING ACTIVITIES				
Sale of investments	1,261,427	261,426	1,501,427	3,024,280
Purchase of investments	(3,031,059)	(770,725)	(3,273,349)	(7,075,133)
Investment income	278,542	79,703	330,578	688,823
Net cash used for investing activities	(1,491,090)	(429,596)	(1,441,344)	(3,362,030)
Net change in cash and cash equivalents	(1,325,743)	(551,900)	(1,386,626)	(3,264,269)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,163,220	1,193,224	2,334,162	6,690,606
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,837,477	$ 641,324	$ 947,536	$ 3,426,337
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (44,872)	$ 129,943	$ 720,092	$ 805,163
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	596,522	41,663	540,842	1,179,027
(Increase) decrease in accounts receivable	-	-	33,068	33,068
(Increase) decrease in prepaids	-	24	-	24
(Increase) decrease in leases	-	-	(155,766)	(155,766)
Increase (decrease) in vouchers payable	22,526	(31,439)	27,658	18,745
Increase (decrease) in accrued liabilities	-	(919)	-	(919)
Increase (decrease) in compensated absences	-	(181)	-	(181)
Total adjustments	619,048	9,148	445,802	1,073,998
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 574,176	$ 139,091	$ 1,165,894	$ 1,879,161
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Subscriptions	$ -	$ -	$ 173,746	$ 173,746

Statistical Section

Statistical Section
(Unaudited)

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

Town of Highland Park, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	$ 46,764,910	$ 46,950,588	$ 48,600,002	$ 51,296,854
Restricted	6,427,046	5,070,790	4,650,021	678,207
Unrestricted	15,495,335	17,931,929	21,461,168	29,303,573
Total governmental activities	68,687,291	69,953,307	74,711,191	81,278,634
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	21,977,963	25,064,820	24,380,192	24,989,944
Restricted	757,365	588,189	540,101	-
Unrestricted	4,878,494	4,783,514	8,134,055	10,109,727
Total business-type activities	27,613,822	30,436,523	33,054,348	35,099,671
PRIMARY GOVERNMENT				
Net investment in capital assets	68,742,873	72,015,408	72,980,194	76,286,798
Restricted	7,184,411	5,658,979	5,190,122	678,207
Unrestricted	20,373,829	22,715,443	29,595,223	39,413,300
TOTAL PRIMARY GOVERNMENT	$ 96,301,113	$ 100,389,830	$ 107,765,539	$ 116,378,305

Source: Town Annual Comprehensive Financial Report

2020	2021	2022	2023	2024	2025
$ 55,637,115	$ 59,412,918	$ 60,465,360	$ 65,965,057	$ 72,785,134	$ 79,951,820
850,463	933,776	1,020,206	800,446	886,447	1,004,471
27,747,703	38,982,924	45,751,160	39,657,278	46,775,198	48,054,572
84,235,281	99,329,618	107,236,726	106,422,781	120,446,779	129,010,863
26,981,741	27,829,668	29,323,876	29,908,233	35,032,513	37,190,484
-	-	-	-	-	-
9,559,018	9,543,879	10,960,785	14,775,774	12,379,664	11,969,450
36,540,759	37,373,547	40,284,661	44,684,007	47,412,177	49,159,934
82,618,856	87,242,586	89,789,236	95,873,290	107,817,647	117,142,304
850,463	933,776	1,020,206	800,446	886,447	1,004,471
37,306,721	48,526,803	56,711,945	54,433,052	59,154,862	60,024,022
$ 120,776,040	$ 136,703,165	$ 147,521,387	$ 151,106,788	$ 167,858,956	$ 178,170,797

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

Town of Highland Park, Texas

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
EXPENSES				
Governmental activities:				
General government	$ 2,384,232	$ 2,619,896	$ 2,356,690	$ 3,098,785
Department of public safety	12,739,997	12,791,955	12,945,374	13,740,569
Community services	581,762	535,389	546,896	536,719
Street department	1,833,046	2,124,658	2,525,487	2,353,901
Street lighting department	173,948	174,281	163,948	171,973
Library	858,706	748,880	861,484	932,961
Parks department	1,440,116	1,560,182	1,617,882	1,958,178
Swimming pool	207,793	232,174	217,285	212,452
Sanitation	1,093,055	-	-	-
Municipal court	411,642	394,023	460,418	508,203
Finance department	757,264	780,238	830,269	970,798
Building inspection department	526,709	553,578	845,846	774,762
Total governmental activities expenses	23,008,270	22,515,254	23,371,579	25,259,301
Business-type activities:				
Enterprise	6,303,437	7,684,059	8,097,351	7,853,843
Total business-type activities expenses	6,303,437	7,684,059	8,097,351	7,853,843
Total primary government expenses	29,311,707	30,199,313	31,468,930	33,113,144
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General government	403,852	416,071	421,736	532,944
Department of public safety	871,979	856,381	807,058	1,144,249
Street department	-	-	-	-
Library	10,770	8,729	10,376	9,742
Parks department	11,722	11,643	22,724	13,339
Swimming pool	98,254	100,667	198,587	108,690
Sanitation*	1,235,509	-	-	-
Municipal court	1,016,752	1,194,712	1,099,949	1,434,027
Building inspection department	1,008,806	1,453,459	1,239,753	1,418,085
Operating grants and contributions	38,436	38,422	46,118	53,800
Capital grants and contributions	892,238	402,065	3,476,027	4,810,374
Total governmental activities program revenues	5,588,318	4,482,149	7,322,328	9,525,250
Business-type activities:				
Charges for services	9,685,418	10,884,396	11,683,600	10,958,440
Capital grants and contributions	551,244	768,705	373,600	130,135
Total business-type activities program revenues	10,236,662	11,653,101	12,057,200	11,088,575
Total primary government program revenues	15,824,980	16,135,250	19,379,528	20,613,825
NET (EXPENSE/REVENUE)				
Governmental activities	(17,419,952)	(18,033,105)	(16,049,251)	(15,734,051)
Business-type activities	3,933,225	3,969,042	3,959,849	3,234,732
TOTAL PRIMARY GOVERNMENT NET EXPENSE	$ (13,486,727)	$ (14,064,063)	$ (12,089,402)	$ (12,499,319)

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.
Source: Town Annual Comprehensive Financial Report

DRAFT FOR DISCUSSION PURPOSES ONLY - Subject to final review and possible revision and should not be relied upon or distributed 2.4.2026

2020	2021	2022	2023	2024	2025
$ 3,765,097	$ 2,981,564	$ 2,572,481	$ 5,017,991	$ 3,425,900	$ 3,615,321
17,180,703	12,512,997	13,233,553	19,810,647	16,902,924	16,648,483
554,707	498,352	361,578	303,271	283,562	289,432
2,628,353	2,811,780	3,235,368	3,488,637	3,355,212	3,663,336
168,476	117,267	-	-	-	-
938,552	939,472	965,287	1,044,791	1,013,033	999,474
2,102,759	1,988,991	1,827,180	2,414,190	2,283,552	2,401,666
186,375	208,344	260,564	271,860	313,900	283,912
-	-	-	-	-	-
522,465	507,601	514,243	552,479	632,741	663,330
1,190,417	864,940	891,370	1,425,991	1,141,355	1,073,614
781,322	896,119	767,365	1,279,754	794,351	1,021,282
30,019,226	24,327,427	24,628,989	35,609,611	30,146,530	30,659,850
8,905,337	8,480,641	9,076,184	10,665,899	10,564,079	11,389,165
8,905,337	8,480,641	9,076,184	10,665,899	10,564,079	11,389,165
38,924,563	32,808,068	33,705,173	46,275,510	40,710,609	42,049,015
598,382	455,092	460,560	507,880	658,406	1,164,208
1,230,719	903,656	938,450	987,662	969,260	1,064,143
-	-	-	-	-	-
5,664	6,245	5,995	7,143	7,812	8,361
27,563	21,000	22,200	27,080	28,920	27,840
75,648	110,508	128,589	143,510	115,572	105,418
-	-	-	-	-	-
821,654	665,870	552,803	498,221	529,980	522,222
1,367,286	1,556,166	1,503,328	1,536,711	1,259,537	1,496,049
87,347	61,884	262,223	2,382,752	54,257	63,025
5,129,895	1,988,732	1,870,685	1,113,815	6,727,501	412,795
9,344,158	5,769,153	5,744,833	7,204,774	10,351,245	4,864,061
11,363,772	11,047,240	12,804,325	13,694,318	13,776,335	14,422,189
199,000	62,000	639,000	164,000	362,000	112,450
11,562,772	11,109,240	13,443,325	13,858,318	14,138,335	14,534,639
20,906,930	16,878,393	19,188,158	21,063,092	24,489,580	19,398,700
(20,675,068)	(18,558,274)	(18,884,156)	(28,404,837)	(19,795,285)	(25,795,789)
2,657,435	2,628,599	4,367,141	3,192,419	3,574,256	3,145,474
$ (18,017,633)	$ (15,929,675)	$ (14,517,015)	$ (25,212,418)	$ (16,221,029)	$ (22,650,315)

Town of Highland Park, Texas
Changes in Net Position - Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	$ 11,593,666	$ 12,627,053	$ 13,253,603	$ 13,771,347
Sales taxes	3,616,074	3,480,389	4,071,324	4,312,342
Mixed beverage taxes	191,407	219,135	270,661	329,814
Franchise taxes	1,021,287	1,037,496	1,036,561	1,085,951
Penalty and interest on taxes	48,196	55,376	105,698	83,002
Investment income	92,266	206,841	443,110	760,221
Miscellaneous and gain (loss) on sale of assets	429,777	488,288	521,421	541,134
Transfers	1,099,425	1,184,543	1,401,658	1,417,683
Total governmental activities	18,092,098	19,299,121	21,104,036	22,301,494
Business-type activities:				
Investment and miscellaneous income	14,288	38,202	109,027	228,274
Transfers	(1,066,425)	(1,184,543)	(1,401,658)	(1,417,683)
Total business-type activities	(1,052,137)	(1,146,341)	(1,292,631)	(1,189,409)
Total primary government	17,039,961	18,152,780	19,811,405	21,112,085
CHANGE IN NET POSITION				
Governmental activities	672,146	1,266,016	5,054,785	6,567,443
Business-type activities	2,881,088	2,822,701	2,667,218	2,045,323
TOTAL PRIMARY GOVERNMENT	$ 3,553,234	$ 4,088,717	$ 7,722,003	$ 8,612,766

2020	2021	2022	2023	2024	2025
$ 14,833,790	$ 15,184,505	$ 15,484,800	$ 17,049,124	$ 18,400,369	$ 19,484,406
4,198,191	5,663,645	6,954,907	6,641,364	8,801,419	9,388,670
286,304	432,488	472,603	528,201	514,224	521,443
938,957	884,641	997,854	1,001,560	975,703	979,517
83,786	87,774	78,478	73,706	111,668	95,010
421,252	153,769	393,224	2,257,124	2,776,234	2,921,612
1,504,216	9,394,855	872,315	686,431	608,364	535,230
1,365,219	1,850,934	1,537,083	(646,618)	1,631,302	1,793,121
23,631,715	33,652,611	26,791,264	27,590,892	33,819,283	35,719,009
148,872	55,123	81,056	560,309	785,216	509,565
(1,365,219)	(1,850,934)	(1,537,083)	646,618	(1,631,302)	(1,793,121)
(1,216,347)	(1,795,811)	(1,456,027)	1,206,927	(846,086)	(1,283,556)
22,415,368	31,856,800	25,335,237	28,797,819	32,973,197	34,435,453
2,956,647	15,094,337	7,907,108	(813,945)	14,023,998	9,923,220
1,441,088	832,788	2,911,114	4,399,346	2,728,170	1,861,918
$ 4,397,735	$ 15,927,125	$ 10,818,222	$ 3,585,401	$ 16,752,168	$ 11,785,138

Town of Highland Park, Texas

Schedule 3

Governmental Funds Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Total
2016	$ 11,593,666	$ 3,606,074	$ 1,021,287	$ 191,407	$ 16,412,434
2017	12,627,053	3,480,389	1,037,496	219,135	17,364,073
2018	13,253,603	4,071,324	1,036,561	270,661	18,632,149
2019	13,771,347	4,312,342	1,085,951	329,814	19,499,454
2020	14,833,790	4,198,191	938,957	286,304	20,257,242
2021	15,201,900	5,663,645	884,641	432,488	22,182,674
2022	15,493,542	6,954,907	997,854	472,603	23,918,906
2023	16,985,988	6,641,364	1,001,560	528,201	25,157,113
2024	18,372,869	8,801,419	975,703	514,224	28,664,215
2025	19,499,123	9,388,670	979,517	521,443	30,388,753

Town of Highland Park, Texas

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
GENERAL FUND				
Nonspendable	$ 22,992	$ 159,937	$ 14,469	$ 11,759
Restricted	14,000	14,000	14,000	-
Committed	-	-	-	-
Assigned	1,136,308	1,377,190	1,205,592	1,180,056
Unassigned	3,517,765	3,885,817	4,540,892	5,219,327
Total general fund	4,691,065	5,436,944	5,774,953	6,411,142
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	516,425	628,530	625,198	678,207
Committed	5,810,044	7,523,730	6,767,959	8,658,185
Assigned	833,609	1,054,012	2,582,157	2,459,396
Total all other governmental funds	7,160,078	9,206,272	9,975,314	11,795,788
TOTAL GOVERNMENTAL FUNDS	$ 11,851,143	$ 14,643,216	$ 15,750,267	$ 18,206,930

Source: Town Annual Comprehensive Financial Report

2020	2021	2022	2023	2024	2025
$ 14,705	$ 19,830	$ 35,437	$ 31,661	$ 33,106	$ 33,256
124,588	144,078	161,539	177,451	191,314	202,855
974,559	10,139,152	10,219,404	10,564,946	7,466,208	7,637,479
1,960,441	1,360,812	1,356,936	1,345,034	1,690,675	2,189,427
4,670,765	7,717,749	8,759,561	6,388,614	8,818,231	8,093,421
7,745,058	19,381,621	20,532,877	18,507,706	18,199,534	18,156,438
725,875	789,698	858,667	622,995	695,133	801,616
10,077,807	7,526,582	7,897,018	14,027,135	17,601,057	22,641,849
2,696,684	2,747,024	5,851,807	3,137,685	2,676,706	5,230,023
13,500,366	11,063,304	14,607,492	17,787,815	20,972,896	28,673,488
$ 21,245,424	$ 30,444,925	$ 35,140,369	$ 36,295,521	$ 39,172,430	$ 46,829,926

Town of Highland Park, Texas

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
REVENUES				
Taxes	$ 16,392,412	$ 16,293,063	$ 17,608,789	$ 18,413,771
Penalties and interest	48,196	55,376	105,698	83,002
Licenses and permits	1,050,004	1,499,728	1,228,621	1,444,633
Service and franchise fees	3,108,151	3,096,463	3,066,496	3,337,171
Fines and forfeitures	474,179	462,396	434,024	514,011
Investment income	67,366	153,834	343,893	567,086
Intergovernmental	-	-	1,287,770	5,193,320
Contributions	930,674	440,487	46,118	53,800
Miscellaneous	347,894	420,032	444,854	447,510
Total revenues	22,418,876	22,421,379	24,566,263	30,054,304
EXPENDITURES				
General government	1,777,454	2,014,024	2,029,119	2,120,711
Department of public safety	11,177,755	11,517,024	12,368,726	12,687,420
Community services	503,180	522,547	534,106	524,494
Street department	1,133,508	1,416,617	1,507,748	1,605,049
Street lighting department	160,212	172,221	159,411	170,327
Library	776,121	678,146	789,510	862,433
Parks department	1,307,206	1,445,195	1,536,638	1,754,729
Swimming pool	181,082	205,460	191,718	186,096
Municipal court	400,708	393,816	458,972	508,203
Finance department	757,116	811,923	829,268	897,434
Building inspection department	526,709	553,578	845,846	774,762
Sanitation*	1,093,055	-	-	-
Capital outlay	1,463,636	1,061,411	3,427,686	6,923,666
	21,257,742	20,791,962	24,678,748	29,015,324
Excess (deficiency) of revenues over (under) expenditures	1,161,134	1,629,417	(112,485)	1,038,980
OTHER FINANCING SOURCES (USES)				
Transfers in	5,109,975	5,612,637	5,894,153	5,645,458
Transfers out	(4,010,550)	(4,452,992)	(4,683,117)	(4,227,775)
Proceeds from sale of capital assets	-	3,011	8,500	-
Total other financing sources (uses)	1,099,425	1,162,656	1,219,536	1,417,683
NET CHANGE IN FUND BALANCE	$ 2,260,559	$ 2,792,073	$ 1,107,051	$ 2,456,663
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.
Note: there was no debt prior to fiscal year 2023 and no debt service payments in 2023 and 2024.

Source: Town Annual Comprehensive Financial Report

Schedule 5

2020	2021	2022	2023	2024	2025
$ 19,257,224	$ 21,298,033	$ 22,921,052	$ 24,155,553	$ 27,688,512	$ 29,409,236
83,786	87,774	78,478	73,706	111,668	95,010
1,411,594	1,592,042	1,543,714	1,583,832	1,296,207	1,549,980
2,808,609	2,734,052	2,833,206	2,824,216	2,864,251	3,444,134
299,002	245,039	259,708	253,577	338,742	335,079
318,868	120,586	308,540	1,830,254	2,219,440	2,279,858
2,513,332	2,014,877	2,586,273	5,650,999	3,024,581	4,783,527
60,519	57,084	262,223	85,028	54,257	63,025
437,957	459,542	633,303	641,175	532,163	362,649
27,190,891	28,609,029	31,426,497	37,098,340	38,129,821	42,322,498
2,254,606	2,631,084	2,577,299	2,786,789	2,999,446	3,298,326
13,275,151	13,504,159	14,579,489	15,729,025	17,019,636	17,682,292
548,693	492,338	355,564	297,257	277,548	284,271
1,872,132	1,889,052	2,188,769	2,308,617	1,995,034	2,260,561
166,830	136,636	-	-	-	-
868,024	868,615	896,368	967,262	945,116	940,468
1,697,430	1,964,092	1,838,087	1,870,403	2,022,821	2,018,613
158,801	180,174	232,394	234,995	269,892	238,729
522,465	506,593	511,977	552,479	632,741	669,003
940,857	935,897	978,024	1,133,236	1,201,722	1,151,503
781,322	903,973	765,423	974,001	861,903	1,090,090
-	-	-	-	-	-
3,405,116	6,175,462	3,344,742	8,442,506	8,658,355	6,824,267
26,491,427	30,188,075	28,268,136	35,296,570	36,884,214	36,458,123
699,464	(1,579,046)	3,158,361	1,801,770	1,245,607	5,864,375
5,249,478	4,555,216	6,901,839	11,580,394	7,822,782	11,730,146
(3,884,259)	(2,938,137)	(5,364,756)	(12,227,012)	(6,191,480)	(9,937,025)
973,811	9,161,468	-	-	-	-
2,339,030	10,778,547	1,537,083	(646,618)	1,631,302	1,793,121
$ 3,038,494	$ 9,199,501	$ 4,695,444	$ 1,155,152	$ 2,876,909	$ 7,657,496
N/A	N/A	N/A	0%	0%	0%

Town of Highland Park, Texas

Schedule 6

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Estimated Market Value				
Fiscal Year	Residential and Commercial Property	Business Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	$ 6,588,993,380	$ 78,087,300	$ 1,342,579,935	$ 5,324,500,745	0.220000
2017	7,125,427,370	91,050,750	1,450,954,097	5,765,524,023	0.220000
2018	7,246,975,530	89,904,340	1,391,208,630	5,945,671,240	0.220000
2019	7,631,020,950	98,970,880	1,441,898,043	6,288,093,787	0.220000
2020	7,835,471,260	107,590,560	1,479,869,372	6,463,192,448	0.230000
2021	7,665,313,510	106,332,000	1,476,064,436	6,295,581,074	0.230000
2022	8,252,646,410	99,214,640	1,580,315,112	6,771,545,938	0.230000
2023	9,382,277,690	104,583,140	2,084,341,031	7,402,519,799	0.230000
2024	11,674,856,260	109,992,840	3,353,521,920	8,431,327,180	0.220530
2025	13,574,894,680	126,174,600	4,316,446,922	9,384,622,358	0.208550

Source: Dallas Central Appraisal District

Town of Highland Park, Texas

Schedule 7

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	2025			2016		
Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
HP Village Partners, LP	$ 269,840,500	1	2.88%	$ 130,004,050	1	2.44%
Dallas Country Club	61,777,910	2	0.66%	17,140,230	9	0.32%
4101 Trust	45,537,150	3	0.49%			
Crow, Harlan R	40,466,640	4	0.43%	22,214,948	5	0.42%
Muse, John R	39,470,000	5	0.42%	26,114,502	3	0.49%
Ware, Leslie	33,145,200	6	0.35%			
L&B Depp Ucepp 5500	28,000,000	7	0.30%	17,000,000	10	0.32%
Intercity Investment	27,679,820	8	0.29%	17,162,310	8	0.32%
Jones, Jerral W & Gene C	22,200,160	9	0.24%			
LDO Holdings, LLC	21,722,000	10	0.23%			
Cox, Edwin L Irrevocable Trust				29,051,230	2	0.55%
Crow, Margaret Life Estate				24,265,480	4	0.46%
Highland Park Shops, LLC				18,000,000	6	0.34%
Mitchell, Amy E				17,600,000	7	0.33%
Total	589,839,380		6.29%	318,552,750		5.98%
Total Assessed Valuation	$ 9,384,622,358		100.00%	$ 5,324,500,745		100.00%

Source: Dallas County Tax Office

Town of Highland Park, Texas

Schedule 8

Principal Property Taxpayers
September 30, 2025 and 2016

	2025			2016		
Property Tax Payer	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**
HP Village Partners, LP	$ 269,840,500	1	2.88%	$ 130,004,050	1	2.44%
Dallas Country Club	61,777,910	2	0.66%	17,140,230	9	0.32%
4101 Trust	45,537,150	3	0.49%			
Crow, Harlan R	40,466,640	4	0.43%	22,214,948	5	0.42%
Muse, John R	39,470,000	5	0.42%	26,114,502	3	0.49%
Ware, Leslie	33,145,200	6	0.35%			
L&B Depp Ucepp 5500	28,000,000	7	0.30%	17,000,000	10	0.32%
Intercity Investment	27,679,820	8	0.29%	17,162,310	8	0.32%
Jones, Jerral W & Gene C	22,200,160	9	0.24%			
LDO Holdings, LLC	21,722,000	10	0.23%			
Cox, Edwin L Irrevocable Trust				29,051,230	2	0.55%
Crow, Margaret Life Estate				24,265,480	4	0.46%
Highland Park Shops, LLC				18,000,000	6	0.34%
Mitchell, Amy E				17,600,000	7	0.33%
Total	589,839,380		6.29%	318,552,750		5.98%
Total Assessed Valuation	$ 9,384,622,358		100.00%	$ 5,324,500,745		100.00%

Source: Dallas County Tax Office

Town of Highland Park, Texas

Schedule 9

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy: Amount	Collected Within the Fiscal Year of the Levy: Percentage of Net Tax Levy	Collections in Subsequent Periods	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy*
2016	$ 11,620,393	$ 11,580,927	99.66%	$ 37,104	$ 11,618,031	99.98%
2017	12,646,975	12,564,113	99.34%	78,165	12,642,278	99.96%
2018	13,236,918	13,173,166	99.52%	55,503	13,228,669	99.94%
2019	13,805,559	13,677,917	99.08%	116,569	13,794,486	99.92%
2020	14,870,511	14,753,266	99.21%	101,794	14,855,060	99.90%
2021	15,208,071	15,115,453	99.39%	68,484	15,183,937	99.84%
2022	15,537,129	15,442,441	99.39%	54,609	15,497,050	99.74%
2023	17,092,103	17,004,460	99.49%	49,643	17,054,103	99.78%
2024	18,484,978	18,374,498	99.40%	50,589	18,425,088	99.68%
2025	19,530,991	19,437,618	99.52%	-	19,437,618	99.52%

Source: Dallas County Tax Collection System - Tax Collector Annual Reports
Note: This schedule includes Levy adjustments in the year of the Levy but excludes Levy adjustments in tax years

Town of Highland Park, Texas **Schedule 10**

Computation of Direct and Overlapping Debt
Year Ended September 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	$ 54,389	100.00%	$ 54,389
Dallas County	179,530,000	2.58%	4,631,874
Dallas County Hospital District	511,285,000	2.58%	13,191,153
Dallas County Community College	247,115,000	2.51%	6,202,587
Dallas Independent School District	4,613,765,000	0.24%	11,073,036
Highland Park Independent School District	395,545,000	37.15%	146,944,968
Total Direct and Overlapping Debt:	$ 5,947,294,389		$ 182,098,006
Total Direct and Overlapping Debt % of A.V.:			1.77%
Total Direct and Overlapping Debt per Capita:			$ 20,709

Source: Municipal Advisory Council of Texas Estimated Overlapping Debt Statement as of 9/30/2025
Note: The estimated Percentage Applicable is the ratio of total taxable values in Highland Park compared to total for each respective governmental unit.

Town of Highland Park, Texas **Schedule 11**

Legal Debt Margin Information
Last Ten Fiscal Years

As a home rule city, the Town of Highland Park is not limited by the law in the amount of debt it may issue. The Town's charter (Section 9.10) states:

> The Town shall have the power to borrow money on the credit of the Town and to issue general obligation bonds and other evidence of indebtedness for permanent public improvements or for any other public purpose not prohibited by the Constitution and laws of the state of Texas, and to issue refunding bonds to refund outstanding bonds and other evidences of indebtedness of the Town previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas.

The Town has no bonded debt issued or outstanding as of September 30, 2025.

Town of Highland Park, Texas

Schedule 12

Ratio of Outstanding Debt By Type
Last Two Fiscal Years

Fiscal Year	Governmental Activities Subscription Liability	Total Primary Government	Percentage of Personal Income*	Per Capita*
2023	$ 327,650	$ 327,650	0.02%	$ 37.58
2024	327,650	327,650	0.02%	37.91
2025	54,389	54,389	0.00%	6.19

Notes: *See Table 13 for personal income and population data.

Prior to 2023 the Town did not have any outstanding debt.

Town of Highland Park, Texas

Schedule 13

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended Sept 30	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2016	9,189	$ 1,137,533,877	$ 123,793	4.10%
2017	9,150	1,097,751,914	119,973	3.40%
2018	9,208	1,312,370,200	142,525	3.40%
2019	9,180	1,531,609,560	166,842	3.20%
2020	9,083	1,353,993,727	149,069	3.20%
2021	8,864	1,321,347,616	149,069	3.20%
2022	8,864	1,412,363,168	159,337	2.40%
2023	8,719	1,389,259,303	159,337	4.80%
2024	8,642	1,617,799,684	187,202	5.00%
2025	8,793	1,646,067,186	187,202	2.80%

Sources: US Census Bureau's QuickFacts report, US Census Tables

Town of Highland Park, Texas

Schedule 14

Principal Employers
Current Year and Nine Years Ago

	2025		2016	
Employer Industry	Number of Establishments	Employees	Number of Establishments	Employees
Wholesale trade	10	35	60	622
Retail trade	57	718	D	20 to 99
Information	7	20 to 99	D	20 to 99
Finance and insurance	37	456	D	250 to 499
Real estate and rental and leasing	D	100 to 249	D	20 to 99
Professional, scientific, and technical services	66	223	61	142
Administrative and support and waste management and remediation	19	156	18	78
Educational services	3	19	3	10
Health care and social assistance	34	384	30	106
Arts, entertainment, and recreation	10	281	9	335
Accommodation and food	25	788	16	495
Other services (except public	21	240	12	204

NOTE: The Town of Highland Park is a relatively small municipality, with a radius of about 2.2 square miles. The Town's most recent estimated population is approximately 8,743. Since there is no chamber of commerce in Highland Park, the only available information on employers is the Economic Census from the U.S. Census Bureau. This Census does not include information on individual businesses; rather, it contains only aggregate information by business sector. The information presented is from the most recent applicable Economic Census.

"D" = Individual company data withheld according to the U.S. Census Bureau website.

Town of Highland Park, Texas

Schedule 15

Construction and Property Values
Last Ten Fiscal Years

	Commercial Construction*		Residential Construction*		Property Value**	
Fiscal Year	Number of Permits	Value	Number of Permits	Value	Real Property	Personal Property
2016	29	$ 8,623,479	1,164	$ 102,641,000	$ 6,588,993,380	$ 78,087,300
2017	30	23,812,724	1,083	110,263,580	7,125,427,370	91,050,750
2018	22	45,226,370	1,117	83,254,000	7,246,975,530	89,904,340
2019	19	15,979,770	1,062	***	7,631,020,950	98,970,880
2020	26	16,227,820	808	***	7,835,471,260	107,590,560
2021	23	33,720,046	1,239	***	7,665,313,510	106,332,000
2022	16	6,286,811	1,052	***	8,252,646,410	99,214,640
2023	24	29,259,939	1,079	***	9,382,277,690	104,583,140
2024	28	2,957,095	1,567	***	11,674,856,260	109,992,840
2025	39	17,802,279	1,081	***	13,574,894,680	126,174,600

*Source: Town of Highland Park Permitting and Inspections Department

**Source: Dallas Central Appraisal District

***Pursuant to HB 852, which was passed May 21 by the 2019 Texas Legislature, cities may not base building permit rev enue or inspection fees on the v alue of a residential dwelling or on the cost of constructing or improv ing the building.

Town of Highland Park, Texas

Full-Time Employees by Function
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
General government	2.0	2.0	2.0	2.0
Public safety	70.0	70.5	73.0	73.0
Town services	3.0	3.0	3.0	3.0
Street	3.3	3.3	3.3	3.3
Street lighting	1.0	1.0	1.0	1.0
Library	4.0	4.0	4.0	5.0
Parks	9.0	9.0	7.0	7.0
Municipal court	2.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0
Building inspection	4.0	4.0	5.0	5.0
Information technology	1.0	1.0	1.0	1.0
Utility administration	3.0	3.0	3.0	3.0
Water	4.4	4.4	5.4	5.4
Sewer	2.3	2.3	2.3	2.3
Engineering	5.0	5.0	4.0	4.0
Building maintenance	-	-	-	-
TOTAL CITY POSITIONS	119.0	119.5	121.0	122.0

Source: Official Town Budget

2020	2021	2022	2023	2024	2025
2.0	2.0	2.0	2.0	2.0	2.0
73.0	73.0	73.0	73.0	82.0	82.0
3.0	3.0	2.0	2.0	2.0	2.0
3.3	3.0	3.0	3.0	3.0	3.0
1.0	1.0	-	-	-	-
5.5	5.0	5.0	6.0	6.5	6.5
7.0	7.0	7.0	7.0	7.0	10.4
2.0	2.0	2.0	2.0	4.3	4.3
5.0	5.0	5.0	6.0	6.0	6.0
5.0	5.0	5.0	5.0	5.0	7.0
1.0	1.0	1.0	1.0	1.0	2.0
3.0	3.0	3.0	3.0	3.0	3.0
5.4	5.0	5.0	5.0	5.0	6.0
2.3	2.0	2.0	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0	6.0
-	-	-	1.0	1.0	1.0
122.5	121.0	119.0	122.0	133.8	143.2

Town of Highland Park, Texas

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
Administration				
Service Requests Processed	4,744	4,103	4,434	4,389
Public Safety				
Call Responses: Police	10,945	10,530	10,137	9,281
Call Responses: Fire	815	621	717	824
Call Responses: EMS	417	369	366	379
Citations Issued	9,596	12,054	11,505	11,695
Street				
Asphalt Repairs (Tons)	300	250	295	250
Storm Inlets	1,400	1,518	1,400	1,425
Library				
Total Circulation	47,449	47,317	44,398	48,148
Valid Library Cards	2,577	2,739	2,570	2,100
Swimming Pool				
Annual Passes Sold	1,360	1,365	1,381	1,223
Daily Passes Sold	3,059	2,540	2,608	2,487
Finance				
Accounts Payable Checks Disbursed	3,450	3,160	2,870	2,953
Payroll Checks/ACH Disbursed	4,026	3,963	3,995	4,366
Building Inspection				
Total Inspections	4,449	4,347	4,633	4,611
Total Permits Issued	1,865	1,748	1,742	1,640
Water				
Water Meters Read	66,777	66,136	66,542	66,451
Meters Installed/Replaced	252	107	449	577
Sewer				
Service Calls	29	22	25	22
Mains Cleaned	522	585	458	464

Source: Town Departments
* Due to COVID-19 restrictions

2020	2021	2022	2023	2024	2025
4,034	4,130	3,337	3,953	4,158	3,873
9,229	9,086	10,001	8,250	11,460	11,110
824	958	894	867	1,074	1,028
352	431	438	540	467	492
7,158	5,556	5,001	3,614	3,667	4,277
250	283	38	34	36	37
1,431	1,490	1,468	6,228	6,228	6,228
48,403	57,654	67,005	69,832	74,749	102,189
2,120	2,057	1,992	2,121	2,093	2,110
1,086	1,481	1,433	1,433	1,315	1,198
*	1,897	2,676	2,630	1,762	2,288
3,149	3,387	3,862	3,118	3,004	3,013
4,177	4,214	4,172	4,269	4,291	4,480
3,896	3516	5,922	5,900	7,998	5,537
1,724	1,917	1,700	1,700	1,799	1,550
66,521	66,750	67,083	68,303	68,427	68,608
582	334	275	276	224	321
27	30	49	14	-	11
462	383	486	482	488	488

Town of Highland Park, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

FUNCTION/PROGRAM	2016	2017	2018	2019
Administration				
Municipal building	1	1	1	1
Service Center	1	1	1	1
Public safety				
Stations	1	1	1	1
Fire vehicles	3	3	3	3
EMS vehicles	3	3	3	3
Patrol vehicles	10	10	10	10
SRT/TRT vehicle	-	-	-	-
Street				
Street (miles)	48	48	48	48
Library				
Libraries	1	1	1	1
Parks				
Parks	22	22	22	22
Tennis courts	8	8	8	8
Pickleball	-	-	-	-
Swimming pools	1	1	1	1
Water				
Water mains (miles)	40	40	40	40
Fire hydrants	252	252	252	252
Sewer				
Wastewater collection system (miles)	37	37	37	37

Source: Town Departments

2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
3	3	3	3	3	3
10	10	10	10	10	10
-	-	-	-	1	1
48	48	48	48	48	48
1	1	1	1	1	1
22	22	22	22	22	22
8	7	7	7	7	7
-	-	4	4	4	4
1	1	1	1	1	1
40	40	40	40	43	43
252	252	252	252	262	264
37	37	37	37	37	37

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the Town Council
Town of Highland Park, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Highland Park, Texas (the Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February xx, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Honorable Mayor and
Members of the Town Council
Town of Highland Park

Purpose of this Report

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

(Name of Firm)

The Woodlands, Texas
February xx, 2026

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and
Members of the Town Council
Town of Highland Park, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Highland Park, Texas (the Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February xx, 2026.

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Members of the Town Council
Town of Highland Park

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(Name of Firm)

The Woodlands, Texas
February xx, 2026

Town of Highland Park
Town Council Study Session
Tuesday, February 17, 2026

Item Coversheet

Review and discuss the 2025 Racial Profiling Report for Highland Park Department of Public Safety compiled and analyzed by Dr. Alex del Carmen.

PRESENTED BY: Chuck McGinnis, Director of the Department of Public Safety/Chief

BACKGROUND:

S.B. 1074, enacted by the Legislature of the State of Texas, mandates that a racial profiling report be compiled, analyzed, and submitted to the governing body of the municipality served by March 1, each year. The attached report was compiled and analyzed by Dr. Alex del Carmen, who will be giving a full presentation to the council later this year. At this time, the report is provided to you for review only.

RECOMMENDATION

This is for review only.

FINANCIAL IMPACT

This item has no financial impact.

ATTACHMENTS

2025 Highland Park Department of Public Safety Racial Profiling Report-Compressed

HIGHLAND PARK

DEPARTMENT OF PUBLIC SAFETY

2025 RACIAL PROFILING REPORT

DEL CARMEN Consulting®

LAW ENFORCEMENT EXPERTS

"Dr. Alex del Carmen's work on racial profiling exemplifies the very best of the Sandra Bland Act, named after my daughter. My daughter's pledge to fight for injustice is best represented in the high quality of Dr. del Carmen's reports which include, as required by law, the data analysis, audits, findings and recommendations. I commend the agencies that work with him as it is clear that they have embraced transparency and adherence to the law."

-Quote by Geneva Reed (Mother of Sandra Bland)

January 7, 2026

Highland Park Town Council
4700 Drexel Dr.
Highland Park, TX 75205

Dear Distinguished Members of the Town Council,

The Texas Racial Profiling Law, originally enacted by the Texas Legislature in 2001, was designed to address concerns regarding racial profiling practices in law enforcement. Throughout the preceding calendar year, the Highland Park Department of Public Safety, in full compliance with statutory requirements, systematically collected and reported traffic and motor vehicle-related contact data for the express purpose of identifying, evaluating, and addressing any potential concerns regarding racial profiling practices within the department.

Since its initial enactment, the Texas Racial Profiling Law has undergone significant legislative modifications. During the 2009 legislative session, the law was amended to incorporate additional data collection and reporting requirements. Subsequently, in 2017, the Texas Legislature passed two landmark pieces of legislation: House Bill 3051, which standardized racial and ethnic classification categories, and the Sandra Bland Act (Senate Bill 1849), which substantially expanded data collection mandates and analytical requirements. The Sandra Bland Act represents the most comprehensive legislative framework in Texas history pertaining to law enforcement contact data requirements. I am pleased to confirm that the Highland Park Department of Public Safety has satisfied all statutory requirements, and the documentation contained herein demonstrates full compliance with these legislative mandates.

This annual report is organized into distinct sections, each addressing specific components of the compliance framework. Section One contains the table of contents, providing navigational guidance throughout the document. Section Two presents documentation demonstrating the Highland Park Department of Public Safety 's compliance with the procedural requirements established under the Texas Racial Profiling Law, including evidence of mandatory training protocols for all sworn personnel on racial profiling prevention, as well as the institutionalization of formal compliment and complaint processes as required by statute.

Section Three contains comprehensive statistical data pertaining to motor vehicle-related contacts, as defined by applicable law, occurring between January 1, 2025, and December 31, 2025. This section includes the Tier 2 reporting form, which must be submitted to the Texas Commission on Law Enforcement (TCOLE) and the local governing authority by March 1 of each calendar year. All data presented in this report was compared against the Fair Roads Standard, a baseline measure derived from U.S. Census Bureau data. The analytical findings and corresponding recommendations are presented in detail within this section.

The final section of this report contains reference materials, including the original text of Senate Bill 1074 (the Texas Racial Profiling Law) and the Sandra Bland Act (current governing law). Additionally, this section includes a comprehensive listing of compliance requirements established by TCOLE. The findings documented in this report substantiate the Highland Park Department of Public Safety's ongoing commitment to full compliance with the Texas Racial Profiling Law and its commitment to constitutional policing practices.

Respectfully submitted,

Alex del Carmen, Ph.D.
Criminologist

TABLE OF CONTENTS

Public Education on Responding to Compliments and Complaints

Informing the Public on the Process of Filing a Compliment or Complaint with the Highland Park Department of Public Safety

The Texas Racial Profiling Law requires that police agencies provide information to the public regarding the manner in which to file a compliment or racial profiling complaint. In an effort to comply with this particular component, the Highland Park Department of Public Safety launched an educational campaign aimed at informing the public on issues relevant to the racial profiling complaint process.

The police department made available, in the lobby area and on its web site, information relevant to filing a compliment and complaint on a racial profiling violation by a Highland Park Department of Public Safety Police Officer. In addition, each time an officer issues a citation, ticket or warning, information on how to file a compliment or complaint is given to the individual cited. This information is in the form of a web address (including in the document issued to the citizen), which has instructions and details specifics related to the compliment or complaint processes.

It is believed that through these efforts, the community has been properly informed of the new policies and the complaint processes relevant to racial profiling.

All Highland Park Department of Public Safety Police Officers have been instructed, as specified in the Texas Racial Profiling Law, to adhere to all Texas Commission on Law Enforcement (TCOLE) training and the Law Enforcement Management Institute of Texas (LEMIT) requirements. To date, all sworn officers of the Highland Park Department of Public Safety have completed the TCOLE basic training on racial profiling. The main outline used to train the officers of Highland Park Department of Public Safety has been included in this report.

It is important to recognize that the Chief of the Highland Park Department of Public Safety has also met the training requirements, as specified by the Texas Racial Profiling Law, in the completion of the LEMIT program on racial profiling. The satisfactory completion of the racial profiling training by the sworn personnel of the Highland Park Department of Public Safety fulfills the training requirement as specified in the Education Code (96.641) of the Texas Racial Profiling Law.

Racial Profiling Course 3256
Texas Commission on Law Enforcement

Racial Profiling 3256

Instructor's Note:

You may wish to teach this course in conjunction with Asset Forfeiture 3255 because of the related subject matter and applicability of the courses. If this course is taught in conjunction with Asset Forfeiture, you may report it under Combined Profiling and Forfeiture 3257 to reduce data entry.

Abstract

This instructor guide is designed to meet the educational requirement for racial profiling established by legislative mandate: 77R-SB1074.

Target Population: Licensed law enforcement personnel in Texas

Prerequisites: Experience as a law enforcement officer

Length of Course: A suggested instructional time of 4 hours

Material Requirements: Overhead projector, chalkboard and/or flip charts, video tape player, handouts, practical exercises, and demonstrations

Instructor Qualifications: Instructors should be very knowledgeable about traffic stop procedures and law enforcement issues

Evaluation Process and Procedures

An examination should be given. The instructor may decide upon the nature and content of the examination. It must, however, sufficiently demonstrate the mastery of the subject content by the student.

Reference Materials

Reference materials are located at the end of the course. An electronic copy of this instructor guide may be downloaded from our web site at http://www.tcleose.state.tx.us.

Racial Profiling 3256

1.0 RACIAL PROFILING AND THE LAW

1.1 UNIT GOAL: The student will be able to identify the legal aspects of racial profiling.

1.1.1 LEARNING OBJECTIVE: The student will be able to identify the legislative requirements placed upon peace officers and law enforcement agencies regarding racial profiling.

Racial Profiling Requirements:

Racial profiling CCP 3.05
Racial profiling prohibited CCP 2.131
Law enforcement policy on racial profiling CCP 2.132
Reports required for traffic and pedestrian stops CCP 2.133
Liability CCP 2.136
Racial profiling education for police chiefs Education Code 96.641
Training program Occupations Code 1701.253
Training required for intermediate certificate Occupations Code 1701.402
Definition of "race or ethnicity" for form Transportation Code 543.202

A. Written departmental policies

1. Definition of what constitutes racial profiling
2. Prohibition of racial profiling
3. Complaint process
4. Public education
5. Corrective action
6. Collection of traffic-stop statistics
7. Annual reports

B. Not prima facie evidence

C. Feasibility of use of video equipment

D. Data does not identify officer

E. Copy of complaint-related video evidence to officer in question

F. Vehicle stop report

1. Physical description of detainees: gender, race or ethnicity
2. Alleged violation
3. Consent to search
4. Contraband
5. Facts supporting probable cause
6. Arrest
7. Warning or citation issued

G. Compilation and analysis of data

H.Exemption from reporting – audio/video equipment

I. Officer non-liability

J. Funding

K. Required training in racial profiling

1. Police chiefs

2. All holders of intermediate certificates and/or two-year-old licenses as of 09/01/2001 (training to be completed no later than 09/01/2003) – see legislation 77R-SB1074

1.1.2 LEARNING OBJECTIVE: The student will become familiar with Supreme Court decisions and other court decisions involving appropriate actions in traffic stops.

A. Whren v. United States, 517 U.S. 806, 116 S.Ct. 1769 (1996)

1. Motor vehicle search exemption
2. Traffic violation acceptable as pretext for further investigation
3. Selective enforcement can be challenged

B. Terry v. Ohio, 392 U.S. 1, 88 S.Ct. 1868 (1968)

1. Stop & Frisk doctrine
2. Stopping and briefly detaining a person
3. Frisk and pat down

C. Other cases

1. Pennsylvania v. Mimms, 434 U.S. 106, 98 S.Ct. 330 (1977)
2. Maryland v. Wilson, 117 S.Ct. 882 (1997)
3. Graham v. State, 119 MdApp 444, 705 A.2d 82 (1998)
4. Pryor v. State, 122 Md.App. 671 (1997) cert. denied 352 Md. 312, 721 A.2d 990 (1998)
5. Ferris v. State, 355 Md. 356, 735 A.2d 491 (1999)
6. New York v. Belton, 453 U.S. 454 (1981)

2.0 RACIAL PROFILING AND THE COMMUNITY

2.1 UNIT GOAL: The student will be able to identify logical and social arguments against racial profiling.

2.1.1 LEARNING OBJECTIVE: The student will be able to identify logical and social arguments against racial profiling.

A. There are appropriate reasons for unusual traffic stops (suspicious behavior, the officer's intuition, MOs, etc.), but police work must stop short of cultural stereotyping and racism.

B. Racial profiling would result in criminal arrests, but only because it would target all members of a race randomly – the minor benefits would be far outweighed by the distrust and anger towards law enforcement by minorities and the public as a whole.

C. Racial profiling is self-fulfilling bad logic: if you believed that minorities committed more crimes, then you might look for more minority criminals, and find them in disproportionate numbers.

D. Inappropriate traffic stops generate suspicion and antagonism towards officers and make future stops more volatile – a racially-based stop today can throw suspicion on tomorrow's legitimate stop.

E. By focusing on race, you would not only be harassing innocent citizens, but overlooking criminals of all races and backgrounds – it is a waste of law enforcement resources.

3.0 RACIAL PROFILING VERSUS REASONABLE SUSPICION

3.1 UNIT GOAL: The student will be able to identify the elements of both inappropriate and appropriate traffic stops.

3.1.1 LEARNING OBJECTIVE: The student will be able to identify elements of a racially motivated traffic stop.

A. Most race-based complaints come from vehicle stops, often since race is used as an inappropriate substitute for drug courier profile elements

B. "DWB" – "Driving While Black" – a nickname for the public perception that a Black person may be stopped solely because of their race (especially with the suspicion that they are a drug courier), often extended to other minority groups or activities as well ("Driving While Brown," "Flying While Black," etc.)

C. A typical traffic stop resulting from racial profiling

1. The vehicle is stopped on the basis of a minor or contrived traffic violation which is used as a pretext for closer inspection of the vehicle, driver, and passengers

2. The driver and passengers are questioned about things that do not relate to the traffic violation

3. The driver and passengers are ordered out of the vehicle

4. The officers visually check all observable parts of the vehicle

5. The officers proceed on the assumption that drug courier work is involved by detaining the driver and passengers by the roadside

6. The driver is asked to consent to a vehicle search – if the driver refuses, the officers use other procedures (waiting on a canine unit, criminal record checks, license-plate checks, etc.), and intimidate the driver (with the threat of detaining him/her, obtaining a warrant, etc.)

3.1.2 LEARNING OBJECTIVE: The student will be able to identify elements of a traffic stop which would constitute reasonable suspicion of drug courier activity.

A. Drug courier profile (adapted from a profile developed by the DEA)

1. Driver is nervous or anxious beyond the ordinary anxiety and cultural communication styles
2. Signs of long-term driving (driver is unshaven, has empty food containers, etc.)
3. Vehicle is rented
4. Driver is a young male, 20-35
5. No visible luggage, even though driver is traveling
6. Driver was over-reckless or over-cautious in driving and responding to signals
7. Use of air fresheners

B. Drug courier activity indicators by themselves are usually not sufficient to justify a stop

3.1.3 LEARNING OBJECTIVE: The student will be able to identify elements of a traffic stop which could constitute reasonable suspicion of criminal activity.

A. Thinking about the totality of circumstances in a vehicle stop

B. Vehicle exterior

1. Non-standard repainting (esp. on a new vehicle)
2. Signs of hidden cargo (heavy weight in trunk, windows do not roll down, etc.)
3. Unusual license plate suggesting a switch (dirty plate, bugs on back plate, etc.)
4. Unusual circumstances (pulling a camper at night, kids' bikes with no kids, etc.)

C. Pre-stop indicators

1. Not consistent with traffic flow
2. Driver is overly cautious, or driver/passengers repeatedly look at police car
3. Driver begins using a car- or cell-phone when signaled to stop
4. Unusual pull-over behavior (ignores signals, hesitates, pulls onto new street, moves objects in car, etc.)

D. Vehicle interior

1. Rear seat or interior panels have been opened, there are tools or spare tire, etc.
2. Inconsistent items (anti-theft club with a rental, unexpected luggage, etc.)

Resources

Proactive Field Stops Training Unit – Instructor's Guide, Maryland Police and Correctional Training Commissions, 2001. (See Appendix A.)

Web address for legislation 77R-SB1074

Report on Compliments and Racial Profiling Complaints

Report on Complaints

The following table contains data regarding officers that have been the subject of a complaint, during the time period of 1/1/25-12/31/25 based on allegations outlining possible violations related to the Texas Racial Profiling Law. The final disposition of the case is also included.

☐

A check above indicates that the Highland Park Department of Public Safety has not received any complaints, on any members of its police services, for having violated the Texas Racial Profiling Law during the time period of 1/1/25-12/31/25.

Complaints Filed for Possible Violations of The Texas Racial Profiling Law

Complaint Number	Alleged Violation	Disposition of the Case
1	Racial Profiling	Unsubstantiated
2	Racial Profiling	Unsubstantiated

Additional Comments:
.

TOTAL STOPS: 7,748

STREET ADDRESS OR APPROXIMATE LOCATION OF STOP.

City Street	7,728
US Highway	1
State Highway	0
County Road	6
Private Property	13

WAS RACE OR ETHNICITY KNOWN PRIOR TO STOP?

Yes	182
No	7,566

RACE OR ETHNICITY

Alaska Native/American Indian	162
Asian/Pacific Islander	370
Black	1,432
White	4,085
Hispanic/Latino	1,699

GENDER

Female Total: 2,815

Alaska Native/American Indian	39
Asian/Pacific Islander	122
Black	458
White	1,762
Hispanic/Latino	434

Male Total: 4,933

Alaska Native/American Indian	123
Asian/Pacific Islander	248
Black	974
White	2,323
Hispanic/Latino	1,265

REASON FOR STOP?

Violation of Law Total: 925

Alaska Native/American Indian	16
Asian/Pacific Islander	34
Black	206
White	394
Hispanic/Latino	275

Pre-existing Knowledge Total: 154

Alaska Native/American Indian	3
Asian/Pacific Islander	5
Black	57
White	35
Hispanic/Latino	54

Moving Traffic Violation Total: 5,002

Alaska Native/American Indian	113
Asian/Pacific Islander	274
Black	805
White	2,894
Hispanic/Latino	916

Vehicle Traffic Violation Total: 1,667

Alaska Native/American Indian	30
Asian/Pacific Islander	57
Black	364
White	762
Hispanic/Latino	454

WAS SEARCH CONDUCTED?

	YES	NO
Alaska Native/American Indian	0	162
Asian/Pacific Islander	2	368
Black	131	1,301
White	51	4,034
Hispanic/Latino	124	1,575
TOTAL	**308**	**7,440**

REASON FOR SEARCH?

Consent Total: 17

Alaska Native/American Indian	0
Asian/Pacific Islander	1
Black	3
White	3
Hispanic/Latino	10

Contraband (in plain view) Total: 0

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	0
White	0
Hispanic/Latino	0

Probable Cause Total: 120

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	69
White	14
Hispanic/Latino	37

Inventory Total: 139

Alaska Native/American Indian	0
Asian/Pacific Islander	1
Black	48
White	24
Hispanic/Latino	66

Incident to Arrest Total: 32

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	11
White	10
Hispanic/Latino	11

WAS CONTRABAND DISCOVERED?

	YES	NO
Alaska Native/American Indian	0	0
Asian/Pacific Islander	0	2
Black	48	83
White	18	33
Hispanic/Latino	36	88
TOTAL	**102**	**206**

Did the finding result in arrest?

	YES	NO
Alaska Native/American Indian	0	0
Asian/Pacific Islander	0	0
Black	4	44
White	0	18
Hispanic/Latino	4	32
TOTAL	**8**	**94**

DESCRIPTION OF CONTRABAND

Drugs Total: 82

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	43
White	10
Hispanic/Latino	29

Currency Total: 1

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	0
White	0
Hispanic/Latino	1

Weapons Total: 10

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	6
White	2
Hispanic/Latino	2

Alcohol Total: 11

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	3
White	3
Hispanic/Latino	5

Stolen Property Total: 2

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	0
White	1
Hispanic/Latino	1

Other Total: 10

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	3
White	4
Hispanic/Latino	3

RESULT OF THE STOP

Verbal Warning Total: 4,455

Alaska Native/American Indian	111
Asian/Pacific Islander	207
Black	910
White	2,321
Hispanic/Latino	906

Written Warning Total: 109

Alaska Native/American Indian	3
Asian/Pacific Islander	3
Black	22
White	63
Hispanic/Latino	18

Citation Total: 3,138

Alaska Native/American Indian	48
Asian/Pacific Islander	160
Black	480
White	1,689
Hispanic/Latino	761

Written Warning and Arrest Total: 0

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	0
White	0
Hispanic/Latino	0

Citation and Arrest Total: 18

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	6
White	3
Hispanic/Latino	9

Arrest Total: 28

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	14
White	9
Hispanic/Latino	5

TIER 2 DATA

ARREST BASED ON

Violation of Penal Code Total: 22

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	6
White	9
Hispanic/Latino	7

Violation of Traffic Law Total: 1

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	0
White	0
Hispanic/Latino	1

Violation of City Ordinance Total: 1

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	0
White	0
Hispanic/Latino	1

Outstanding Warrant Total: 22

Alaska Native/American Indian	0
Asian/Pacific Islander	0
Black	14
White	3
Hispanic/Latino	5

Was physical force used resulting in bodily injury during the stop?

	YES	NO
Alaska Native/American Indian	0	162
Asian/Pacific Islander	0	370
Black	2	1,430
White	2	4,083
Hispanic/Latino	1	1,698
TOTAL	**5**	**7,743**

Tables Illustrating Motor Vehicle Related Contact Data

Table 1. Citations and Warnings

Race/ Ethnicity	All Contacts	Citations	Verbal Warning	Written Warning	Contact Percent	Citation Percent	Verbal Percent	Written Percent
Alaska Native/ American Indian	162	48	111	3	2%	2%	2%	3%
Asian/ Pacific Islander	370	160	207	3	5%	5%	5%	3%
Black	1,432	486	910	22	18%	15%	20%	20%
White	4,085	1,692	2,321	63	53%	54%	52%	58%
Hispanic/ Latino	1,699	770	906	18	22%	24%	20%	17%
TOTAL	7,748	3,156	4,455	109	100%	100%	100%	100%

Table 2. Motor Vehicle Contacts and Fair Roads Standard Comparison

Comparison of motor vehicle-related contacts with households that have vehicle access.

Race/Ethnicity	Contact Percentage	Households with Vehicle Access
Alaska Native/American Indian	2%	0%
Asian/Pacific Islander	5%	5%
Black	18%	14%
White	53%	60%
Hispanic/Latino	22%	19%
TOTAL	100%	98%

Table 3. Motor Vehicle Searches and Arrests.

Race/Ethnicity	Searches	Consent Searches	Arrests
Alaska Native/American Indian	0	0	0
Asian/Pacific Islander	2	1	0
Black	131	3	20
White	51	3	12
Hispanic/Latino	124	10	14
TOTAL	308	17	46

Table 4. Instances Where Peace Officers Used Physical Force Resulting in Bodily Injury

Instances Where Peace Officers Used Physical Force that Resulted in Bodily Injury	Arrest	Location of Stop	Reason for Stop
1	04/26/25	3900 Miramar Ave	Traffic Violation
2	08/14/25	4100 Mockingbird Ln	Traffic Violation
3	09/12/25	4101 Beverly Dr	Traffic Violation
4	11/17/25	4200 Bowser Ave	Traffic Violation
5	12/07/25	4800 Abbott Ave	Stolen Vehicle

Table 5. Search Data

Race/ Ethnicity	Searches	Contraband Found Yes	Contraband Found No	Arrests	Percent Searches	Percent Contraband Found	Percent No Contraband	Percent Arrest
Alaska Native/ American Indian	0	0	0	0	0%	0%	0%	0%
Asian/ Pacific Islander	2	0	2	0	1%	0%	1%	0%
Black	131	48	83	20	43%	47%	40%	43%
White	51	18	33	12	17%	18%	16%	26%
Hispanic/ Latino	124	36	88	14	40%	35%	43%	30%
TOTAL	308	102	206	46	100%	100%	100%	100%

Table 6. Report on Audits.

The following table contains data regarding the number and outcome of required data audits during the period of 1/1/25-12/31/25.

Audit Data	Number of Data Audits Completed	Date of Completion	Outcome of Audit
1	1	03/01/25	Data was valid and reliable
2	1	06/01/25	Data was valid and reliable
3	1	09/01/25	Data was valid and reliable
4	1	12/01/25	Data was valid and reliable

ADDITIONAL COMMENTS:

Table 7. Instance Where Force Resulted in Bodily Injury.

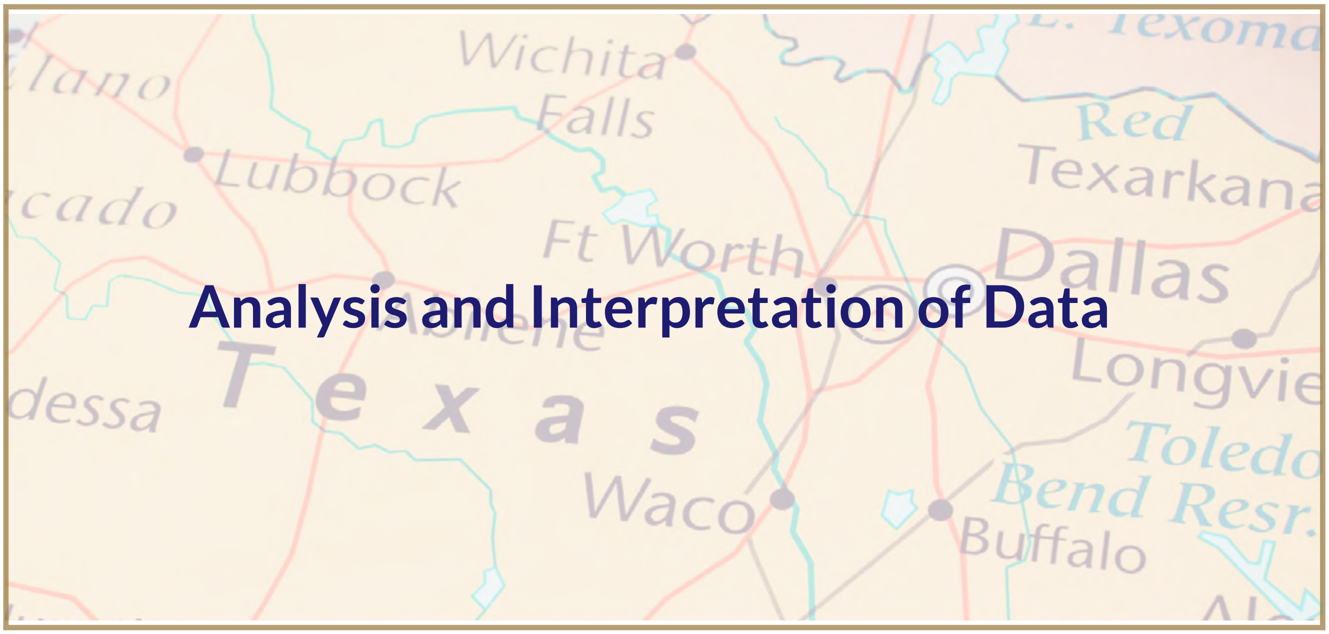
Race/Ethnicity	Number	Percent
Alaska Native/American Indian	0	0%
Asian/Pacific Islander	0	0%
Black	2	40%
White	2	40%
Hispanic/Latino	1	20%
TOTAL	5	100%

Table 8. Reason for Arrests from Vehicle Contact

Race/ Ethnicity	Violation of Penal Code	Violation of Traffic Law	Violation of City Ordinance	Outstanding Warrant	Percent Penal Code	Percent Traffic Law	Percent City Ordinance	Percent Warrant
Alaska Native/ American Indian	0	0	0	0	0%	0%	0%	0%
Asian/Pacific Islander	0	0	0	0	0%	0%	0%	0%
Black	6	0	0	14	27%	0%	0%	64%
White	9	0	0	3	41%	0%	0%	14%
Hispanic/ Latino	7	1	1	5	32%	100%	100%	23%
TOTAL	22	1	1	22	100%	100%	100%	100%

Table 9. Contraband Hit Rate

Race/ Ethnicity	Searches	Contraband Found Yes	Contraband Hit Rate	Search Percent	Contraband Percent
Alaska Native/ American Indian	0	0	0%	0%	0%
Asian/ Pacific Islander	2	0	0%	1%	0%
Black	131	48	37%	43%	47%
White	51	18	35%	17%	18%
Hispanic/Latino	124	36	29%	40%	35%



Analysis and Interpretation of Data

Legislative Background and Statutory Framework

In 2001, the Texas Legislature enacted Senate Bill 1074, establishing the Texas Racial Profiling Law. This legislation became effective on January 1, 2002, and required all law enforcement agencies in Texas to collect traffic-related contact data and submit annual reports to their respective local governing authorities by March 1 of each calendar year. The original statutory framework remained substantially unchanged until 2009, when the Texas Legislature passed House Bill 3389, introducing significant amendments to the data collection and reporting requirements.

The 2009 legislative amendments, which took effect on January 1, 2010, expanded the definition of reportable contacts to include all motor vehicle-related encounters resulting in the issuance of a citation or custodial arrest. Additionally, the amended statute required law enforcement officers to document whether they possessed knowledge of the individual's race or ethnicity prior to initiating the detention. The 2009 legislation also mandated the inclusion of "Middle Eastern" as a distinct racial and ethnic classification category and established TCOLE as the central repository for annual data submissions.

In 2017, the Texas Legislature enacted two significant pieces of legislation affecting racial profiling data collection requirements. House Bill 3051 eliminated the Middle Eastern classification category and standardized racial and ethnic designations to align with federal reporting standards. Concurrently, the Sandra Bland Act (Senate Bill 1849) was passed and signed into law, representing the most comprehensive legislative mandate in Texas history regarding law enforcement contact data requirements. The Sandra Bland Act, which became effective on January 1, 2018, not only expanded data collection requirements but also mandated detailed analytical assessments addressing the following statutory elements:

1. A comparative analysis of compiled information pursuant to Article 2.133, including:

a. Evaluation and comparison of motor vehicle stops within the applicable jurisdiction between persons recognized as racial or ethnic minorities and persons not recognized as racial or ethnic minorities;

b. Examination of the disposition of motor vehicle stops conducted by agency personnel, categorized according to the race or ethnicity of affected persons, including any searches resulting from stops within the applicable jurisdiction;

c. *Evaluation and comparison of searches resulting from motor vehicle stops within the applicable jurisdiction and documentation of whether contraband or other evidence was discovered during the course of such searches.*

2. *Documentation of all complaints filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.*

Analytical Methodology and Baseline Considerations

In accordance with the Texas Racial Profiling Law and Sandra Bland Act requirements, the Highland Park Department of Public Safety commissioned an independent analysis of its 2025 motor vehicle contact data. The analytical framework employed in this study incorporated two distinct methodological approaches. The primary analysis involved a comprehensive evaluation of all motor vehicle-related contact data collected during the 2025 reporting period. This analysis measured, as required by statute, the number and percentage of contacts involving individuals classified as White, Black, Hispanic or Latino, Asian and Pacific Islander, and Alaska Native and American Indian, who encountered law enforcement during motor vehicle-related contacts resulting in the issuance of citations, warnings, or custodial arrests.

The Tier 2 data analysis encompassed multiple variables including, but not limited to: the number and percentage of contacts by race and ethnicity; gender distribution; documented reason for the stop; geographic location of the encounter; search activity including search type classification; outcome of the contact; legal basis for any resulting arrest; and any use of physical force resulting in bodily injury. This comprehensive data collection framework enables a thorough assessment of departmental practices and facilitates identification of any patterns warranting further examination.

The analytical framework employed in this report utilized a comparative methodology that assessed 2025 motor vehicle contact data against an established demographic baseline. It should be noted that considerable scholarly debate exists regarding the appropriate baseline measure for analyzing motor vehicle-related contact data. Among available baseline measures, the Highland Park Department of Public Safety accepted the recommendation to employ the Fair Roads Standard as the primary comparative benchmark. This particular baseline is derived from U.S. Census Bureau data (2020) pertaining to the number of households with vehicle access, controlled for the race and ethnicity of heads of households.

It is important to acknowledge the methodological limitations inherent in utilizing census-derived baseline data for racial profiling analysis. Census data encompasses all residents within a given jurisdiction, regardless of their status within the driving population. Furthermore, census data captures information exclusively pertaining to municipal residents, thereby excluding individuals who may have encountered the Highland Park Department of Public Safety during the reporting period but reside outside jurisdictional boundaries. In certain municipalities, contacts with non-residents constitute a substantial proportion of all motor vehicle-related encounters recorded during any given reporting period.

In 2002, prominent civil rights organizations in Texas advocated for the adoption of the Fair Roads Standard as the preferred baseline measure for all law enforcement agencies conducting racial profiling analyses. These standard compares census data specific to "households" with vehicle access against "contacts," which represent individual-level counts. This methodological approach introduces the potential for ecological fallacy, as household-level data is being compared with individual-level contact data. Notwithstanding these limitations, the Highland Park Department of Public Safety elected to employ this comparison methodology to demonstrate institutional commitment to transparency and community accountability. The Fair Roads Standard data utilized in this analysis is specific to the jurisdiction of the Dallas Fort-Worth (DFW) Metroplex.

Tier 2 Motor Vehicle-Related Contact Analysis (2025)

Examination of the enhanced Tier 2 data collected during the 2025 reporting period reveals distinct patterns in motor vehicle-related contacts. The demographic distribution of contacts indicates that the majority of motor vehicle-related encounters involved White individuals, followed by Hispanic individuals. Among all individuals contacted by law enforcement, the greatest number of citations were issued to White and Hispanic individuals, followed by Black individuals. With respect to written warnings, the majority were issued to White individuals, with Black individuals representing the second largest recipient group.

Analysis of search and arrest data reveals that the majority of searches were conducted involving Black individuals. When examining search methodology, the greatest number of consent searches involved Hispanic individuals. The majority of custodial arrests involved Black individuals. Overall, the preponderance of searches did not result in the discovery of contraband. Among searches that yielded contraband, the majority involved Black individuals, followed by Hispanic individuals. Among searches that did not produce contraband, the majority involved Hispanic individuals.

Arrest data indicates that the majority of custodial arrests involved Black individuals. Among arrests originating from alleged violations of the Texas Penal Code, the majority involved White individuals. With respect to use of force, the department reports five instances where physical force was used resulting in bodily injury during the reporting period.

Comparative Analysis

A comprehensive comparative analysis was conducted examining 2025 motor vehicle contact data against census data pertaining to households within DFW that reported vehicle access in the 2020 Census. This analysis produced the following findings:

The percentage of White and Asian individuals who came into contact with law enforcement was equal to or lower than the percentage of White and Asian households within DFW that reported vehicle access in the most recent census enumeration. Conversely, the data revealed that a higher percentage of Black, Hispanic, and American Indian individuals came into contact with law enforcement compared to the percentage of Black, Hispanic, and American Indian households that reported vehicle access. It should be noted that the percentage differential for American Indian contacts relative to household representation is 2%, which may be considered statistically insignificant depending upon the analytical threshold employed.

The contraband discovery rate analysis reveals that among all searches conducted during the 2025 reporting period, Black individuals demonstrated the highest contraband hit rate, followed by White and Hispanic individuals respectively. This indicates that among all searches performed, the highest percentage of searches resulting in contraband discovery involved Black individuals. The lowest contraband discovery rate was observed among Asian individuals.

Summary of Findings

As mandated by the current Texas Racial Profiling Law, law enforcement agencies are required to conduct data audits to validate the accuracy and reliability of reported data. In compliance with this requirement, the Highland Park Department of Public Safety engaged Del Carmen Consulting, LLC to perform independent data audits consistent with normative statistical practices and methodological standards. As documented in the accompanying audit report, the validation process confirms that the data submitted is both valid and reliable.

Furthermore, as required by statute, this report includes a comprehensive analysis of search activity, including documentation of whether contraband was discovered as a result of searches while controlling for the race and ethnicity of searched individuals. The search analysis demonstrates that the Highland Park Department of Public Safety is engaging in search practices consistent with prevailing national trends in law enforcement and does not reveal patterns indicative of discriminatory practices.

Based upon the analytical findings presented in this report, the following recommendations are offered to ensure continued compliance and institutional best practices:

1. Continue to collect and evaluate supplementary motor vehicle contact data elements, including but not limited to documented bases for probable cause searches and detailed contraband classification, which may prove valuable in assessing the nature and circumstances of law enforcement contacts with all individuals.
2. Commission an independent analysis of contact and search data during the upcoming reporting period to maintain analytical continuity and identify any emerging trends.
3. Continue to commission periodic data audits to ensure data integrity and verify that collected data is consistent with reported data, thereby maintaining the validity and reliability of all submissions.

Conclusion

The comprehensive data analysis presented in this report serves as documented evidence that the Highland Park Department of Public Safety has achieved full compliance with the Texas Racial Profiling Law and all associated statutory requirements. This report demonstrates that the department has:

- Implemented and maintains a comprehensive racial profiling policy in accordance with statutory requirements;
- Established and publicized procedures for members of the public to file compliments or complaints regarding officer conduct;
- Commissioned periodic data audits to ensure the validity and reliability of all collected and reported data;
- Collected and commissioned independent analysis of all required Tier 2 data elements; and
- Ensured that the practice of racial profiling is expressly prohibited and will not be accepted or tolerated within the organization.

The Highland Park Department of Public Safety remains committed to constitutional policing practices, equitable treatment of all individuals, and continued compliance with all applicable state and federal requirements pertaining to racial profiling prevention and reporting.

APPENDICES

[This section should include the following reference materials:]

- **Original text of Senate Bill 1074 (Texas Racial Profiling Law)**
- **Sandra Bland Act (Senate Bill 1849) - Current governing law**
- **TCOLE compliance requirements and guidelines**
- **Agency racial profiling policy documentation**
- **Training documentation and certifications**
- **Complaint and compliment procedure documentation**
- **Data audit methodology and validation results**
- **Tier 2 data collection forms and submission confirmation**

LEGISLATIVE & ADMINISTRATIVE

TCOLE GUIDELINES

Guidelines for Compiling and Reporting Data under Senate Bill 1074

Background

Senate Bill 1074 of the 77th Legislature established requirements in the Texas Code of Criminal Procedure (TCCP) for law enforcement agencies. The Commission developed this document to assist agencies in complying with the statutory requirements.

The guidelines are written in the form of standards using a style developed from accreditation organizations including the Commission on Accreditation for Law Enforcement Agencies (CALEA). The standards provide a description of ***what*** must be accomplished by an agency but allows wide latitude in determining ***how*** the agency will achieve compliance with each applicable standard.

Each standard is composed of two parts: the standard statement and the commentary. The *standard statement* is a declarative sentence that places a clear-cut requirement, or multiple requirements, on an agency. The commentary supports the standard statement but is not binding. The commentary can serve as a prompt, as guidance to clarify the intent of the standard, or as an example of one possible way to comply with the standard.

Standard 1

Each law enforcement agency has a detailed written directive that:

- clearly defines acts that constitute racial profiling;
- strictly prohibits peace officers employed by the agency from engaging in racial profiling;
- implements a process by which an individual may file a complaint with the agency if the individual believes a peace officer employed by the agency has engaged in racial profiling with respect to the individual filing the complaint;
- provides for public education relating to the complaint process;
- requires appropriate corrective action to be taken against a peace officer employed by the agency who, after investigation, is shown to have engaged in racial profiling in violation of the agency's written racial profiling policy; and
- requires the collection of certain types of data for subsequent reporting.

Commentary

Article 2.131 of the TCCP prohibits officers from engaging in racial profiling, and article 2.132 of the TCCP now requires a written policy that contains the elements listed in this standard. The article also specifically defines a law enforcement agency as it applies to this statute as an " agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make traffic stops in the routine performance of the officers' official duties."

The article further defines race or ethnicity as being of "a particular descent, including Caucasian, African, Hispanic, Asian, or Native American." The statute does not limit the required policies to just these ethnic groups.

This written policy is to be adopted and implemented no later than January 1, 2002.

Standard 2

Each peace officer who stops a motor vehicle for an alleged violation of a law or ordinance regulating traffic, or who stops a pedestrian for any suspected offense reports to the employing law enforcement agency information relating to the stop, to include:

- a physical description of each person detained, including gender and the person's race or ethnicity, as stated by the person, or, if the person does not state a race or ethnicity, as determined by the officer's best judgment;
- the traffic law or ordinance alleged to have been violated or the suspected offense;
- whether the officer conducted a search as a result of the stop and, if so, whether the person stopped consented to the search;
- whether any contraband was discovered in the course of the search, and the type of contraband discovered;
- whether probable cause to search existed, and the facts supporting the existence of that probable cause;
- whether the officer made an arrest as a result of the stop or the search, including a statement of the offense charged;
- the street address or approximate location of the stop; and
- whether the officer issued a warning or citation as a result of the stop, including a description of the warning or a statement of the violation charged.

Commentary

The information required by 2.133 TCCP is used to complete the agency reporting requirements found in Article 2.134. A peace officer and an agency may be exempted from this requirement under Article 2.135 TCCP Exemption for Agencies Using Video and Audio Equipment. An agency may be exempt from this reporting requirement by applying for the funds from the Department of Public Safety for video and audio equipment and the State does not supply those funds. Section 2.135 (a)(2) states, "the governing body of the county or municipality served by the law enforcement agency, in conjunction with the law enforcement agency, certifies to the Department of Public Safety, not later than the date specified by rule by the department, that the law enforcement agency needs funds or video and audio equipment for the purpose of installing video and audio equipment as described by Subsection (a) (1) (A) and the agency does not receive from the state funds for video and audio equipment sufficient, as determined by the department, for the agency to accomplish that purpose."

Standard 3

The agency compiles the information collected under 2.132 and 2.133 and analyzes the information identified in 2.133.

Commentary

Senate Bill 1074 from the 77th Session of the Texas Legislature created requirements for law enforcement agencies to gather specific information and to report it to each county or municipality served. New sections of law were added to the Code of Criminal Procedure regarding the reporting of traffic and pedestrian stops. Detained is defined as when a person stopped is not free to leave.

Article 2.134 TCCP requires the agency to compile and provide and analysis of the information collected by peace officer employed by the agency. The report is provided to the governing body of the municipality or county no later than March 1 of each year and covers the previous calendar year.

There is data collection and reporting required based on Article 2.132 CCP (tier one) and Article 2.133 CCP (tier two).

The minimum requirements for "tier one" data for traffic stops in which a citation results are:

1) the race or ethnicity of individual detained (race and ethnicity as defined by the bill means of "a particular descent, including Caucasian, African, Hispanic, Asian, or Native American");
2) whether a search was conducted, and if there was a search, whether it was a consent search or a probable cause search; and
3) whether there was a custody arrest.

The minimum requirements for reporting on "tier two" reports include traffic and pedestrian stops. Tier two data include:

1) the detained person's gender and race or ethnicity;
2) the type of law violation suspected, e.g., hazardous traffic, non-hazardous traffic, or other criminal investigation (the Texas Department of Public Safety publishes a categorization of traffic offenses into hazardous or non-hazardous);
3) whether a search was conducted, and if so whether it was based on consent or probable cause;
4) facts supporting probable cause;
5) the type, if any, of contraband that was collected;
6) disposition of the stop, e.g., arrest, ticket, warning, or release;
7) location of stop; and
8) statement of the charge, e.g., felony, misdemeanor, or traffic.

Tier one reports are made to the governing body of each county or municipality served by the agency an annual report of information if the agency is an agency of a county, municipality, or other political subdivision of the state. Tier one and two reports are reported to the county or municipality not later than March 1 for the previous calendar year beginning March 1, 2003. Tier two reports include a comparative analysis between the race and ethnicity of persons detained to see if a differential pattern of treatment can be discerned based on the disposition of stops including searches resulting from the stops. The reports also include information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling. An agency may be exempt from the tier two reporting requirement by applying for the funds from the Department of Public Safety for video and audio equipment and the State does not supply those funds [See 2.135 (a)(2) TCCP].

Reports should include both raw numbers and percentages for each group. Caution should be exercised in interpreting the data involving percentages because of statistical distortions caused by very small numbers in any particular category, for example, if only one American Indian is stopped and searched, that stop would not provide an accurate comparison with 200 stops among Caucasians with 100 searches. In the first case, a 100% search rate would be skewed data when compared to a 50% rate for Caucasians.

Standard 4
If a law enforcement agency has video and audio capabilities in motor vehicles regularly used for traffic stops, or audio capabilities on motorcycles regularly used to make traffic stops, the agency:
- adopts standards for reviewing and retaining audio and video documentation; and
- promptly provides a copy of the recording to a peace officer who is the subject of a complaint on written request by the officer.

Commentary
The agency should have a specific review and retention policy. Article 2.132 TCCP specifically requires that the peace officer be promptly provided with a copy of the audio or video recordings if the officer is the subject of a complaint and the officer makes a written request.

Standard 5
Agencies that do not currently have video or audio equipment must examine the feasibility of installing such equipment.

Commentary
None

Standard 6
Agencies that have video and audio recording capabilities are exempt from the reporting requirements of Article 2.134 TCCP and officers are exempt from the reporting requirements of Article 2.133 TCCP provided that:
- the equipment was in place and used during the proceeding calendar year; and
- video and audio documentation is retained for at least 90 days.

Commentary
The audio and video equipment and policy must have been in place during the previous calendar year. Audio and video documentation must be kept for at least 90 days or longer if a complaint has been filed. The documentation must be retained until the complaint is resolved. Peace officers are not exempt from the requirements under Article 2.132 TCCP.

Standard 7

Agencies have citation forms or other electronic media that comply with Section 543.202 of the Transportation Code.

Commentary

Senate Bill 1074 changed Section 543.202 of the Transportation Code requiring citations to include:

- race or ethnicity, and
- whether a search of the vehicle was conducted and whether consent for the search was obtained.

The Texas Law on Racial Profiling

S.B. No. 1074 - An Act relating to the prevention of racial profiling by certain peace officers.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 2, Code of Criminal Procedure, is amended by adding Articles 2.131 through 2.138 to read as follows:

Art. 2.131. RACIAL PROFILING PROHIBITED. A peace officer may not engage in racial profiling.

Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING. (a) In this article:

(1) "Law enforcement agency" means an agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make traffic stops in the routine performance of the officers' official duties.

(2) "Race or ethnicity" means of a particular descent, including Caucasian, African, Hispanic, Asian, or Native American descent.

(b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

(1) clearly define acts constituting racial profiling;

(2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;

(3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;

(4) provide public education relating to the agency's complaint process;

(5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;

(6) require collection of information relating to traffic stops in which a citation is issued and to arrests resulting from those traffic stops, including information relating to:

(A) the race or ethnicity of the individual detained; and

(B) whether a search was conducted and, if so, whether the person detained consented to the search; and

(7) require the agency to submit to the governing body of each county or municipality served by the agency an annual report of the information collected under Subdivision (6) if the agency is an agency of a county, municipality, or other political subdivision of the state.

(c) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.

(d) On adoption of a policy under Subsection (b), a law enforcement agency shall examine the feasibility of installing video camera and transmitter-activated equipment in each agency law enforcement motor vehicle regularly used to make traffic stops and transmitter-activated equipment in each agency law enforcement motorcycle regularly used to make traffic stops. If a law enforcement agency installs video or audio equipment as provided by this subsection, the policy adopted by the agency under Subsection (b) must include standards for reviewing video and audio documentation.

(e) A report required under Subsection (b)(7) may not include identifying information about a peace officer who makes a traffic stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the collection of information as required by a policy under Subsection (b)(6).

(f) On the commencement of an investigation by a law enforcement agency of a complaint described by Subsection (b)(3) in which a video or audio recording of the occurrence on which the complaint is based was made, the agency shall promptly provide a copy of the recording to the peace officer who is the subject of the complaint on written request by the officer.

Art. 2.133. REPORTS REQUIRED FOR TRAFFIC AND PEDESTRIAN STOPS. (a) In this article:

(1) "Race or ethnicity" has the meaning assigned by Article 2.132(a).

(2) "Pedestrian stop" means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest.

(b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance regulating traffic or who stops a pedestrian for any suspected offense shall report to the law enforcement agency that employs the officer information relating to the stop, including:

(1) a physical description of each person detained as a result of the stop, including:

(A) the person's gender; and

(B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;

(2) the traffic law or ordinance alleged to have been violated or the suspected offense;

(3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;

(4) whether any contraband was discovered in the course of the search and the type of contraband discovered;

(5) whether probable cause to search existed and the facts supporting the existence of that probable cause;

(6) whether the officer made an arrest as a result of the stop or the search, including a statement of the offense charged;

(7) the street address or approximate location of the stop; and

(8) whether the officer issued a warning or a citation as a result of the stop, including a description of the warning or a statement of the violation charged.

Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED.

(a) In this article, "pedestrian stop" means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest.

(b) A law enforcement agency shall compile and analyze the information contained in each report received by the agency under Article 2.133. Not later than March 1 of each year, each local law enforcement agency shall submit a report containing the information compiled during the previous calendar year to the governing body of each county or municipality served by the agency in a manner approved by the agency.

(c) A report required under Subsection (b) must include:

(1) a comparative analysis of the information compiled under Article 2.133 to:

(A) determine the prevalence of racial profiling by peace officers employed by the agency; and

(B) examine the disposition of traffic and pedestrian stops made by officers employed by the agency, including searches resulting from the stops; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

(d) A report required under Subsection (b) may not include identifying information about a peace officer who makes a traffic or pedestrian stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the reporting of information required under Article 2.133(b)(1).

(e) The Commission on Law Enforcement Officer Standards and Education shall develop guidelines for compiling and reporting information as required by this article.

(f) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.

Art. 2.135. EXEMPTION FOR AGENCIES USING VIDEO AND AUDIO EQUIPMENT. (a) A peace officer is exempt from the reporting requirement under Article 2.133 and a law enforcement agency is exempt from the compilation, analysis, and reporting requirements under Article 2.134 if:

(1) during the calendar year preceding the date that a report under Article 2.134 is required to be submitted:

(A) each law enforcement motor vehicle regularly used by an officer employed by the agency to make traffic and pedestrian stops is equipped with video camera and transmitter-activated equipment and each law enforcement motorcycle regularly used to make traffic and pedestrian stops is equipped with transmitter-activated equipment; and

(B) each traffic and pedestrian stop made by an officer employed by the agency that is capable of being recorded by video and audio or audio equipment, as appropriate, is recorded by using the equipment; or

(2) the governing body of the county or municipality served by the law enforcement agency, in conjunction with the law enforcement agency, certifies to the Department of Public Safety, not later than the date specified by rule by the department, that the law enforcement agency needs funds or video and audio equipment for the purpose of installing video and audio equipment as described by Subsection (a)(1)(A) and the agency does not receive from the state funds or video and audio equipment sufficient, as determined by the department, for the agency to accomplish that purpose.

(b) Except as otherwise provided by this subsection, a law enforcement agency that is exempt from the requirements under Article 2.134 shall retain the video and audio or audio documentation of each traffic and pedestrian stop for at least 90 days after the date of the stop. If a complaint is filed with the law enforcement agency alleging that a peace officer employed by the agency has engaged in racial profiling with respect to a traffic or pedestrian stop, the agency shall retain the video and audio or audio record of the stop until final disposition of the complaint.

(c) This article does not affect the collection or reporting requirements under Article 2.132.

Art. 2.136. LIABILITY. A peace officer is not liable for damages arising from an act relating to the collection or reporting of information as required by Article 2.133 or under a policy adopted under Article 2.132.

Art. 2.137. PROVISION OF FUNDING OR EQUIPMENT.

(a) The Department of Public Safety shall adopt rules for providing funds or video and audio equipment to law enforcement agencies for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), including specifying criteria to prioritize funding or equipment provided to law enforcement agencies. The criteria may include consideration of tax effort, financial hardship, available revenue, and budget surpluses. The criteria must give priority to:

(1) law enforcement agencies that employ peace officers whose primary duty is traffic enforcement;

(2) smaller jurisdictions; and

(3) municipal and county law enforcement agencies.

(b) The Department of Public Safety shall collaborate with an institution of higher education to identify law enforcement agencies that need funds or video and audio equipment for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A). The collaboration may include the use of a survey to assist in developing criteria to prioritize funding or equipment provided to law enforcement agencies.

(c) To receive funds or video and audio equipment from the state for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency needs funds or video and audio equipment for that purpose.

(d) On receipt of funds or video and audio equipment from the state for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency has installed video and audio equipment as described by Article 2.135(a)(1)(A) and is using the equipment as required by Article 2.135(a)(1).

Art. 2.138. RULES. The Department of Public Safety may adopt rules to implement Articles 2.131-2.137.

SECTION 2. Chapter 3, Code of Criminal Procedure, is amended by adding Article 3.05 to read as follows:

Art. 3.05. RACIAL PROFILING. In this code, "racial profiling" means a law enforcement-initiated action based on an individual's race, ethnicity, or national origin rather than on the individual's behavior or on information identifying the individual as having engaged in criminal activity.

SECTION 3. Section 96.641, Education Code, is amended by adding Subsection (j) to read as follows:

(j) As part of the initial training and continuing education for police chiefs required under this section, the institute shall establish a program on racial profiling. The program must include an examination of the best practices for:

(1) monitoring peace officers' compliance with laws and internal agency policies relating to racial profiling;

(2) implementing laws and internal agency policies relating to preventing racial profiling; and

(3) analyzing and reporting collected information.

SECTION 4. Section 1701.253, Occupations Code, is amended by adding Subsection (e) to read as follows:

(e) As part of the minimum curriculum requirements, the commission shall establish a statewide comprehensive education and training program on racial profiling for officers licensed under this chapter. An officer shall complete a program established under this subsection not later than the second anniversary of the date the officer is licensed under this chapter or the date the officer applies for an intermediate proficiency certificate, whichever date is earlier.

SECTION 5. Section 1701.402, Occupations Code, is amended by adding Subsection (d) to read as follows:

(d) As a requirement for an intermediate proficiency certificate, an officer must complete an education and training program on racial profiling established by the commission under Section 1701.253(e).

SECTION 6. Section 543.202, Transportation Code, is amended to read as follows:

Sec. 543.202. FORM OF RECORD. (a) In this section, "race or ethnicity" means of a particular descent, including Caucasian, African, Hispanic, Asian, or Native American descent.

(b) The record must be made on a form or by a data processing method acceptable to the department and must include:

(1) the name, address, physical description, including race or ethnicity, date of birth, and driver's license number of the person charged;

(2) the registration number of the vehicle involved;

(3) whether the vehicle was a commercial motor vehicle as defined by Chapter 522 or was involved in transporting hazardous materials;

(4) the person's social security number, if the person was operating a commercial motor vehicle or was the holder of a commercial driver's license or commercial driver learner's permit;

(5) the date and nature of the offense, including whether the offense was a serious traffic violation as defined by Chapter 522;

(6) whether a search of the vehicle was conducted and whether consent for the search was obtained;

(7) the plea, the judgment, and whether bail was forfeited;

(8) [~~(7)~~] the date of conviction; and

(9) [~~(8)~~] the amount of the fine or forfeiture.

SECTION 7. Not later than January 1, 2002, a law enforcement agency shall adopt and implement a policy and begin collecting information under the policy as required by Article 2.132, Code of Criminal Procedure, as added by this Act. A local law enforcement agency shall first submit information to the governing body of each county or municipality served by the agency as required by Article 2.132, Code of Criminal Procedure, as added by this Act, on March 1, 2003. The first submission of information shall consist of information compiled by the agency during the period beginning January 1, 2002, and ending December 31, 2002.

SECTION 8. A local law enforcement agency shall first submit information to the governing body of each county or municipality served by the agency as required by Article 2.134, Code of Criminal Procedure, as added by this Act, on March 1, 2004. The first submission of information shall consist of information compiled by the agency during the period beginning January 1, 2003, and ending December 31, 2003.

SECTION 9. Not later than January 1, 2002:

(1) the Commission on Law Enforcement Officer Standards and Education shall establish an education and training program on racial profiling as required by Subsection (e), Section 1701.253, Occupations Code, as added by this Act; and

(2) the Bill Blackwood Law Enforcement Management Institute of Texas shall establish a program on racial profiling as required by Subsection (j), Section 96.641, Education Code, as added by this Act.

SECTION 10. A person who on the effective date of this Act holds an intermediate proficiency certificate issued by the Commission on Law Enforcement Officer Standards and Education or has held a peace officer license issued by the Commission on Law Enforcement Officer Standards and Education for at least two years shall complete an education and training program on racial profiling established under Subsection (e), Section 1701.253, Occupations Code, as added by this Act, not later than September 1, 2003.

SECTION 11. An individual appointed or elected as a police chief before the effective date of this Act shall complete a program on racial profiling established under Subsection (j), Section 96.641, Education Code, as added by this Act, not later than September 1, 2003.

SECTION 12. This Act takes effect September 1, 2001

______________________________ ______________________________

President of the Senate Speaker of the House

I hereby certify that S.B. No. 1074 passed the Senate on April 4, 2001, by the following vote: Yeas 28, Nays 2; May 21, 2001, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 22, 2001, House granted request of the Senate; May 24, 2001, Senate adopted Conference Committee Report by a viva-voce vote.

____
Secretary of the Senate

I hereby certify that S.B. No. 1074 passed the House, with amendments, on May 15, 2001, by a non-record vote; May 22, 2001, House granted request of the Senate for appointment of Conference Committee; May 24, 2001, House adopted Conference Committee Report by a non-record vote.

____
Chief Clerk of the House

Approved:

____
Date

____
Governor

Modifications to the Original Law (H.B. 3389)

Amend CSHB 3389 (Senate committee report) as follows:

(1) Strike the following SECTIONS of the bill:

(A) SECTION 8, adding Section 1701.164, Occupations Code (page 4, lines 61-66);

(B) SECTION 24, amending Article 2.132(b), Code of Criminal Procedure (page 8, lines 19-53);

(C) SECTION 25, amending Article 2.134(b), Code of Criminal Procedure (page 8, lines 54-64);

(D) SECTION 28, providing transition language for the amendments to Articles 2.132(b) and 2.134(b), Code of Criminal Procedure (page 9, lines 40-47).

(2) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS of the bill accordingly: SECTION ____. Article 2.132, Code of Criminal Procedure, is amended by amending Subsections (a),(b), (d), and (e) and adding Subsection (g) to read as follows:

(a) In this article:

(1) "Law enforcement agency" means an agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make motor vehicle[~~traffic~~] stops in the routine performance of the officers' official duties.

(2) "Motor vehicle stop" means an occasion in which a peace officer stops a motor vehicle for an alleged violation of a law or ordinance.

(3) "Race or ethnicity" means of a particular descent, including Caucasian, African, Hispanic, Asian, [~~or~~] Native American, or Middle Eastern descent.

(b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

(1) clearly define acts constituting racial profiling;

(2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;

(3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;

(4) provide public education relating to the agency's complaint process;

(5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;

(6) require collection of information relating to motor vehicle [~~traffic~~] stops in which a citation is issued and to _arrests made as a result of [~~resulting from~~] those [~~traffic~~] stops, including information relating to:

(A) the race or ethnicity of the individual detained; and

(B) whether a search was conducted and, if so, whether the individual [~~person~~] detained consented to the search; and

(C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and

(7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit [~~to the governing body of each county or~~

~~municipality served by the agency~~] an annual report of the information collected under Subdivision (6) to:

(A) the Commission on Law Enforcement Officer Standards and Education; and

(B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

(d) On adoption of a policy under Subsection (b), a law enforcement agency shall examine the feasibility of installing video camera and transmitter-activated equipment in each agency law enforcement motor vehicle regularly used to make motor vehicle [~~traffic~~] stops and transmitter activated equipment in each agency law enforcement motorcycle regularly used to make motor vehicle [~~traffic~~] stops. If a law enforcement agency installs video or audio equipment as provided by this subsection, the policy adopted by the agency under Subsection (b) must include standards for reviewing video and audio documentation.

(e) A report required under Subsection (b)(7) may not include identifying information about a peace officer who makes a motor vehicle [~~traffic~~] stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the collection of information as required by a policy under Subsection (b)(6).

(g) On a finding by the Commission on Law Enforcement Officer Standards and Education that the chief administrator of a law enforcement agency intentionally failed to submit a report required under Subsection (b)(7), the commission shall begin disciplinary procedures against the chief administrator.

SECTION ____. Article 2.133, Code of Criminal Procedure, is amended to read as follows:

Art. 2.133. REPORTS REQUIRED FOR MOTOR VEHICLE [~~TRAFFIC AND PEDESTRIAN~~] STOPS. (a) In this article, "race[~~:~~

[~~(1) "Race~~] or ethnicity" has the meaning assigned by Article 2.132(a).

[~~(2) "Pedestrian stop" means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest.~~]

(b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance [~~regulating traffic or who stops a pedestrian for any suspected offense~~] shall report to the law enforcement agency that employs the officer information relating to the stop, including:

(1) a physical description of any [~~each~~] person operating the motor vehicle who is detained as a result of the stop, including:

(A) the person's gender; and

(B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;

(2) the initial reason for the stop [~~traffic law or ordinance alleged to have been violated or the suspected offense~~];

(3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;

(4) whether any contraband or other evidence was discovered in the course of the search and a description [~~the type~~] of the contraband or evidence [~~discovered~~];

(5) the reason for the search, including whether:

(A) any contraband or other evidence was in plain view;

(B) any probable cause or reasonable suspicion existed to perform the search; or

(C) the search was performed as a result of the towing of the motor vehicle or the arrest of any person in the motor vehicle [~~existed and the facts supporting the existence of that probable cause~~];

(6) whether the officer made an arrest as a result of the stop or the search, including a statement of whether the arrest was based on a violation of the Penal Code, a violation of a traffic law or ordinance, or an outstanding warrant and a statement of the offense charged;

(7) the street address or approximate location of the stop; and

(8) whether the officer issued a written warning or a citation as a result of the stop[~~, including a description of the warning or a statement of the violation charged~~].

SECTION ____. Article 2.134, Code of Criminal Procedure, is amended by amending Subsections (a) through (e) and adding Subsection (g) to read as follows:

(a) In this article:

(1) "Motor vehicle[~~, "pedestrian~~] stop" has the meaning assigned by Article 2.132(a) [~~means an interaction between a peace officer and an individual who is being detained for the purpose of a criminal investigation in which the individual is not under arrest~~].

(2) "Race or ethnicity" has the meaning assigned by Article 2.132(a).

(b) A law enforcement agency shall compile and analyze the information contained in each report received by the agency under Article 2.133. Not later than March 1 of each year, each [~~local~~] law enforcement agency shall submit a report containing the incident-based data [~~information~~] compiled during the previous calendar year to the Commission on Law Enforcement Officer Standards and Education and, if the law enforcement agency is a local law enforcement agency, to the governing body of each county or municipality served by the agency [~~in a manner approved by the agency~~].

(c) A report required under Subsection (b) must be submitted by the chief administrator of the law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, and must include:

(1) a comparative analysis of the information compiled under Article 2.133 to:

(A) evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities [~~determine the prevalence of racial profiling by peace officers employed by the agency~~]; and

(B) examine the disposition of motor vehicle [~~traffic and pedestrian~~] stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from [~~the~~] stops within the applicable jurisdiction; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

(d) A report required under Subsection (b) may not include identifying information about a peace officer who makes a motor vehicle [~~traffic or pedestrian~~] stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the reporting of information required under Article 2.133(b)(1).

(e) The Commission on Law Enforcement Officer Standards and Education, in accordance with Section 1701.162, Occupations Code, shall develop guidelines for compiling and reporting information as required by this article.

(g) On a finding by the Commission on Law Enforcement Officer Standards and Education that the chief administrator of a law enforcement agency intentionally failed to submit a report required under Subsection (b), the commission shall begin disciplinary procedures against the chief administrator.

SECTION ____. Article 2.135, Code of Criminal Procedure, is amended to read as follows:

Art. 2.135. PARTIAL EXEMPTION FOR AGENCIES USING VIDEO AND AUDIO EQUIPMENT. (a) A peace officer is exempt from the reporting requirement under Article 2.133 and the chief administrator of a law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, is exempt from the compilation, analysis, and reporting requirements under Article 2.134 if:

(1) during the calendar year preceding the date that a report under Article 2.134 is required to be submitted:

(A) each law enforcement motor vehicle regularly used by an officer employed by the agency to make motor vehicle [~~traffic and pedestrian~~] stops is equipped with video camera and transmitter-activated equipment and each law enforcement motorcycle regularly used to make motor vehicle [~~traffic and pedestrian~~] stops is equipped with transmitter-activated equipment; and

(B) each motor vehicle [~~traffic and pedestrian~~] stop made by an officer employed by the agency that is capable of being recorded by video and audio or audio equipment, as appropriate, is recorded by using the equipment; or

(2) the governing body of the county or municipality served by the law enforcement agency, in conjunction with the law enforcement agency, certifies to the Department of Public Safety, not later than the date specified by rule by the department, that the law enforcement agency needs funds or video and audio equipment for the purpose of installing video and audio equipment as described by Subsection (a)(1)(A) and the agency does not receive from the state funds or video and audio equipment sufficient, as determined by the department, for the agency to accomplish that purpose.

(b) Except as otherwise provided by this subsection, a law enforcement agency that is exempt from the requirements under Article 2.134 shall retain the video and audio or audio documentation of each motor vehicle [~~traffic and pedestrian~~] stop for at least 90 days after the date of the stop. If a complaint is filed with the law enforcement agency alleging that a peace officer employed by the agency has engaged in racial profiling with respect to a motor vehicle [~~traffic or pedestrian~~] stop, the agency shall retain the video and audio or audio record of the stop until final disposition of the complaint.

(c) This article does not affect the collection or reporting requirements under Article 2.132.

(d) In this article, "motor vehicle stop" has the meaning assigned by Article 2.132(a).

SECTION ____. Chapter 2, Code of Criminal Procedure, is amended by adding Article 2.1385 to read as follows:

Art. 2.1385. CIVIL PENALTY. (a) If the chief administrator of a local law enforcement agency intentionally fails to submit the incident-based data as required by Article 2.134, the agency is liable to the state for a civil penalty in the amount of $1,000 for each violation. The attorney general may sue to collect a civil penalty under this subsection.

(b) From money appropriated to the agency for the administration of the agency, the executive director of a state law enforcement agency that intentionally fails to submit the incident-based

data as required by Article 2.134 shall remit to the comptroller the amount of $1,000 for each violation.
(c) Money collected under this article shall be deposited in the state treasury to the credit of the general revenue fund.
SECTION ____. Subchapter A, Chapter 102, Code of Criminal Procedure, is amended by adding Article 102.022 to read as follows:
Art. 102.022. COSTS ON CONVICTION TO FUND STATEWIDE REPOSITORY FOR DATA RELATED TO CIVIL JUSTICE. (a) In this article, "moving violation" means an offense that:
(1) involves the operation of a motor vehicle; and
(2) is classified as a moving violation by the Department of Public Safety under Section 708.052, Transportation Code.
(b) A defendant convicted of a moving violation in a justice court, county court, county court at law, or municipal court shall pay a fee of 10 cents as a cost of court.
(c) In this article, a person is considered convicted if:
(1) a sentence is imposed on the person;
(2) the person receives community supervision, including deferred adjudication; or
(3) the court defers final disposition of the person's case.
(d) The clerks of the respective courts shall collect the costs described by this article. The clerk shall keep separate records of the funds collected as costs under this article and shall deposit the funds in the county or municipal treasury, as appropriate.
(e) The custodian of a county or municipal treasury shall:
(1) keep records of the amount of funds on deposit collected under this article; and
(2) send to the comptroller before the last day of the first month following each calendar quarter the funds collected under this article during the preceding quarter.
(f) A county or municipality may retain 10 percent of the funds collected under this article by an officer of the county or municipality as a collection fee if the custodian of the county or municipal treasury complies with Subsection (e).
(g) If no funds due as costs under this article are deposited in a county or municipal treasury in a calendar quarter, the custodian of the treasury shall file the report required for the quarter in the regular manner and must state that no funds were collected.
(h) The comptroller shall deposit the funds received under this article to the credit of the Civil Justice Data Repository fund in the general revenue fund, to be used only by the Commission on Law Enforcement Officer Standards and Education to implement duties under Section 1701.162, Occupations Code.
(i) Funds collected under this article are subject to audit by the comptroller.
SECTION ____. (a) Section 102.061, Government Code, as reenacted and amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, is amended to conform to the amendments made to Section 102.061, Government Code, by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, and is further amended to read as follows:
Sec. 102.061. ADDITIONAL COURT COSTS ON CONVICTION IN STATUTORY COUNTY COURT: CODE OF CRIMINAL PROCEDURE. The clerk of a statutory county court shall collect fees and costs under the Code of Criminal Procedure on conviction of a defendant as follows:
(1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . $20;
(2) a fee for services of the clerk of the court (Art. 102.005, Code of Criminal Procedure) . . . $40;

(3) a records management and preservation services fee (Art. 102.005, Code of Criminal Procedure) . . . $25;
(4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . $3;
(5) a juvenile delinquency prevention and graffiti eradication fee (Art. 102.0171, Code of Criminal Procedure) . . . $50 [~~$5~~]; [~~and~~]
(6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed $5; and
(7) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . $0.10.
(b) Section 102.061, Government Code, as amended by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, is repealed. Section 102.061, Government Code, as reenacted and amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, to reorganize and renumber that section, continues in effect as further amended by this section.
SECTION ____. (a) Section 102.081, Government Code, as amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, is amended to conform to the amendments made to Section 102.081, Government Code, by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, and is further amended to read as follows:
Sec. 102.081. ADDITIONAL COURT COSTS ON CONVICTION IN COUNTY COURT: CODE OF CRIMINAL PROCEDURE. The clerk of a county court shall collect fees and costs under the Code of Criminal Procedure on conviction of a defendant as follows:

(1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . $20;
(2) a fee for clerk of the court services (Art. 102.005, Code of Criminal Procedure) . . . $40;
(3) a records management and preservation services fee (Art. 102.005, Code of Criminal Procedure) . . . $25;
(4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . $3;
(5) a juvenile delinquency prevention and graffiti eradication fee (Art. 102.0171, Code of Criminal Procedure) . . . $50 [~~$5~~]; [~~and~~]
(6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed $5; and
(7) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . $0.10.
(b) Section 102.081, Government Code, as amended by Chapter 1053 (H.B. 2151), Acts of the 80th Legislature, Regular Session, 2007, is repealed. Section 102.081, Government Code, as amended by Chapter 921 (H.B. 3167), Acts of the 80th Legislature, Regular Session, 2007, to reorganize and renumber that section, continues in effect as further amended by this section.
SECTION ____. Section 102.101, Government Code, is amended to read as follows:
Sec. 102.101. ADDITIONAL COURT COSTS ON CONVICTION IN JUSTICE COURT: CODE OF CRIMINAL PROCEDURE. A clerk of a justice court shall collect fees and costs under the Code of Criminal Procedure on conviction of a defendant as follows:
(1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . $3;
(2) a fee for withdrawing request for jury less than 24 hours before time of trial (Art. 102.004, Code of Criminal Procedure) . . . $3;
(3) a jury fee for two or more defendants tried jointly (Art. 102.004, Code of Criminal Procedure) . . . one jury fee of $3;

(4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . $4;
(5) a fee for technology fund on a misdemeanor offense (Art. 102.0173, Code of Criminal Procedure) . . . $4;
(6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed $5;
(7) a fee on conviction of certain offenses involving issuing or passing a subsequently dishonored check (Art. 102.0071, Code of Criminal Procedure) . . . not to exceed $30; [~~and~~]
(8) a court cost on conviction of a Class C misdemeanor in a county with a population of 3.3 million or more, if authorized by the county commissioners court (Art. 102.009, Code of Criminal Procedure) . . . not to exceed $7; and
(9) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . $0.10.
SECTION ____. Section 102.121, Government Code, is amended to read as follows:
Sec. 102.121. ADDITIONAL COURT COSTS ON CONVICTION IN MUNICIPAL COURT: CODE OF CRIMINAL PROCEDURE. The clerk of a municipal court shall collect fees and costs on conviction of a defendant as follows:
(1) a jury fee (Art. 102.004, Code of Criminal Procedure) . . . $3;
(2) a fee for withdrawing request for jury less than 24 hours before time of trial (Art. 102.004, Code of Criminal Procedure) . . . $3;
(3) a jury fee for two or more defendants tried jointly (Art. 102.004, Code of Criminal Procedure) . . . one jury fee of $3;
(4) a security fee on a misdemeanor offense (Art. 102.017, Code of Criminal Procedure) . . . $3;
(5) a fee for technology fund on a misdemeanor offense (Art. 102.0172, Code of Criminal Procedure) . . . not to exceed $4; [~~and~~]
(6) a juvenile case manager fee (Art. 102.0174, Code of Criminal Procedure) . . . not to exceed $5; and
(7) a civil justice fee (Art. 102.022, Code of Criminal Procedure) . . . $0.10.
SECTION ____. Subchapter D, Chapter 1701, Occupations Code, is amended by adding Section 1701.164 to read as follows:
Sec. 1701.164. COLLECTION OF CERTAIN INCIDENT-BASED DATA SUBMITTED BY LAW ENFORCEMENT AGENCIES. The commission shall collect and maintain incident-based data submitted to the commission under Article 2.134, Code of Criminal Procedure, including incident-based data compiled by a law enforcement agency from reports received by the law enforcement agency under Article 2.133 of that code. The commission in consultation with the Department of Public Safety, the Bill Blackwood Law Enforcement Management Institute of Texas, the W. W. Caruth, Jr., Police Institute at Dallas, and the Texas Police Chiefs Association shall develop guidelines for submitting in a standard format the report containing incident-based data as required by Article 2.134, Code of Criminal Procedure.
SECTION ____. Subsection (a), Section 1701.501, Occupations Code, is amended to read as follows:
(a) Except as provided by Subsection (d), the commission shall revoke or suspend a license, place on probation a person whose license has been suspended, or reprimand a license holder for a violation of:
(1) this chapter;

(2) the reporting requirements provided by Articles 2.132 and 2.134, Code of Criminal Procedure; or

(3) a commission rule.

SECTION ____. (a) The requirements of Articles 2.132, 2.133, and 2.134, Code of Criminal Procedure, as amended by this Act, relating to the compilation, analysis, and submission of incident-based data apply only to information based on a motor vehicle stop occurring on or after January 1, 2010.

(b) The imposition of a cost of court under Article 102.022, Code of Criminal Procedure, as added by this Act, applies only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

Racial and Ethnic Designations (H.B. 3051)

H.B. No. 3051 - An Act relating to the categories used to record the race or ethnicity of persons stopped for or convicted of traffic offenses.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 2.132(a)(3), Code of Criminal Procedure, is amended to read as follows:

(3) "Race or ethnicity" means the following categories:

(A) Alaska native or American Indian;

(B) [~~of a particular descent, including Caucasian, African, Hispanic,~~] Asian or Pacific Islander;

(C) black;

(D) white; and

(E) Hispanic or Latino [~~, Native American, or Middle Eastern descent~~].

SECTION 2. Section 543.202(a), Transportation Code, is amended to read as follows:

(a) In this section, "race or ethnicity" means the following categories:

(1) Alaska native or American Indian;

(2) [~~of a particular descent, including Caucasian, African, Hispanic,~~] Asian or Pacific Islander;

(3) black;

(4) white; and

(5) Hispanic or Latino [~~, or Native American descent~~].

SECTION 3. This Act takes effect September 1, 2017.

________________________________ ________________________________

President of the Senate Speaker of the House

I certify that H.B. No. 3051 was passed by the House on May 4, 2017, by the following vote: Yeas 143, Nays 2, 2 present, not voting.

____

Chief Clerk of the House

I certify that H.B. No. 3051 was passed by the Senate on May 19, 2017, by the following vote: Yeas 31, Nays 0.

____

Secretary of the Senate

APPROVED: ______________________

Date

____

Governor

The Sandra Bland Act (S.B. 1849)

S.B. No. 1849
An Act relating to interactions between law enforcement and individuals detained or arrested on suspicion of the commission of criminal offenses, to the confinement, conviction, or release of those individuals, and to grants supporting populations that are more likely to interact frequently with law enforcement.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
ARTICLE 1. SHORT TITLE

SECTION 1.01. SHORT TITLE. This Act shall be known as the Sandra Bland Act, in memory of Sandra Bland.

ARTICLE 2. IDENTIFICATION AND DIVERSION OF AND SERVICES FOR PERSONS SUSPECTED OF HAVING A MENTAL ILLNESS, AN INTELLECTUAL DISABILITY, OR A SUBSTANCE ABUSE ISSUE

SECTION 2.01. Article 16.22, Code of Criminal Procedure, is amended to read as follows:

Art. 16.22. EARLY IDENTIFICATION OF DEFENDANT SUSPECTED OF HAVING MENTAL ILLNESS OR INTELLECTUAL DISABILITY [MENTAL RETARDATION]. (a)(1) Not later than 12 [72] hours after receiving credible information that may establish reasonable cause to believe that a defendant committed to the sheriff's custody has a mental illness or is a person with an intellectual disability [mental retardation], including observation of the defendant's behavior immediately before, during, and after the defendant's arrest and the results of any previous assessment of the defendant, the sheriff shall provide written or electronic notice of the information to the magistrate. On a determination that there is reasonable cause to believe that the defendant has a mental illness or is a person with an intellectual disability [mental retardation], the magistrate, except as provided by Subdivision

(2), shall order the local mental health or intellectual and developmental disability [mental retardation] authority or another qualified mental health or intellectual disability [mental retardation] expert to:

(A) collect information regarding whether the defendant has a mental illness as defined by Section 571.003,
Health and Safety Code, or is a person with an intellectual disability [mental retardation] as defined by Section 591.003, Health and Safety Code, including information obtained from any previous assessment of the defendant; and

(B) provide to the magistrate a written assessment of the information collected under Paragraph (A).

(2) The magistrate is not required to order the collection of information under Subdivision

(1) if the defendant in the year preceding the defendant's applicable date of arrest has been determined to have a mental illness or to be a person with an intellectual disability [mental retardation] by the local mental health or intellectual and developmental disability [mental retardation] authority or another mental health or intellectual disability [mental retardation] expert described by Subdivision

(1). A court that elects to use the results of that previous determination may proceed under Subsection (c).

(3) If the defendant fails or refuses to submit to the collection of information regarding the defendant as required under Subdivision (1), the magistrate may order the defendant to submit to an examination in a mental health facility determined to be appropriate by the local mental health or intellectual and developmental disability [mental retardation] authority for a reasonable period not to exceed 21 days. The magistrate may order a defendant to a facility operated by the Department of State Health Services or the Health and Human Services Commission [Department of Aging and Disability Services] for examination only on request of the local mental health or intellectual and developmental disability [mental retardation] authority and with the consent of the head of the facility. If a defendant who has been ordered to a facility operated by the Department of State Health Services or the Health and Human Services Commission [Department of Aging and Disability Services] for examination remains in the facility for a period exceeding 21 days, the head of that facility shall cause the defendant to be immediately transported to the committing court and placed in the custody of the sheriff of the county in which the committing court is located. That county shall reimburse the facility for the mileage and per diem expenses of the personnel required to transport the defendant calculated in accordance with the state travel regulations in effect at the time.

(b) A written assessment of the information collected under Subsection (a)(1)(A) shall be provided to the magistrate not later than the 30th day after the date of any order issued under Subsection (a) in a felony case and not later than the 10th day after the date of any order issued under that subsection in a misdemeanor case, and the magistrate shall provide copies of the written assessment to the defense counsel, the prosecuting attorney, and the trial court. The written assessment must include a description of the procedures used in the collection of information under Subsection (a)(1)(A) and the applicable expert's observations and findings pertaining to:

(1) whether the defendant is a person who has a mental illness or is a person with an intellectual disability [mental retardation];

(2) whether there is clinical evidence to support a belief that the defendant may be incompetent to stand trial and should undergo a complete competency examination under Subchapter B, Chapter 46B; and

(3) recommended treatment.

(c) After the trial court receives the applicable expert's written assessment relating to the defendant under Subsection (b) or elects to use the results of a previous determination as described by Subsection (a)(2), the trial court may, as applicable:

(1) resume criminal proceedings against the defendant, including any appropriate proceedings related to the defendant's release on personal bond under Article 17.032;

(2) resume or initiate competency proceedings, if required, as provided by Chapter 46B

or other proceedings affecting the defendant's receipt of appropriate court-ordered mental health or intellectual disability [mental retardation] services, including proceedings related to the defendant's receipt of outpatient mental health services under Section 574.034, Health and Safety Code; or

(3) consider the written assessment during the punishment phase after a conviction of the offense for which the defendant was arrested, as part of a presentence investigation report, or in connection with the impositions of conditions following placement on community supervision, including deferred adjudication community supervision.

(d) This article does not prevent the applicable court from, before, during, or after the collection of information regarding the defendant as described by this article: (1) releasing a defendant who has a mental illness [mentally ill] or is a person with an intellectual disability [mentally retarded defendant] from custody on personal or surety bond; or

(2) ordering an examination regarding the defendant's competency to stand trial.

SECTION 2.02. Chapter 16, Code of Criminal Procedure, is amended by adding Article 16.23 to read as follows:

Art. 16.23. DIVERSION OF PERSONS SUFFERING MENTAL HEALTH CRISIS OR SUBSTANCE ABUSE ISSUE. (a) Each law enforcement agency shall make a good faith effort to divert a person suffering a mental health crisis or suffering from the effects of substance abuse to a proper treatment center in the agency's jurisdiction if:

(1) there is an available and appropriate treatment center in the agency's jurisdiction to which the agency may divert the person;

(2) it is reasonable to divert the person;

(3) the offense that the person is accused of is a misdemeanor, other than a misdemeanor involving violence; and

(4) the mental health crisis or substance abuse issue is suspected to be the reason the person committed the alleged offense.

(b) Subsection (a) does not apply to a person who is accused of an offense under Section 49.04, 49.045, 49.05, 49.06, 49.065,
49.07, or 49.08, Penal Code.

SECTION 2.03. Section 539.002, Government Code, is amended to read as follows:

Sec. 539.002. GRANTS FOR ESTABLISHMENT AND EXPANSION OF COMMUNITY COLLABORATIVES. (a) To the extent funds are appropriated to the department for that purpose, the department shall make grants to entities, including local governmental entities, nonprofit community organizations, and faith-based community organizations, to establish or expand community collaboratives that bring the public and private sectors together to provide services to persons experiencing homelessness, substance abuse issues, or [and] mental illness. [The department may make a maximum of five grants, which must be made in the most populous municipalities in this state that are located in counties with a population of more than one million.] In awarding grants, the department shall give special consideration to entities:

(1) establishing [a] new collaboratives; or

(2) establishing or expanding collaboratives thatserve two or more counties, each with a population of less than 100,000 [collaborative].

(b) The department shall require each entity awarded a grant under this section to:

(1) leverage additional funding from private sources in an amount that is at least equal to the amount of the grant awarded under this section; [and]

(2) provide evidence of significant coordination and collaboration between the entity, local mental health authorities, municipalities, local law enforcement agencies, and other community stakeholders in establishing or expanding a community collaborative funded by a grant awarded under this section; and

(3) provide evidence of a local law enforcement policy to divert appropriate persons from jails or other detention facilities to an entity affiliated with a community collaborative for the purpose of providing services to those persons.

SECTION 2.04. Chapter 539, Government Code, is amended by adding Section 539.0051 to read as follows:

Sec. 539.0051. PLAN REQUIRED FOR CERTAIN COMMUNITY COLLABORATIVES. (a) The governing body of a county shall develop and make public a plan detailing:

(1) how local mental health authorities, municipalities, local law enforcement agencies, and other community stakeholders in the county could coordinate to establish or expand a community collaborative to accomplish the goals of Section 539.002;

(2) how entities in the county may leverage funding from private sources to accomplish the goals of Section 539.002 through the formation or expansion of a community collaborative; and

(3) how the formation or expansion of a community collaborative could establish or support resources or services to help local law enforcement agencies to divert persons who have been arrested to appropriate mental health care or substance abuse treatment.

(b) The governing body of a county in which an entity that received a grant under Section 539.002 before September 1, 2017, is located is not required to develop a plan under Subsection (a).

(c) Two or more counties, each with a population of less than 100,000, may form a joint plan under Subsection (a).

ARTICLE 3. BAIL, PRETRIAL RELEASE, AND COUNTY JAIL STANDARDS

SECTION 3.01. The heading to Article 17.032, Code of Criminal Procedure, is amended to read as follows:

Art. 17.032. RELEASE ON PERSONAL BOND OF CERTAIN [MENTALLY ILL] DEFENDANTS WITH MENTAL ILLNESS OR INTELLECTUAL DISABILITY.

SECTION 3.02. Articles 17.032(b) and (c), Code of Criminal Procedure, are amended to read as follows:

(b) A magistrate shall release a defendant on personal bond unless good cause is shown otherwise if the:

(1) defendant is not charged with and has not been previously convicted of a violent offense;

(2) defendant is examined by the local mental health or intellectual and developmental disability [mental retardation] authority or another mental health expert under Article 16.22 [of this code];

(3) applicable expert, in a written assessment submitted to the magistrate under Article 16.22:

(A) concludes that the defendant has a mental illness or is a person with an intellectual disability [mental retardation] and is nonetheless competent to stand trial; and

(B) recommends mental health treatment or intellectual disability treatment for the defendant, as applicable; and

(4) magistrate determines, in consultation with the local mental health or intellectual and developmental disability [mental retardation] authority, that appropriate community-based mental health or intellectual disability [mental retardation] services for the defendant are available through the [Texas] Department of State [Mental] Health Services [and Mental Retardation] under Section 534.053, Health and Safety Code, or through another mental health or intellectual disability [mental retardation] services provider.

(c) The magistrate, unless good cause is shown for not requiring treatment, shall require as a condition of release on personal bond under this article that the defendant submit to outpatient or inpatient mental health or intellectual disability [mental retardation] treatment as recommended by the local mental health or intellectual and developmental disability [mental retardation] authority if the defendant's:

(1) mental illness or intellectual disability [mental retardation] is chronic in nature; or

(2) ability to function independently will continue to deteriorate if the defendant is not treated.

SECTION 3.03. Article 25.03, Code of Criminal Procedure, is amended to read as follows:

Art. 25.03. IF ON BAIL IN FELONY. When the accused, in case of felony, is on bail at the time the indictment is presented, [it is not necessary to serve him with a copy, but] the clerk shall [on request] deliver a copy of the indictment [same] to the accused or the accused's [his] counsel[,] at the earliest possible time.

SECTION 3.04. Article 25.04, Code of Criminal Procedure, is amended to read as follows:

Art. 25.04. IN MISDEMEANOR. In misdemeanors, the clerk shall deliver a copy of the indictment or information to the accused or the accused's counsel at the earliest possible time before trial [it shall not be necessary before trial to furnish the accused with a copy of the indictment or information; but he or his counsel may demand a copy, which shall be given as early as possible

SECTION 3.05. Section 511.009(a), Government Code, as amended by Chapters 281 (H.B. 875), 648 (H.B. 549), and 688 (H.B. 634), Acts of the 84th Legislature, Regular Session, 2015, is reenacted and amended to read as follows:

(a) The commission shall:

(1) adopt reasonable rules and procedures establishing minimum standards for the construction, equipment, maintenance, and operation of county jails;

(2) adopt reasonable rules and procedures establishing minimum standards for the custody, care, and treatment of prisoners;

(3) adopt reasonable rules establishing minimum standards for the number of jail supervisory personnel and for programs and services to meet the needs of prisoners;

(4) adopt reasonable rules and procedures establishing minimum requirements for programs of rehabilitation, education, and recreation in county jails;

(5) revise, amend, or change rules and procedures if necessary;

(6) provide to local government officials consultation on and technical assistance for county jails;

(7) review and comment on plans for the construction and major modification or renovation of county jails;

(8) require that the sheriff and commissioners of each county submit to the commission, on a form prescribed by the commission, an annual report on the conditions in each county jail within their jurisdiction, including all information necessary to determine compliance with state law, commission orders, and the rules adopted under this chapter;

(9) review the reports submitted under Subdivision (8) and require commission employees to inspect county jails regularly to ensure compliance with state law, commission orders, and rules
and procedures adopted under this chapter;

(10) adopt a classification system to assist sheriffs and judges in determining which defendants are low-risk and consequently suitable participants in a county jail work release program under Article 42.034, Code of Criminal Procedure;

(11) adopt rules relating to requirements for segregation of classes of inmates and to capacities for county jails;

(12) require that the chief jailer of each municipal lockup submit to the commission, on a form prescribed by the commission, an annual report of persons under 17 years of age securely detained in the lockup, including all information necessary to determine compliance with state law concerning secure confinement of children in municipal lockups;

(13) at least annually determine whether each county jail is in compliance with the rules and procedures adopted under this chapter;

(14) require that the sheriff and commissioners court of each county submit to the commission, on a form prescribed by the commission, an annual report of persons under 17 years of age securely detained in the county jail, including all information necessary to determine compliance with state law concerning secure confinement of children in county jails;

(15) schedule announced and unannounced inspections of jails under the commission's jurisdiction using the risk assessment plan established under Section 511.0085 to guide the inspections process;

(16) adopt a policy for gathering and distributing to jails under the commission's jurisdiction information regarding:

(A) common issues concerning jail administration;

(B) examples of successful strategies for maintaining compliance with state law and the rules,

standards, and procedures of the commission; and
(C) solutions to operational challenges for jails;

(17) report to the Texas Correctional Office on Offenders with Medical or Mental Impairments on a jail's compliance with Article 16.22, Code of Criminal Procedure;

(18) adopt reasonable rules and procedures establishing minimum requirements for jails to:
(A) determine if a prisoner is pregnant; and
(B) ensure that the jail's health services plan addresses medical and mental health care, including nutritional requirements, and any special housing or work assignment needs for persons who are confined in the jail and are known or determined to be pregnant;

(19) provide guidelines to sheriffs regarding contracts between a sheriff and another entity for the provision of food services to or the operation of a commissary in a jail under the commission's jurisdiction, including specific provisions regarding conflicts of interest and avoiding the appearance of impropriety; [and]

(20) adopt reasonable rules and procedures establishing minimum standards for prisoner visitation that provide each prisoner at a county jail with a minimum of two in-person, noncontact visitation periods per week of at least 20 minutes duration each;

(21) [(20)] require the sheriff of each county to:
(A) investigate and verify the veteran status of each prisoner by using data made available from the Veterans Reentry Search Service (VRSS) operated by the United States Department of Veterans Affairs or a similar service; and
(B) use the data described by Paragraph (A) to assist prisoners who are veterans in applying for federal benefits or compensation for which the prisoners may be eligible under a program administered by the United States Department of Veterans Affairs;

(22) [(20)] adopt reasonable rules and procedures regarding visitation of a prisoner at a county jail by a guardian, as defined by Section 1002.012, Estates Code, that:
(A) allow visitation by a guardian to the same extent as the prisoner's next of kin, including placing the guardian on the prisoner's approved visitors list on the guardian's request and providing the guardian access to the prisoner during a facility's standard visitation hours if the prisoner is otherwise eligible to receive visitors; and
(B) require the guardian to provide the sheriff with letters of guardianship issued as provided by Section 1106.001, Estates Code, before being allowed to visit the prisoner; and

(23) adopt reasonable rules and procedures to ensure the safety of prisoners, including rules and procedures that require a county jail to:
(A) give prisoners the ability to access a mental health professional at the jail through a telemental health service 24 hours a day;
(B) give prisoners the ability to access a health professional at the jail or through a telehealth service 24 hours a day or, if a health professional is unavailable at the jail or through a telehealth service, provide for a prisoner to be transported to access a health professional; and
(C) if funding is available under Section 511.019, install automated electronic sensors or cameras to ensure accurate and timely in-person checks of cells or groups of cells confining at-risk individuals.

SECTION 3.06. Section 511.009, Government Code, is amended by adding Subsection (d) to read as follows:

(d) The commission shall adopt reasonable rules and procedures establishing minimum standards regarding the continuity of prescription medications for the care and treatment of prisoners. The rules and procedures shall require that a qualified medical professional shall review as soon as possible any prescription medication a prisoner is taking when the prisoner is taken into custody.

SECTION 3.07. Chapter 511, Government Code, is amended by adding Sections 511.019, 511.020, and 511.021 to read as follows:

Sec. 511.019. PRISONER SAFETY FUND. (a) The prisoner safety fund is a dedicated account in the general revenue fund.

(b) The prisoner safety fund consists of:

(1) appropriations of money to the fund by the legislature; and

(2) gifts, grants, including grants from the federal government, and other donations received for the fund.

(c) Money in the fund may be appropriated only to the commission to pay for capital improvements that are required under Section 511.009(a)(23).

(d) The commission by rule may establish a grant program to provide grants to counties to fund capital improvements described by Subsection (c). The commission may only provide a grant to a county for capital improvements to a county jail with a capacity of not more than 96 prisoners.

Sec. 511.020. SERIOUS INCIDENTS REPORT. (a) On or before the fifth day of each month, the sheriff of each county shall report to the commission regarding the occurrence during the preceding month of any of the following incidents involving a prisoner in the county jail:

(1) a suicide;

(2) an attempted suicide;

(3) a death;

(4) a serious bodily injury, as that term is defined by Section 1.07, Penal Code;

(5) an assault;

(6) an escape;

(7) a sexual assault; and

(8) any use of force resulting in bodily injury, as that term is defined by Section 1.07, Penal Code.

(b) The commission shall prescribe a form for the report required by Subsection (a).

(c) The information required to be reported under Subsection (a)(8) may not include the name or other identifying information of a county jailer or jail employee.

(d) The information reported under Subsection (a) is public information subject to an open records request under Chapter 552.

Sec. 511.021. INDEPENDENT INVESTIGATION OF DEATH OCCURRING IN COUNTY JAIL. (a) On the death of a prisoner in a county jail, the commission shall appoint a law enforcement agency, other than the local law enforcement agency that operates the county jail, to investigate the death as soon as possible.

(b) The commission shall adopt any rules necessary relating to the appointment of a law enforcement agency under Subsection

(a), including rules relating to cooperation between law enforcement agencies and to procedures for handling evidence.

SECTION 3.08. The changes in law made by this article to Article 17.032, Code of Criminal Procedure, apply only to a personal bond that is executed on or after the effective date of this Act. A personal bond executed before the effective date of executed, and the former law is continued in effect for that purpose.

SECTION 3.09. Not later than January 1, 2018, the Commission on Jail Standards shall:

(1) adopt the rules and procedures required by Section 511.009(d), Government Code, as added by this article, and the rules required by Section 511.021(b), Government Code, as added by this article; and

(2) prescribe the form required by Section 511.020(b), Government Code, as added by this article.

SECTION 3.10. Not later than September 1, 2018, the Commission on Jail Standards shall adopt the rules and procedures required by Section 511.009(a)(23), Government Code, as added by this article. On and after September 1, 2020, a county jail shall comply with any rule or procedure adopted by the Commission on Jail Standards under that subdivision.

SECTION 3.11. To the extent of any conflict, this Act prevails over another Act of the 85th Legislature, Regular Session, 2017, relating to non-substantive additions to and corrections in enacted codes.

ARTICLE 4. PEACE OFFICER AND COUNTY JAILER TRAINING

SECTION 4.01. Chapter 511, Government Code, is amended by adding Section 511.00905 to read as follows:

Sec. 511.00905. JAIL ADMINISTRATOR POSITION; EXAMINATION REQUIRED. (a) The Texas Commission on Law Enforcement shall develop and the commission shall approve an examination for a person assigned to the jail administrator position overseeing a county jail.

(b) The commission shall adopt rules requiring a person, other than a sheriff, assigned to the jail administrator position overseeing a county jail to pass the examination not later than the 180th day after the date the person is assigned to that position. The rules must provide that a person who fails the examination may be immediately removed from the position and may not be reinstated until the person passes the examination.

(c) The sheriff of a county shall perform the duties of the jail administrator position at any time there is not a person available who satisfies the examination requirements of this section.

(d) A person other than a sheriff may not serve in the jail administrator position of a county jail unless the person satisfies the examination requirement of this section.

SECTION 4.02. Section 1701.253, Occupations Code, is amended by amending Subsection (j) and adding Subsection (n) to read as follows: commission shall require an officer to complete a 40-hour statewide education and training program on de-escalation and crisis intervention techniques to facilitate interaction with persons with mental impairments. An officer shall complete the program not later than the second anniversary of the date the officer is licensed under this chapter or the date the officer applies for an intermediate proficiency certificate, whichever date is earlier. An officer may not satisfy the requirements of this subsection [section] or Section 1701.402(g) by taking an online course on de-escalation and crisis intervention techniques to facilitate interaction with persons with mental impairments.

(n) As part of the minimum curriculum requirements, the commission shall require an officer to complete a statewide education and training program on de-escalation techniques to facilitate interaction with members of the public, including techniques for limiting the use of force resulting in bodily injury.

SECTION 4.03. Section 1701.310(a), Occupations Code, is amended to read as follows:
(a) Except as provided by Subsection (e), a person may not be appointed as a county jailer, except on a temporary basis, unless the person has satisfactorily completed a preparatory training program, as required by the commission, in the operation of a county jail at a school operated or licensed by the commission. The training program must consist of at least eight hours of mental health training approved by the commission and the Commission on Jail Standards.

SECTION 4.04. Section 1701.352(b), Occupations Code, is amended to read as follows:

(b) The commission shall require a state, county, special district, or municipal agency that appoints or employs peace officers to provide each peace officer with a training program at least once every 48 months that is approved by the commission and consists of:

(1) topics selected by the agency; and

(2) for an officer holding only a basic proficiency certificate, not more than 20 hours of education and training that contain curricula incorporating the learning objectives developed by the commission regarding:

(A) civil rights, racial sensitivity, and cultural diversity;

(B) de-escalation and crisis intervention techniques to facilitate interaction with persons with mental impairments; [and]

(C) de-escalation techniques to facilitate interaction with members of the public, including techniques for limiting the use of force resulting in bodily injury; and

(D) unless determined by the agency head to be inconsistent with the officer's assigned duties:

(i) the recognition and documentation of cases that involve child abuse or neglect, family violence, and sexual assault; and

(ii) issues concerning sex offender characteristics.

SECTION 4.05. Section 1701.402, Occupations Code, is amended by adding Subsection (n) to read as follows:

(n) As a requirement for an intermediate proficiency certificate or an advanced proficiency certificate, an officer must complete the education and training program regarding de-escalation techniques to facilitate interaction with members of the public established by the commission under Section 1701.253(n).

SECTION 4.06. Not later than March 1, 2018, the Texas Commission on Law Enforcement shall develop and the Commission on Jail Standards shall approve the examination required by Section 511.00905, Government Code, as added by this article.

SECTION 4.07. (a) Not later than March 1, 2018, the Texas Commission on Law Enforcement shall establish or modify training programs as necessary to comply with Section 1701.253, Occupations Code, as amended by this article.

(b) The minimum curriculum requirements under Section 1701.253(j), Occupations Code, as amended by this article, apply only to a peace officer who first begins to satisfy those requirements on or after April 1, 2018.

SECTION 4.08. (a) Section 1701.310, Occupations Code, as amended by this article, takes effect January 1, 2018.

(b) A person in the position of county jailer on September 1, 2017, must comply with Section 1701.310(a), Occupations Code, as amended by this article, not later than August 31, 2021.

ARTICLE 5. MOTOR VEHICLE STOPS, RACIAL PROFILING, AND ISSUANCE OF CITATIONS

SECTION 5.01. Article 2.132, Code of Criminal Procedure, is amended by amending Subsections (b) and (d) and adding Subsection (h) to read as follows:

(b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

(1) clearly define acts constituting racial profiling;

(2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;

(3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;

(4) provide public education relating to the agency's compliment and complaint process, including providing the telephone number, mailing address, and e-mail address to make a compliment or complaint with respect to each ticket, citation, or warning issued by a peace officer;

(5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;

(6) require collection of information relating to motor vehicle stops in which a ticket, citation, or warning is issued and to arrests made as a result of those stops, including information

relating to:
(A) the race or ethnicity of the individual detained;
(B) whether a search was conducted and, if so, whether the individual detained consented to the search; [and]
(C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual;
(D) whether the peace officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop;
(E) the location of the stop; and
(F) the reason for the stop; and

(7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:
(A) the Texas Commission on Law Enforcement; and
(B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

(d) On adoption of a policy under Subsection (b), a law enforcement agency shall examine the feasibility of installing video camera and transmitter-activated equipment in each agency law enforcement motor vehicle regularly used to make motor vehicle stops and transmitter-activated equipment in each agency law enforcement motorcycle regularly used to make motor vehicle stops. The agency also shall examine the feasibility of equipping each peace officer who regularly detains or stops motor vehicles with a body worn camera, as that term is defined by Section 1701.651, Occupations Code. If a law enforcement agency installs video or audio equipment or equips peace officers with body worn cameras as provided by this subsection, the policy adopted by the agency under Subsection (b) must include standards for reviewing video and audio documentation.

(h) A law enforcement agency shall review the data collected under Subsection (b)(6) to identify any improvements the agency could make in its practices and policies regarding motor vehicle stops.

SECTION 5.02. Article 2.133, Code of Criminal Procedure, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance shall report to the law enforcement agency that employs the officer information relating to the stop, including:

(1) a physical description of any person operating the motor vehicle who is detained as a result of the stop, including:
(A) the person's gender; and
(B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;

(2) the initial reason for the stop;

(3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;

(4) whether any contraband or other evidence was discovered in the course of the search

and a description of the contraband or evidence;

(5) the reason for the search, including whether:

(A) any contraband or other evidence was in plain view;

(B) any probable cause or reasonable suspicion existed to perform the search; or

(C) the search was performed as a result of the towing of the motor vehicle or the arrest of any person in the motor vehicle;

(6) whether the officer made an arrest as a result of the stop or the search, including a statement of whether the arrest was based on a violation of the Penal Code, a violation of a traffic law or ordinance, or an outstanding warrant and a statement of the offense charged;

(7) the street address or approximate location of the stop; [and]

(8) whether the officer issued a verbal or written warning or a ticket or citation as a result of the stop; and

(9) whether the officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop.

(c) The chief administrator of a law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, is responsible for auditing reports under Subsection (b)
to ensure that the race or ethnicity of the person operating the motor vehicle is being reported.

SECTION 5.03. Article 2.134(c), Code of Criminal Procedure, is amended to read as follows:

(c) A report required under Subsection (b) must be submitted by the chief administrator of the law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, and must include:

(1) a comparative analysis of the information compiled under Article 2.133 to:

(A) evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities; [and]

(B) examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from stops within the applicable jurisdiction; and

(C) evaluate and compare the number of searches resulting from motor vehicle stops within the applicable jurisdiction and whether contraband or other evidence was discovered in the course of those searches; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

SECTION 5.04. Article 2.137, Code of Criminal Procedure, is amended to read as follows:

Art. 2.137. PROVISION OF FUNDING OR EQUIPMENT. (a) The Department of Public Safety shall adopt rules for providing funds or video and audio equipment to law enforcement agencies for the purpose of installing video and audio equipment in law enforcement motor vehicles and motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)], including specifying criteria to prioritize funding or equipment provided to law enforcement agencies. The criteria may include consideration of tax effort, financial hardship, available revenue, and budget surpluses. The criteria must give priority to:

(1) law enforcement agencies that employ peace officers whose primary duty is traffic enforcement;

(2) smaller jurisdictions; and

(3) municipal and county law enforcement agencies.

(b) The Department of Public Safety shall collaborate with an institution of higher education to identify law enforcement agencies that need funds or video and audio equipment for the purpose of installing video and audio equipment in law enforcement motor vehicles and motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)]. The collaboration may include the use of a survey to assist in developing criteria to prioritize funding or equipment provided to law enforcement agencies.

(c) To receive funds or video and audio equipment from the state for the purpose of installing video and audio equipment in law enforcement motor vehicles and motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)], the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency needs funds or video and audio equipment for that purpose.

(d) On receipt of funds or video and audio equipment from the state for the purpose of installing video and audio equipment in law enforcement motor vehicles and motorcycles or equipping peace officers with body worn cameras [as described by Article 2.135(a)(1)(A)], the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency has taken the necessary actions to use and is using [installed] video and audio equipment and body worn cameras for those purposes [as described by Article 2.135(a)(1)(A) and is using the equipment as required by Article 2.135(a)(1)].

SECTION 5.05. Article 2.1385(a), Code of Criminal Procedure, is amended to read as follows:

(a) If the chief administrator of a local law enforcement agency intentionally fails to submit the incident-based data as required by Article 2.134, the agency is liable to the state for a civil penalty in an [the] amount not to exceed $5,000 [of $1,000] for each violation. The attorney general may sue to collect a civil penalty under this subsection.

SECTION 5.06. Article 2.135, Code of Criminal Procedure, is repealed.

SECTION 5.07. Articles 2.132 and 2.134, Code of Criminal Procedure, as amended by this article, apply only to a report covering a calendar year beginning on or after January 1, 2018.

SECTION 5.08. Not later than September 1, 2018, the Texas Commission on Law Enforcement shall:

(1) evaluate and change the guidelines for compiling and reporting information required under Article 2.134, Code of Criminal Procedure, as amended by this article, to enable the guidelines to better withstand academic scrutiny; and

(2) make accessible online:

(A) a downloadable format of any information submitted under Article 2.134(b), Code of Criminal

Procedure, that is not exempt from public disclosure under Chapter 552, Government Code; and (B) a glossary of terms relating to the information to make the information readily understandable to the public. This Act takes effect September 1, 2017.

______________________________ ______________________________ President of the Senate Speaker of the House

I hereby certify that S.B. No. 1849 passed the Senate on May 11, 2017, by the following vote: Yeas 31, Nays 0.

____

Secretary of the Senate

I hereby certify that S.B. No. 1849 passed the House on May 20, 2017, by the following vote: Yeas 137, Nays 0, one present not voting.

ARTICLE 6. EFFECTIVE DATE

SECTION 6.01. Except as otherwise provided by this Act,

Approved:

____

Date

____

Governor

____

Chief Clerk of the House

HIGHLAND PARK
DEPT. OF PUBLIC SAFETY
RACIAL PROFILING POLICY

Racial/Bias-Based Profiling

326.1 PURPOSE AND SCOPE

The purpose of this policy is to reaffirm the Highland Park Department of Public Safety's commitment to unbiased policing in all its encounters with any person; to reinforce procedures that serve to ensure public confidence and mutual trust through the provisions of services in a fair and equitable fashion; and to protect our officers from unwarranted accusations of misconduct when they act within the dictates of departmental policy and the law.

326.2 DEFINITIONS

Bias - the selection of an individual based solely on a common trait of a group, including, but not limited to, race, ethnicity, gender, orientation, religion, economic staus, age, and/or cultural background.

Bias-Based Profiling - a law enforcement-initiated action, detention or interdiction based solely on a trait common to a group of people, rather than on the individual's behavior and/or information tending to identify the individual as having engaged in criminal activity.

Race or Ethnicity - persons of a particular descent including Alaskan Native or American Indian, Asian or Pacific Islander, Black, Caucasian/White, or Hispanic/Latino.

Racial Profiling - a law enforcement initiated action based solely on an individual's race, ethnicity, and/or national origin, rather than on the individual's behavior and/or information tending to identify the individual as having engaged in criminal activity.

Motor Vehicle Contact - means an occasion in which a peace officer stops a motor vehicle for an alleged violation of law or ordinance or in response to a call for service.

326.3 POLICY

It is the policy of this department to police in a proactive manner and to aggressively investigate suspected violations of the law. Officers shall actively enforce local, state and federal laws to include traffic contacts, field/pedestrian contacts, and in asset seizure and forfeiture efforts in a responsible and professional manner, without regard to race, ethnicity, national origin, religion, gender, sexual orientation, economic status, age cultural group, disability, or affiliation with any other similar identifiable group. Officers are strictly prohibited from engaging in racial/bias based profiling as defined in this policy. Racial/bias based profiling is an unacceptable police tactic and will not be condoned. Moreover, this policy applies to police officer's actions with respect to all persons, whether those persons are drivers, passengers or pedestrians.

326.4 PROHIBITION

Officers of the Highland Park Department of Public Safety are strictly prohibited from engaging in racial/bias based profiling. The prohibition against racial/bias based profiling does not preclude the use of race, ethnicity or national origin as factors in a detention decision by an officer. Race, ethnicity or national origin may be legitimate factors in such a decision when used as part of a description of a suspect or witness for whom an officer is searching.

Officers of the Highland Park Department of Public Safety shall not engage in racial/bias based profiling based solely on gender, sexual orientation, economic status, age, cultural group, disability, or affiliation with any other similar identifiable group.

326.5 COMPLAINT PROCESS

No person shall be discouraged, intimidated or coerced from filing a complaint, or be discriminated against because they have filed a complaint.

Any person who believes that a peace officer employed by the Highland Park Department of Public Safety has engaged in racial/bias based profiling with respect to that person, may file a complaint with the provisions of the Personnel Complaint Policy.

(a) An employee who is contacted regarding a complaint against an officer shall follow the Filing of Complaints policy.

(b) Citizens who appear in person wishing to file a complaint shall be provided with a departmental brochure, brochures are maintained in the Highland Park Department of Public Safety lobby. Citizens may also be directed to the Departmental website to file a complaint.

Any supervisor who becomes aware of an alleged or suspected violation of this policy shall report the alleged violation in accordance with the Personnel Complaint Policy.

Complaints of racial/bias based profiling shall be investigated by the Internal Affairs Division, unless otherwise directed by the Director of Public Safety. A log of racial/biased based complaints will be maintained by the Secretary to the Director.

326.5.1 DISCIPLINARY AND CORRECTIVE ACTIONS

Any officer of this Department who is found, after investigation, to have engaged in racial/bias based profiling in violation of this policy may be subject to disciplinary action, up to and including termination. Disciplinary or corrective actions may include diversity, sensitivity or other appropriate training or counseling, as determined by the Director of Public Safety.

326.6 PUBLIC EDUCATION

This Department shall provide education to the public concerning the racial profiling complaint process. The primary method of public education shall be through the complaint brochures which are maintained in the lobby of the Highland Park Department of Public Safety. Other education methods may be utilized to inform the public, including news media, civic presentations, the internet, and/or public meetings.

326.7 COLLECTION , ANALYSIS AND REPORTING OF INFORMATION WHEN CITATION OR WARNING ISSUED OR ARREST MADE

For each motor vehicle contact in which a citation or warning is issued and/or for each arrest resulting from a motor vehicle contact, the officer involved in the stop shall collect the following information:

(a) If the person contacted is a resident of the Town of Highland Park it shall be reflected in the data that is entered.

(b) The gender of the person being reported.

(c) Information identifying the race or ethnicity of the person detained. The following codes will be used to identify the individual's race:

A = Asian or Pacific Islander

B = Black

H = Hispanic or Latino

I = Alaska Native or American Indian

W= White/Caucasian

Note: If the person contacted does not state their race or ethnicity, the race or ethnicity will be determined by the officer to the best of their ability.

(d) Whether the officer knew the race or ethnicity of the individual before detaining them.

(e) Initial reason for the stop (i.e., warrant, dispatched, observable traffic violation, known criminal association).

(f) What the subject is charged with.

(g) Whether a search was conducted.

(h) If a search was conducted did the individual consent to the search.

(i) Number of instances (and description) related to contraband or other evidence discovered in the course of the search.

(j) Reason for the search:

i. Was contraband in plain view?

ii. Did probable cause or reasonable suspicion exist?

iii. Was search performed as a result of the towing of the motor vehicle or the arrest of any person in the motor vehicle?

(k) Information on arrests:

i. Was arrest made as a result of the stop or search?

ii. Was arrest based on a violation of the penal code?

iii. Was arrest based on a violation of a traffic law or ordinance?

iv. Was arrest based on an outstanding warrant?

(l) Street address or approximate location of the stop

(m) Whether a written or verbal warning or citation was issued as a result of the stop.

(n) Whether the peace officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code ("means physical pain, illness, or any impairment of physical condition), during the stop.

The information collected shall be entered into a database utilizing the appropriate fields on the electronic ticket writers or computers available in the Department. All contacts requiring racial/ bias based profiling data must be collected.

(a) In the event the data is unable to be collected electronically (i.e. a handwritten citation is issued or a verbal warning is given and not entered into an electronic ticket writer), the data will be recorded on the appropriate form and forwarded with a copy of the citation to the Accreditation Manager for entry and tracking.

The Accreditation Manager shall ensure all racial/bias based profiling data is collected and reported to the Director of Public Safety. The data collected shall be compiled in an annual report covering the period January 1 through December 31 of each year, and shall be submitted to the Texas Commission on Law Enforcement and the governing body of the Town of Highland Park no later than March 1 of the following year. The report will include:

The annual report shall not include identifying information about any individual stopped or arrested, and shall not include identifying information about any peace officer involved in a stop or arrest.

326.8 AUDIO AND VIDEO EQUIPMENT

Each motor vehicle to include motorcycles regularly used by this department to make motor vehicle contacts shall be equipped with a mobile video camera system capable of recording video and audio, as well as individual body cameras issued to all officers

Each motor vehicle contact made by an officer of this department capable of being recorded by video and audio shall be recorded.

Supervisors and officers shall ensure that mobile and portable video cameras and audio equipment is properly functioning prior to commencing their tour of duty. Police units with malfunctioning or inoperable mobile video camera equipment shall not be utilized under normal circumstances.

Supervisors shall have the authority to assign units with malfunctioning or inoperable mobile video equipment when situations dictate. Officers assigned to such units shall collect and document the information listed in this policy for each motor vehicle contact. All documentation must be submitted to the officer's supervisor prior to the end of that officer's shift.

326.9 REVIEW OF VIDEO AND AUDIO DOCUMENTATION

Each audio and video recording shall be retained for a minimum period of ninety (90) days, unless a complaint is filed alleging that an officer has engaged in racial/bias based profiling with respect to a motor vehicle contact. The Criminal Investigations Lieutenant shall ensure that all audio and recordings are properly stored and retained in accordance with applicable laws and this policy.

If a complaint is received alleging an officer has engaged in racial/bias based profiling, the audio/video recording shall be forwarded to the assigned Internal Affairs Investigator. The Internal Affairs Investigator shall retain the video until final disposition of the complaint has been made.

Each shift supervisor shall review a randomly selected sample of no less than three (3) video and audio recordings, made the previous quarter, in order to determine if patterns of racial/bias based profiling exist. The sample should include a combination of mobile and portable video and audio recordings. The Assistant Chief shall conduct the review of the Shift Captains and motorcycle units. These reviews shall be conducted quarterly and documented on the appropriate form.

(a) Written documentation shall include:

1. The employee number of the officer whose contacts were reviewed;
2. The date(s) of the videos reviewed;
3. The date the actual review was conducted; and
4. The employee number of the supervisor conducting the review.

(b) The Shift Captains shall forward the required documentation to the Assistant Chief for review.

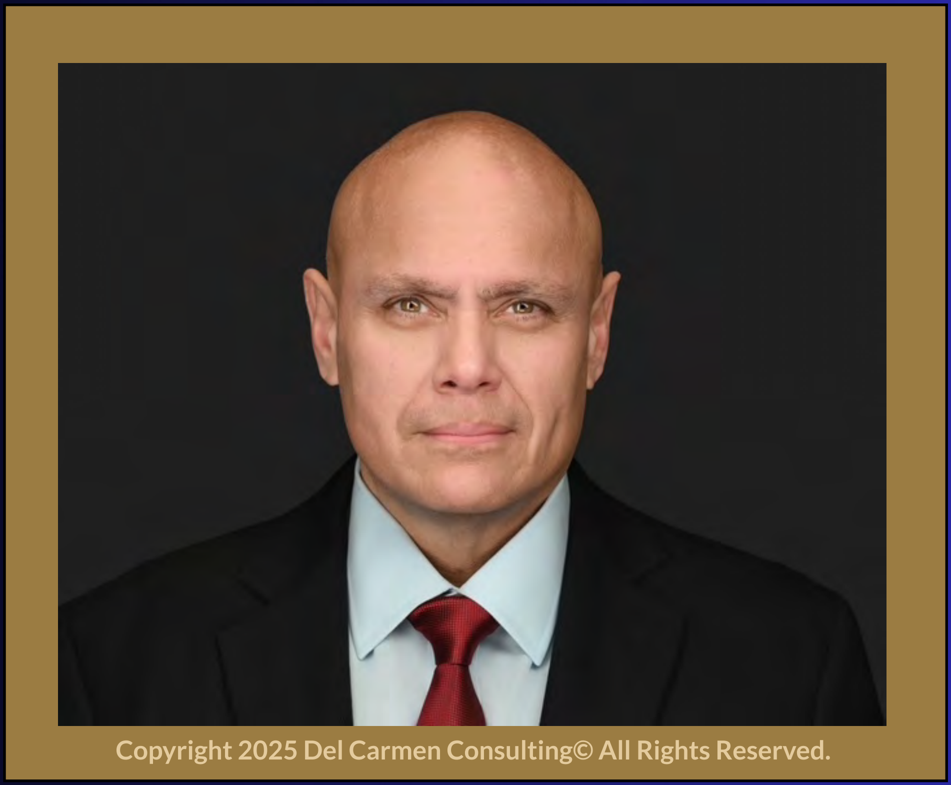
(c) The Assistant Chief shall forward the documentation to the Accreditation Manager who shall maintain a file of all video review documentation performed, in compliance with this policy.

In reviewing audio and video recordings, supervisors shall seek to determine if the officer(s) reviewed have engaged in a pattern of racial/bias based profiling, that includes multiple acts of constituting racial/bias based profiling for which there is no reasonable, credible explanation based on established police and law enforcement procedures.

326.10 TRAINING

Each peace officer employed by the department shall complete the comprehensive education and training program on racial/bias based profiling established by the Texas Commission of Law Enforcement not later than the second anniversary of the date the officer is licensed or the date the officer applies for an intermediate proficiency certificate, whichever date is earlier.

The Chief of Police shall complete the program on racial profiling training required by Section 96.641, Texas Education Code, established by the Bill Blackwood Law Enforcement Institute of Texas (LEMIT) not later than the second anniversary of the appointment as chief.



For additional questions regarding the information presented in this report, please contact:

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DEL CARMEN Consulting, LLC.
LAW ENFORCEMENT EXPERTS

Town of Highland Park
Town Council Study Session
Tuesday, February 17, 2026

Item Coversheet

Review and discuss a presentation regarding on-street parking-related challenges and mobility solutions.

PRESENTED BY: Tobin Maples, Town Administrator

BACKGROUND:

The Town is experiencing on-street parking challenges primarily associated with daytime construction activity, which has at times impeded traffic circulation, limited emergency-vehicle access, and created pedestrian safety concerns. Staff has been evaluating mobility-based approaches to reduce the volume of non-resident vehicles parking and circulating within the Town during the workday, with the goal of improving public safety, emergency access, and neighborhood functionality. Town staff, along with a prospective service provider, will deliver the presentation. This item is presented for informational and discussion purposes only to receive Town Council input.

RECOMMENDATION

No formal action is requested.

FINANCIAL IMPACT

This item has no financial impact at this time.

ATTACHMENTS

None