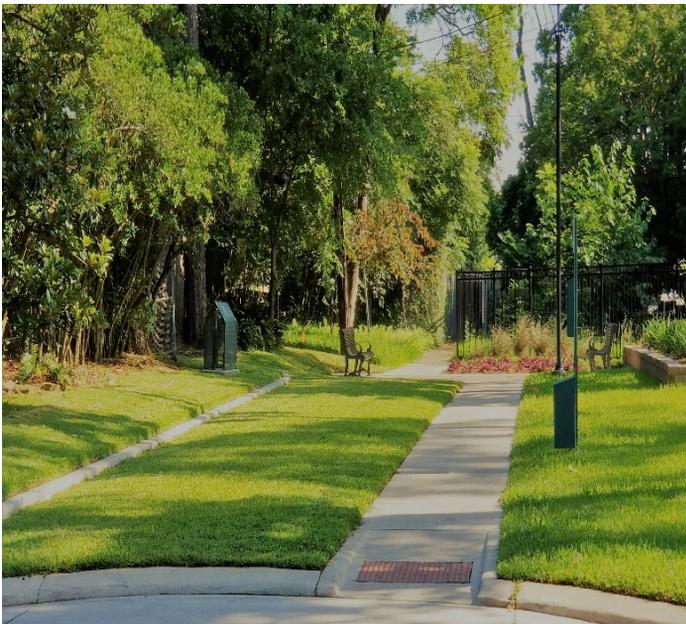




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SPRING VALLEY VILLAGE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2020



*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

**CITY OF SPRING
VALLEY VILLAGE, TEXAS**

For the Year Ended
September 30, 2020

Prepared by:

**Julie Robinson
City Administrator**

**Michelle Yi
City Treasurer**

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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EST. 1955

SPRING VALLEY VILLAGE

March 8, 2021

The Honorable Mayor, City Council
Members, and Citizens of the
City of Spring Valley Village, Texas:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report for the City of Spring Valley Village, Texas (the “City”) for the fiscal year (FY) ended September 30, 2020. This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

We believe the data presented is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2020. The independent auditors’ report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City was incorporated under the laws of State of Texas (the “State”) in 1955. The City operates as a “General Law” City, which provides for a “Mayor-Council” form of government.

The City provides the following municipal services: public safety; highways and streets; sanitation, water, and sewer services; and general administration.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. Spring Valley Village is one of the six Memorial Villages and located ten miles west of downtown Houston. As of September 30, 2020, the City has a land area of 1.6 square miles and an estimated population of approximately 4,239. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

The City Ordinance establishes the fiscal year as October 1 through September 30. The Ordinance requires the City Administrator to submit a proposed budget and accompanying budget message to the Council each year. The proposed budget is reviewed by the Council and is formally adopted by the passage of a budget

ordinance. The City Administrator is required to inform the Council of any revisions of expenditures for any fund or department revisions must be approved by the Council.

Budgetary control has been established at the department level. Monthly financial reports for Council are produced showing budget and actual revenues and expenditures. Individual line items are reviewed and analyzed for budgetary compliance.

ECONOMIC CONDITION AND OUTLOOK

The City encompasses a 1.6 square mile area located along the north side of Interstate 10, approximately ten miles west of downtown Houston, Texas. The Spring Branch Independent School District, one of the most desired school districts in the Houston metropolitan area, overlaps the City's boundaries making the City a desired location for families with school aged children to reside. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Hilshire Village, Hedwig Village, and Hunters Creek Village. The City is right next to the largest and busiest freeway in the nation. The City is primarily a residential area whose approximately 4,239 inhabitants are employed throughout the Houston urban area.

There is very little vacant and/or undeveloped land in the City, so construction generally involves rebuilding and remodeling. The City continues to enjoy to a stable outlook with property taxable value. Its property taxable value reached over \$1 billion in the FY 2017 and has doubled from ten years ago. A primary reason for this continued growth is the City's convenient proximity to the Galleria, Energy Corridor, downtown Houston, Medical District, as well as the ever-evolving Memorial area.

The City's tax rate is among the lowest in the Houston area and is anticipated to remain relatively stable into the future due to residential property values. However, the City is concerned about potentially lower commercial property values due to the impact of COVID-19.

The City's relative stability is the result of a desire for suburban families to live closer to work. The City has its own Police Department to maintain the low crime rate and its hometown appeal has attracted many of these families. These factors have contributed, and continue to contribute, to the relative stability of property values in the City.

Expenditures are expected to remain steady with considerations for the continued competitive pressure on personnel costs and potential increases in the cost of employee health benefits.

The City approved the same property tax rate for tax year 2020 (FY2021) as for the tax year 2019 (FY2020).

LONG-TERM FINANCIAL PLANNING

Capital improvement projects are funded with general governmental revenues. The City annually updates a five-year Capital Improvement Plan and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities, and parks. These plans are prepared by staff and presented to the City Council for review and acceptance. The plans require funding sources to be identified for each project.

In FY 2019, the Council's policy on capital projects funding changed from pay-as-you-go with cash to the use of certificate of obligation bonds in order to undertake a greater number of capital projects. A portion of general fund revenues is allocated to the Debt Service Fund each year to cover bond payments, and a portion is allocated to the Capital Improvements Fund each year to fund those capital projects that will be funded by cash.

Major Initiatives

Fiscal Year 2019-2020 was a year of accomplishments for the City of Spring Valley Village. The list below highlights some of the significant city activities:

- The Park Improvement Phase II was completed in March of 2020.
- The Westview Sidewalk Improvement was completed in October 2019.
- Hilldale, Bade, and Cardwell Paving and Utility Improvement project infrastructure was completed in August 2020.
- Advanced Metering Infrastructure (smart meters) was completed in March 2020.
- Construction of the New Water Well continued throughout the year, including the approval of a CMU building. The project will be complete in FY 2021.
- Loeser, Traweek, and Lone Star Paving and Utility Improvement project was started in FY 2020 and will be completed in FY 2022.
- Green Valley and Winningham Paving and Utility Improvement project was started in FY 2020 and will be completed in FY 2021.

Annual Budget

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and Debt Service Fund are included in the annual operating budget. The Capital Improvement Plan is approved each year by the City Council and funded through a separate capital projects fund. The level of budgetary control (*i.e.*, the level at which expenditures cannot legally exceed the appropriated amount) is established at the Department level within an individual fund. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Financial Information

The City's management team is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable assurance that employees in the normal course of business will detect and/or prevent errors or irregularities that could be material to the financial statements.

Independent Audit

Sections 103.001-103.004 of the Local Government Code require the City to have an annual audit of its financial records and accounts. The independent auditors' report, prepared by Belt Harris Pechacek, LLLP, is presented as the first component of the financial section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Spring Valley Village for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Appreciation is expressed to all City employees throughout the organization, especially to those who were instrumental in the successful completion of this report. Additionally, I would also like to thank the Mayor, the Council, and the City Administrator for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michelle Yi". The signature is fluid and cursive, with a small mark above the first letter.

Michelle Yi
City Treasurer

CITY OF SPRING VALLEY VILLAGE, TEXAS

LIST OF ELECTED OFFICIALS AND KEY STAFF

September 30, 2020

Elected Officials	Position
Marcus Vajdos	Mayor
Bo Bothe	Council Member
Allen Carpenter	Council Member
David Dominy	Council Member
Tom Donaho	Council Member
Joy McCormack	Council Member

Key Staff	Position
Julie Robinson	City Administrator
Roxanne Benitez	City Secretary
Michelle Yi	City Treasurer
Loyd R. Evans	Chief of Police
Pat Riley	Public Works Director
Zachary Meadows	Community Development Director



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

**City of Spring Valley Village
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

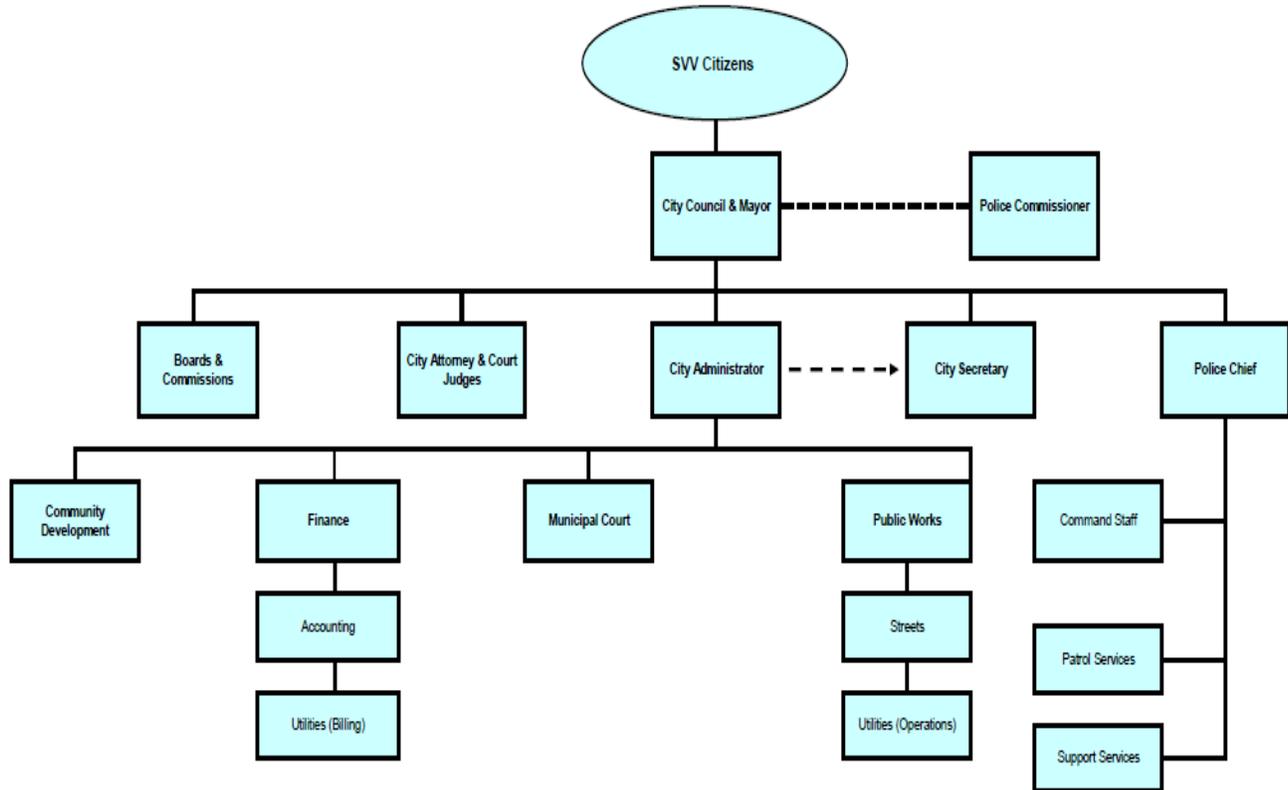
Christopher P. Morill

Executive Director/CEO

CITY OF SPRING VALLEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2020



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Spring Valley Village, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Spring Valley Village, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplementary information, and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 8, 2021

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here, which include general government, public safety, and public works. Sales taxes, property taxes, franchise fees, and other revenue finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and wastewater.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate corporation, the Spring Valley Legacy Fund, Inc., for which the City is financially accountable. Although legally separate, this component unit functions for all practical purposes as department of the City and, therefore, is included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

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 the City's near-term financing requirements.

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

The City maintains five governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital improvements fund, and the debt service fund, which are considered to be major funds for reporting purposes. The asset forfeiture fund and legacy fund are nonmajor funds but the City has elected to present them as major funds for reporting purposes.

The City adopts annual appropriated budgets for its general fund and debt service fund. Budgetary comparison schedules have been provided for the general fund and debt service fund to demonstrate compliance with these budgets.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and wastewater services. The proprietary fund financial statements provide separate information for the water distribution and wastewater collection/treatment operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for its equipment replacement program. This internal service fund has been included within governmental activities in the governmental-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and other postemployment benefits liability and related ratios and a schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$46,674,150 as of September 30, 2020. The largest portion of the City's net position (75%) reflects its investment in capital assets (e.g., land and City hall, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 26,036,026	\$ 2,820,875	\$ 28,856,901	\$ 18,282,645	\$ 4,280,933	\$ 22,563,578
Capital assets, net	40,444,575	9,752,074	50,196,649	40,941,480	8,844,338	49,785,818
Total Assets	66,480,601	12,572,949	79,053,550	59,224,125	13,125,271	72,349,396
Deferred outflows - pensions	244,267	42,113	286,380	629,240	114,272	743,512
Deferred outflows - OPEB	24,577	3,969	28,546	6,478	1,146	7,624
Total Deferred Outflows of Resources	268,844	46,082	314,926	635,718	115,418	751,136
Long-term liabilities	26,713,139	4,278,551	30,991,690	19,414,684	4,676,845	24,091,529
Other liabilities	526,624	755,271	1,281,895	1,259,326	1,063,329	2,322,655
Total Liabilities	27,239,763	5,033,822	32,273,585	20,674,010	5,740,174	26,414,184
Deferred inflows - pensions	362,796	46,150	408,946	71,166	11,980	83,146
Deferred inflows - OPEB	10,148	1,647	11,795	13,104	2,109	-
Total Deferred Inflows of of Resources	372,944	47,797	420,741	84,270	14,089	83,146
Net Position:						
Net investment in capital assets	27,155,714	7,974,574	35,130,288	28,275,487	8,641,742	36,917,229
Restricted	5,317,098	358,408	5,675,506	4,468,641	443,928	4,912,569
Unrestricted	6,663,926	(795,570)	5,868,356	6,357,435	(1,599,244)	4,758,191
Total Net Position	\$ 39,136,738	\$ 7,537,412	\$ 46,674,150	\$ 39,101,563	\$ 7,486,426	\$ 46,587,989

A portion of the City's net position, \$5,675,506, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$5,868,353, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$86,161 during the current fiscal year, an increase of 0.18% over the prior year.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Activities

The following table provides a summary of the City's changes in net position.

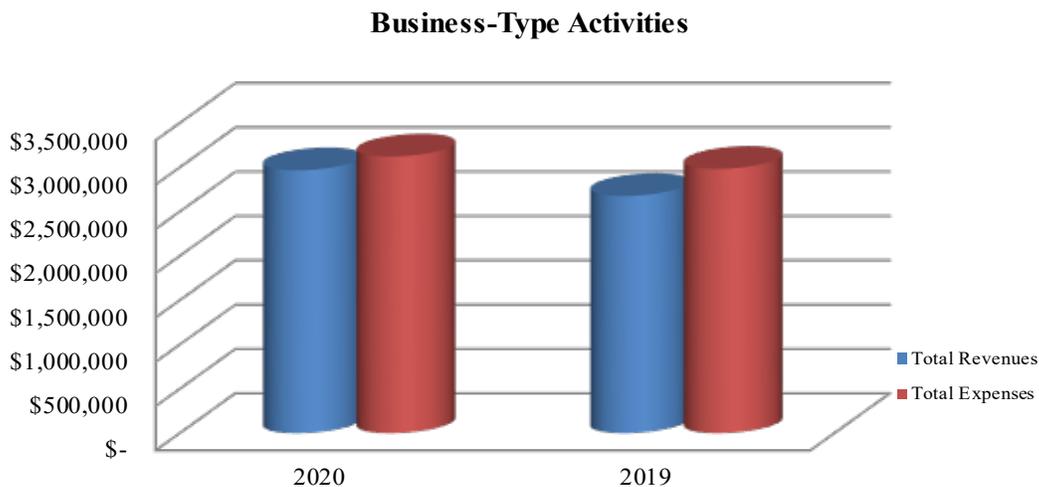
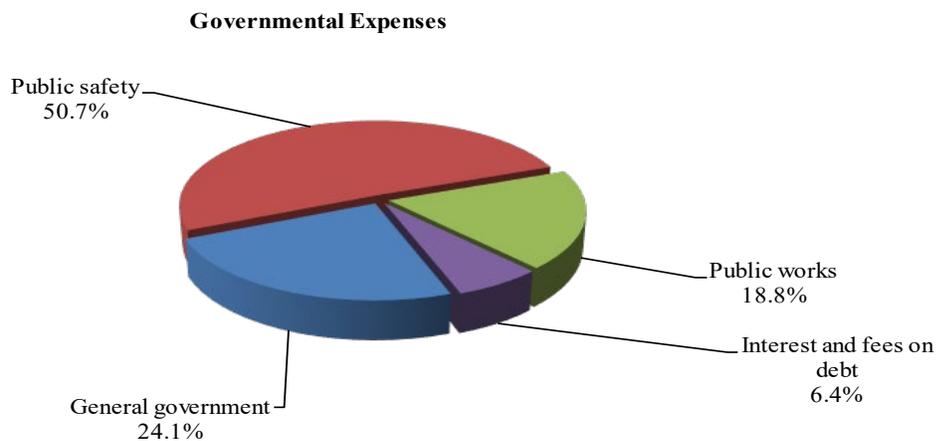
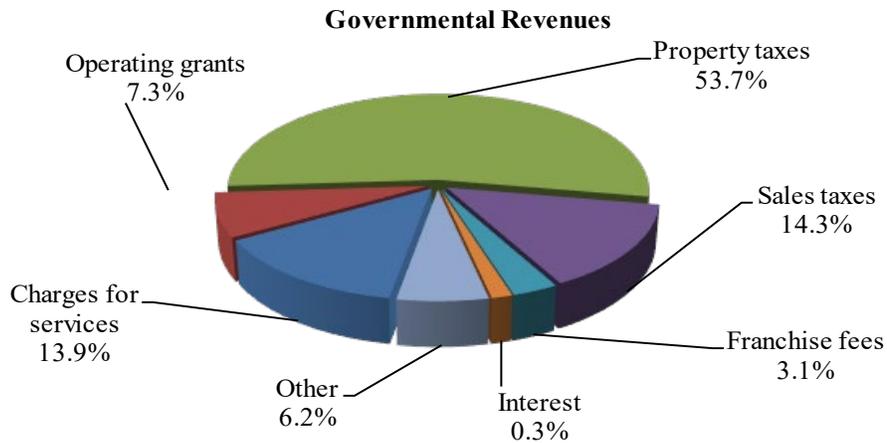
	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities	Primary Government	Activities	Activities	Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,444,090	\$ 2,966,158	\$ 4,410,248	\$ 1,766,899	\$ 2,676,454	\$ 4,443,353
Operating grants	754,729	-	754,729	746,199	-	746,199
General revenues:						
Property taxes	5,569,072	-	5,569,072	5,171,426	-	5,171,426
Sales taxes	1,482,145	-	1,482,145	1,535,394	-	1,535,394
Franchise fees	323,537	-	323,537	370,171	-	370,171
Interest	147,746	12,671	160,417	320,856	22,278	343,134
Other	641,662	43,716	685,378	272,109	33,220	305,329
Total Revenues	10,362,981	3,022,545	13,385,526	10,183,054	2,731,952	12,915,006
Expenses						
General government	2,449,914	-	2,449,914	2,144,920	-	2,144,920
Public safety	5,159,269	-	5,159,269	4,880,263	-	4,880,263
Public works	1,912,521	-	1,912,521	1,846,313	-	1,846,313
Interest and fees on debt	656,102	126,903	783,005	590,374	182,824	773,198
Water, sewer, and solid waste	-	2,994,656	2,994,656	-	2,799,831	2,799,831
Total Expenses	10,177,806	3,121,559	13,299,365	9,461,870	2,982,655	12,444,525
Increase (Decrease) in Net Position Before Transfers	185,175	(99,014)	86,161	721,184	(250,703)	470,481
Transfers in (out)	(150,000)	150,000	-	(1,095,543)	1,095,543	-
Change in Net Position	35,175	50,986	86,161	(374,359)	844,840	470,481
Beginning net position	39,101,563	7,486,426	46,587,989	39,475,922	6,641,586	46,117,508
Ending Net Position	\$ 39,136,738	\$ 7,537,412	\$ 46,674,150	\$ 39,101,563	\$ 7,486,426	\$ 46,587,989

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2020

Graphic presentations of the selected data from the summary tables follow to assist in the analysis of the City's activities.



Charges for services for governmental activities decreased \$322,809 or 18% due primarily to the decrease in fines and forfeitures due to COVID-19. Interest revenue decreased \$173,110 or 54% primarily due to less funds being invested and interest rate decreases. Property tax revenue increased by \$397,646 or 8% due to an increase in

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

property tax values and increased collections from delinquent property taxes. Total governmental expenditures increased \$715,936. General government expenditure increased mainly due to the personnel costs and pension and OPEB adjustments. Public safety expenditures increased \$279,006 or 6% mainly due to an increase in personnel related costs and equipment costs.

Revenues for business-type activities increased by \$290,593 or 12% from the prior year due to the increase in water and sewer revenue due to more consumption. Business-type expenses increased by \$138,904 or 7% mainly due to an increase in ground water charges and infrastructure improvements.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

The City's governmental funds reflect a combined fund balance of \$23,409,684. At the end of the current year, \$5,062,027 was unassigned, \$2,817,734 was assigned for capital outlay of equipment and capital improvements, and \$2,272,228 was assigned for 120 days' operating reserve. Total restricted fund balance includes \$13,015,631 for capital projects and \$205,522 for other various purposes, and \$14,928 was nonspendable for prepaid purposes.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$5,062,027, while total fund balance reached \$7,864,819. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 10 months of the general fund's expenditures. The general fund fund balance demonstrated an overall decrease of \$242,136 primarily due to a decrease in fines and forfeitures and investment income. Expenditures increase in public safety in providing response to COVID-19.

The City's debt service fund had a fund balance of \$21,614, which was an increase of \$47,456.

Overall, there was an increase of \$8,068,882 in the capital improvements fund primarily due to the new certificates of obligation bond issued during the fiscal year. The fund balance was \$15,474,098.

The asset forfeiture fund had a fund balance of \$19,054, which was unchanged from prior year.

The legacy fund had a fund balance of \$30,099, which was an increase of \$8,009 primarily due to an increase in donations received.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded budgeted revenues by \$731,710 during the year. This positive variance is due to the Coronavirus Relief Fund Grant, the FEMA Public Assistance Grant reimbursement for Hurricane Laura, and the Bryne JAG Grant that the City received and sales tax revenues that were slightly higher than originally estimated. These grants helped to mitigate the extraordinary expenditures for public safety that were

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

necessary in order to provide response to COVID-19. General fund expenditures were under the final budget by \$372,647 as a result of being offset by the grant reimbursements identified above and reductions in expenditures general government and public works respectively. However, it should be noted that the City did not receive any FEMA Public Assistance Grant reimbursement for the extraordinary expenditures for public safety in providing response to COVID-19 during FY 2020. Consequently, the revenue is under expenditures by \$242,136 after the budgeted transfers out.

CAPITAL ASSETS

At the end of the year, the City's had invested \$50,196,649 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$496,905 from the prior year.

Major capital asset events during the year included the following:

- Construction of water well for \$1,477,760
- Park improvements for \$457,966
- Construction of sidewalks for \$191,433
- Pavement and utility improvement at Loeser, Trawek, and Lonestar for \$357,518
- Pavement and utility improvement at Green Valley and Winningham for \$123,909

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt outstanding of \$29,645,000. Of this amount, \$10,920,000 was general obligation bonds, \$14,500,000 was certificate of obligation bond debt, and \$4,225,000 was revenue bond debt.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City issued \$8.50 million in certificate of obligation debt for the next few years capital improvement. The property tax rate for the 2020 tax year (FY2021) was \$0.425 per \$100 of property valuation.

The City experienced the economic impacts of the COVID-19 pandemic through the decrease in sales tax revenues and an increase in overall expenses for FY2020. The City experienced rising personnel costs due to annual pay increases for employees as well as allocated COVID-19 expenditures for public safety employees. However, the growth in property taxes and other revenues covered a portion of the effects of declining sales tax and increased expenditures associated to the Pandemic.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Michelle Yi, City Treasurer, Spring Valley Village City Hall, 1025 Campbell Road, Houston, Texas, 77055; telephone (713) 465-8308.

BASIC FINANCIAL STATEMENTS

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 24,090,630	\$ 2,762,727	\$ 26,853,357
Restricted	200,552	358,408	558,960
Investments	214,590	-	214,590
Receivables, net	717,913	497,153	1,215,066
Due from other funds	797,413	(797,413)	-
Prepaid items	14,928	-	14,928
	26,036,026	2,820,875	28,856,901
Noncurrent assets:			
Nondepreciable capital assets	2,447,735	2,060,732	4,508,467
Net depreciable capital assets	37,996,840	7,691,342	45,688,182
	40,444,575	9,752,074	50,196,649
Total Assets	66,480,601	12,572,949	79,053,550
<u>Deferred Outflows of Resources</u>			
Deferred outflows - pensions	244,267	42,113	286,380
Deferred outflows - OPEB	24,577	3,969	28,546
Total Deferred Outflows of Resources	268,844	46,082	314,926
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	399,884	594,535	994,419
Accrued interests	99,681	8,186	107,867
Customer deposits	27,059	152,550	179,609
Long-term liabilities due within one year	825,000	305,000	1,130,000
	1,351,624	1,060,271	2,411,895
Noncurrent liabilities:			
Net pension liability	87,912	24,013	111,925
Total OPEB liability	136,596	23,436	160,032
Long-term liabilities due in more than one year	25,663,631	3,926,102	29,589,733
	25,888,139	3,973,551	29,861,690
Total Liabilities	27,239,763	5,033,822	32,273,585

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Continued)

September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Deferred Inflows of Resources</u>			
Deferred inflows - pensions	\$ 362,796	\$ 46,150	\$ 408,946
Deferred inflows - OPEB	10,148	1,647	11,795
	372,944	47,797	420,741
<u>Net Position</u>			
Net investment in capital assets	27,155,714	7,974,574	35,130,288
Restricted:			
Municipal court - child safety	77,702	-	77,702
Municipal court - security	57,943	-	57,943
Municipal court - technology	20,724	-	20,724
Debt service	21,614	358,408	380,022
Asset forfeitures	19,054	-	19,054
120 days' operating reserve	2,272,228	-	2,272,228
Capital outlay and projects	2,817,734	-	2,817,734
Legacy fund	30,099	-	30,099
Unrestricted	6,663,926	(795,570)	5,868,356
Total Net Position	\$ 39,136,738	\$ 7,537,412	\$ 46,674,150

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 2,449,914	\$ 613,189	\$ -
Public safety	5,159,269	830,901	-
Public works	1,912,521	-	754,729
Interest and other charges on long-term debt	656,102	-	-
Total Governmental Activities	10,177,806	1,444,090	754,729
Business-Type Activities			
Water and sewer	3,121,559	2,966,158	-
Total Business-Type Activities	3,121,559	2,966,158	-
Total Primary Government	\$ 13,299,365	\$ 4,410,248	\$ 754,729

General Revenues:

Taxes:

Property taxes

Sales taxes

Franchise fees

Investment income

Other

Transfers:

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,836,725)	\$ -	\$ (1,836,725)
(4,328,368)	-	(4,328,368)
(1,157,792)	-	(1,157,792)
(656,102)	-	(656,102)
<u>(7,978,987)</u>	<u>-</u>	<u>(7,978,987)</u>
-	(155,401)	(155,401)
<u>-</u>	<u>(155,401)</u>	<u>(155,401)</u>
<u>(7,978,987)</u>	<u>(155,401)</u>	<u>(8,134,388)</u>
5,569,072	-	5,569,072
1,482,145	-	1,482,145
323,537	-	323,537
147,746	12,671	160,417
641,662	43,716	685,378
(150,000)	150,000	-
<u>8,014,162</u>	<u>206,387</u>	<u>8,220,549</u>
35,175	50,986	86,161
<u>39,101,563</u>	<u>7,486,426</u>	<u>46,587,989</u>
<u>\$ 39,136,738</u>	<u>\$ 7,537,412</u>	<u>\$ 46,674,150</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Capital Improvements	Asset Forfeiture
<u>Assets</u>				
Cash and cash equivalents	\$ 6,750,308	\$ 21,357	\$ 15,404,631	\$ 19,054
Investments	214,590	-	-	-
Receivables, net	292,607	7,813	-	-
Due from other government	417,493	-	-	-
Due from other funds	797,413	-	93,822	-
Prepaid items	14,928	-	-	-
Restricted cash	200,552	-	-	-
Total Assets	\$ 8,687,891	\$ 29,170	\$ 15,498,453	\$ 19,054
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 362,926	\$ 7,556	\$ 24,355	\$ -
Deposits	27,059	-	-	-
Due to other funds	393,822	-	-	-
Total Liabilities	783,807	7,556	24,355	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	39,265	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	14,928	-	-	-
Restricted:				
Municipal court - child safety	77,702	-	-	-
Municipal court - security	57,943	-	-	-
Municipal court - technology	20,724	-	-	-
Debt service	-	21,614	-	-
Asset forfeitures	-	-	-	19,054
Legacy fund	-	-	-	-
Capital projects	-	-	13,015,631	-
Assigned:				
120 days' operating reserve	2,272,228	-	-	-
Capital outlay and projects	359,267	-	2,458,467	-
Unassigned	5,062,027	-	-	-
Total Fund Balances	7,864,819	21,614	15,474,098	19,054
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,687,891	\$ 29,170	\$ 15,498,453	\$ 19,054

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ 35,146	\$ 22,230,496
-	214,590
-	300,420
-	417,493
-	891,235
-	14,928
-	200,552
<u>\$ 35,146</u>	<u>\$ 24,269,714</u>
\$ 5,047	\$ 399,884
-	27,059
-	393,822
<u>5,047</u>	<u>820,765</u>
-	39,265
-	14,928
-	77,702
-	57,943
-	20,724
-	21,614
-	19,054
30,099	30,099
-	13,015,631
-	2,272,228
-	2,817,734
-	5,062,027
<u>30,099</u>	<u>23,409,684</u>
<u>\$ 35,146</u>	<u>\$ 24,269,714</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2020

Total fund balances for governmental funds	\$ 23,409,684
Amounts reported for governmental activities in the Statement of Net Position are different, because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Capital assets, nondepreciable	2,447,735
Capital assets, net depreciable	37,996,840
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
	39,265
The internal service fund is used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	
	2,160,134
Deferred outflows and deferred inflows related to pension and other postemployment benefits activity are not reported in the governmental funds.	
Deferred outflows - pensions	244,267
Deferred outflows - OPEB	24,577
Deferred inflows - pensions	(362,796)
Deferred inflows - OPEB	(10,148)
Net pension liability	(87,912)
Total OPEB liability	(136,596)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(99,681)
Noncurrent liabilities due in one year	(825,000)
Noncurrent liabilities due in more than one year	(25,663,631)
Net Position of Governmental Activities	\$ 39,136,738

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
Property taxes	\$ 4,678,352	\$ 905,149	\$ -	\$ -
Sales taxes	1,482,145	-	-	-
Franchise fees	323,537	-	-	-
Fines and forfeitures	329,056	-	-	-
Licenses and permits	291,765	-	-	-
Charges for services	321,424	-	-	-
Hilshire police contract	501,845	-	-	-
Investment income	84,355	-	63,391	-
Intergovernmental	754,729	-	-	-
Other	511,602	-	-	-
Total Revenues	9,278,810	905,149	63,391	-
 Expenditures				
Current:				
General government	2,076,786	-	-	-
Public safety	4,771,931	-	-	-
Public works	427,879	-	-	-
Capital outlay	-	-	1,668,818	-
Debt service:				
Principal	-	795,000	-	-
Interest and fiscal charges	-	553,406	122,176	-
Total Expenditures	7,276,596	1,348,406	1,790,994	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,002,214	(443,257)	(1,727,603)	-
 Other Financing Sources (Uses)				
Debt issued	-	-	8,130,000	-
Premium	-	-	592,176	-
Transfers in	-	490,713	1,074,309	-
Transfers (out)	(2,244,350)	-	-	-
Total Other Financing Sources (Uses)	(2,244,350)	490,713	9,796,485	-
Net Change in Fund Balances	(242,136)	47,456	8,068,882	-
Beginning fund balances	8,106,955	(25,842)	7,405,216	19,054
Ending Fund Balances	\$ 7,864,819	\$ 21,614	\$ 15,474,098	\$ 19,054

See Notes to Financial Statements.

Legacy	Total Governmental Funds
\$ -	\$ 5,583,501
-	1,482,145
-	323,537
-	329,056
-	291,765
-	321,424
-	501,845
-	147,746
-	754,729
14,152	525,754
<u>14,152</u>	<u>10,261,502</u>
-	2,076,786
1,096	4,773,027
-	427,879
5,047	1,673,865
-	795,000
-	675,582
<u>6,143</u>	<u>10,422,139</u>
<u>8,009</u>	<u>(160,637)</u>
-	8,130,000
-	592,176
-	1,565,022
<u>-</u>	<u>(2,244,350)</u>
<u>-</u>	<u>8,042,848</u>
8,009	7,882,211
<u>22,090</u>	<u>15,527,473</u>
<u>\$ 30,099</u>	<u>\$ 23,409,684</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

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

Net change in fund balances - total governmental funds	\$ 7,882,211
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset acquisitions and retirements	1,686,574
Depreciation expense	(2,183,479)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Net change in unavailable revenue - property taxes	(14,429)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the effect of these differences in the treatment of long-term debt and related items.	
Accrued interest expense	(26,933)
Premium on debt	(545,761)
Principal payment	(7,335,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(45,582)
Net pension liability	658,950
Total OPEB liability	(31,062)
Deferred outflows - pensions	97,144
Deferred outflows - OPEB	18,099
Deferred inflows - pensions	(773,747)
Deferred inflows - OPEB	2,956
An internal service fund is used by management to charge the costs of providing various services and benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	
	645,234
Change in Net Position of Governmental Activities	\$ 35,175

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 2,762,727	\$ 1,860,134
Restricted cash	358,408	-
Receivables, net	497,153	-
Due from general fund	-	300,000
Total Current Assets	3,618,288	2,160,134
Noncurrent Assets		
Nondepreciable capital assets	2,060,732	-
Net depreciable capital assets	7,691,342	-
Total Capital Assets Net of Depreciable Assets	9,752,074	-
Total Noncurrent Assets	9,752,074	-
Total Assets	13,370,362	2,160,134
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	42,113	-
Deferred outflows - OPEB	3,969	-
Total Deferred Outflows of Resources	46,082	-
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities	594,535	-
Due to other funds	797,413	-
Customer deposits	152,550	-
Accrued interest payable	8,186	-
Long-term liabilities due within one year	305,000	-
Total Current Liabilities	1,857,684	-
Noncurrent Liabilities		
Net pension liability	24,013	-
Total OPEB liability	23,436	-
Long-term liabilities due in more than one year	3,926,102	-
Total Noncurrent Liabilities	3,973,551	-
Total Liabilities	5,831,235	-
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	46,150	-
Deferred inflows - OPEB	1,647	-
Total Deferred Inflows of Resources	47,797	-
<u>Net Position</u>		
Net investment in capital assets	7,974,574	-
Restricted for debt service	358,408	-
Unrestricted	(795,570)	2,160,134
Total Net Position	\$ 7,537,412	\$ 2,160,134

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Operating Revenues</u>		
Water charges	\$ 1,617,476	\$ -
Sewer charges	1,348,682	-
Charges for services	-	108,018
Other	43,716	-
Total Operating Revenues	3,009,874	108,018
<u>Operating Expenses</u>		
General and administrative	729,156	1,447
Water	717,726	-
Sewer	936,499	-
Depreciation	611,275	-
Total Operating Expenses	2,994,656	1,447
Operating Income	15,218	106,571
<u>Nonoperating Revenues (Expenses)</u>		
Investment earnings	12,671	9,335
Interest expense	(126,903)	-
Total Nonoperating Income (Expenses)	(114,232)	9,335
Income (Loss) Before Transfers	(99,014)	115,906
Transfers in	150,000	529,328
Change in Net Position	50,986	645,234
Beginning net position	7,486,426	1,514,900
Ending Net Position	\$ 7,537,412	\$ 2,160,134

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 3,006,858	\$ 108,018
Payments to suppliers	(2,021,121)	(1,447)
Payments to employees	(724,176)	-
Net Cash Provided by Operating Activities	261,561	106,571
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers in (out)	150,000	529,328
Net Cash Provided by Noncapital Financing Activities	150,000	529,328
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases	(1,518,936)	-
Interest and fiscal agent fees paid	(126,903)	-
Debt payments	(300,000)	-
Net Cash (Used) by Capital and Related Financing Activities	(1,945,839)	-
<u>Cash Flows from Investing Activities</u>		
Interest on investments	12,671	9,335
Net Cash Provided by Investing Activities	12,671	9,335
Net Increase in Cash and Cash Equivalents	(1,521,607)	645,234
Beginning cash and cash equivalents	4,642,742	1,214,900
Ending Cash and Cash Equivalents	\$ 3,121,135	\$ 1,860,134
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 2,762,727	\$ 1,860,134
Restricted cash and cash equivalents	358,408	-
	\$ 3,121,135	\$ 1,860,134
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 15,218	\$ 106,571
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	611,275	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(832)	-
Deferred outflows - pensions	72,159	-
Deferred outflows - OPEB	(2,823)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(366,666)	-
Net pension liability	(102,916)	-
Total OPEB liability	4,852	-
Deferred inflows - pensions	34,170	-
Deferred inflows - OPEB	(462)	-
Compensated absences	(230)	-
Customer deposits	(2,184)	-
Net Cash Provided by Operating Activities	\$ 261,561	\$ 106,571

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Spring Valley Village, Texas (the “City”) was incorporated under the laws of the State of Texas (the “State”) in 1955. The City operates as a “General Law” city, which provides for a “Mayor-Council” form of government.

The City provides the following services: public safety; parks and streets, sanitation, water, and sewer services; and general administration.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended Component Unit

Spring Valley Legacy Fund, Inc.

The Spring Valley Legacy Fund, Inc. (the “Corporation”) has been included in the reporting entity as a blended component unit. The Corporation was established to allow the City to receive private and corporate donations to be used to benefit the Spring Valley Police Department. The Board of Directors consists of six members, all members of the City Council, for terms of office coinciding with their respective terms of office with the City, plus one appointed individual.

The component unit identified above is included in the City’s reporting entity because of the significance of its operational or financial relationships with the City. The City appoints a majority of the Corporation’s Board and is either able to impose its will on it or a financial benefit/burden exists.

Complete financial statements of the Corporation can be obtained directly from administrative offices of the City.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. *Governmental activities*, which are normally 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.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service fund, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water, wastewater, and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, and public works. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *capital improvements fund* is used to account for the expenditures related to capital projects through resources accumulated from various internal transfers and bond financing. The capital improvements fund is considered a major fund for reporting purposes.

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The asset forfeiture fund holds monies seized by the police department to be used for public safety and security. The City has elected to report the asset forfeiture fund as a major fund for reporting purposes. The legacy fund is used solely to benefit the Spring Valley Police Department. The primary source of revenue for the legacy fund is from private and corporate donations. The City has elected to report the legacy fund as a major fund for reporting purposes.

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection, and wastewater treatment. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

The *internal service* fund is used to account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The internal service fund is used to account for vehicle and equipment replacement.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The 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.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

For this purpose, the City 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

3. Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs 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 City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 years
Furniture and fixtures	4-8 years
Infrastructure	40 years
Machinery and equipment	4-8 years
Water and sewer system	20-40 years
Buildings	40 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

The City maintains formal programs for vacation and sick leave. Vacation pay is calculated six months from the date of employment and is cumulative up to 80 hours for employees with less than five years of service and 120 hours for employees with more than five years of service. According to policy, 40 hours may carry over at year end if no exceptions are made. Sick leave is accumulated up to 240 hours but does not vest.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City will strive to achieve and maintain an unassigned fund balance in the general fund equal to at least 120 days of budgeted operating expenditures. If the unassigned fund balance falls below the target or has a deficiency, the City will seek to reduce expenditures prior to increasing revenues in order to replenish the fund balance within a reasonable time frame not to exceed three years.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

12. Estimates

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

13. 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.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the City's yearly contributions for retirees.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during September of each year, are due upon receipt of the City's tax bill, and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid. The penalties and interest accumulate on the unpaid accounts until July 1, at which time the delinquent accounts are turned over to the tax attorney for legal action.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

revenues of the enterprise fund and internal service fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the object and purpose stated in the approved budget.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pool (TexPool and TexasCLASS)	\$ 24,377,278	0.12
Certificates of deposit	<u>214,590</u>	0.21
Total Investments	<u>\$ 24,591,868</u>	
Portfolio Weighted Average Maturity		0.12

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. State law and the City's investment policy limits investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent. Further, commercial paper must be rated not less than "A-1" or "P-1" or an equivalent rating by at least two nationally recognized credit rating agencies. As of year end, the City's investment in TexPool was rated "AAAm" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the U.S. government or the issuing U.S. agency.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of September 30, 2020, the City's bank balances exceeded the market values of pledged securities and FDIC coverage, leaving \$626,152 exposed to custodial credit risk.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

B. Receivables

The following comprises receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Enterprise</u>
Property taxes	\$ 39,872	\$ 7,813	\$ -
Other taxes	252,735	-	-
Other government	417,493	-	-
Accounts	-	-	524,353
Less allowance	-	-	(27,200)
Total	<u>\$ 710,100</u>	<u>\$ 7,813</u>	<u>\$ 497,153</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,966,307	\$ -	\$ -	\$ 1,966,307
Construction in progress	1,878,803	481,428	(1,878,803)	481,428
Total Capital Assets Not Being Depreciated	3,845,110	481,428	(1,878,803)	2,447,735
Other capital assets:				
Infrastructure	55,423,530	2,822,777	-	58,246,307
Buildings	8,281,188	-	-	8,281,188
Furniture and fixtures	2,090,546	8,824	-	2,099,370
Machinery and equipment	693,335	18,700	-	712,035
Vehicles	1,004,180	233,648	-	1,237,828
Total Other Capital Assets	67,492,779	3,083,949	-	70,576,728
Less accumulated depreciation for:				
Infrastructure	(27,719,470)	(1,456,221)	-	(29,175,691)
Buildings	(628,954)	(206,590)	-	(835,544)
Furniture and fixtures	(811,122)	(274,952)	-	(1,086,074)
Machinery and equipment	(585,338)	(58,642)	-	(643,980)
Vehicles	(651,525)	(187,074)	-	(838,599)
Total Accumulated Depreciation	(30,396,409)	(2,183,479)	-	(32,579,888)
Other capital assets, net	37,096,370	900,470	-	37,996,840
Governmental Activities Capital Assets, Net	\$ 40,941,480	\$ 1,381,898	\$ (1,878,803)	40,444,575
			Less associated debt	(26,304,492)
			Unspent bond proceeds	13,015,631
			Net Investment in Capital Assets	\$ 27,155,714

Depreciation was charged to governmental functions as follows:

General government	\$ 321,573
Public safety	378,513
Public works	1,483,393
Total Governmental Activities Depreciation Expense	\$ 2,183,479

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

A summary of changes in capital assets for business-type activities for the year end is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 5,207	\$ -	\$ -	\$ 5,207
Construction in progress	577,765	1,477,760	-	2,055,525
Total Capital Assets Not Being Depreciated	<u>582,972</u>	<u>1,477,760</u>	<u>-</u>	<u>2,060,732</u>
Other capital assets:				
Building	44,708	-	-	44,708
Infrastructure	26,892	-	-	26,892
Water system	10,538,253	59,076	(24,465)	10,572,864
Sewer system	5,753,776	-	-	5,753,776
Vehicles	45,895	-	-	45,895
Machinery and equipment	214,287	6,565	-	220,852
Total Other Capital Assets	<u>16,623,811</u>	<u>65,641</u>	<u>(24,465)</u>	<u>16,664,987</u>
Less accumulated depreciation for:				
Building	(33,475)	(633)	-	(34,108)
Infrastructure	(8,067)	(672)	-	(8,739)
Water system	(5,482,796)	(422,135)	4,974	(5,899,957)
Sewer system	(2,629,170)	(171,959)	-	(2,801,129)
Vehicles	(45,894)	-	-	(45,894)
Machinery and equipment	(163,043)	(20,775)	-	(183,818)
Total Accumulated Depreciation	<u>(8,362,445)</u>	<u>(616,174)</u>	<u>4,974</u>	<u>(8,973,645)</u>
Other capital assets, net	<u>8,261,366</u>	<u>(550,533)</u>	<u>(19,491)</u>	<u>7,691,342</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,844,338</u>	<u>\$ 927,227</u>	<u>\$ (19,491)</u>	<u>9,752,074</u>
				Less associated debt (1,935,000)
				Unspent bond proceeds 157,500
				Net Investment in Capital Assets <u>\$ 7,974,574</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 444,215
Sewer	<u>171,959</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 616,174</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the general fund and debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds, series 2015	\$ 11,485,000	\$ -	\$ (565,000)	\$ 10,920,000	* \$ 585,000
Certificates of obligation, series 2019	6,600,000	-	(230,000)	6,370,000	* 240,000
Certificates of obligation, series 2020	-	8,130,000	-	8,130,000	*
Premiums	338,731	592,176	(46,415)	884,492	*
Net pension liability	746,862	-	(658,950)	87,912	-
Total OPEB liability	105,534	31,062	-	136,596	-
Compensated absences	138,557	122,665	(77,083)	184,139	-
Total Governmental Activities	\$ 19,414,684	\$ 8,875,903	\$ (1,577,448)	\$ 26,713,139	\$ 825,000
			Long-term liabilities due in more than one year	\$ 25,888,139	
			* Debt associated with governmental activities capital assets	\$ 26,304,492	
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Revenue bonds, series 2014 from direct borrowings and direct placements	\$ 2,125,000	\$ -	\$ (190,000)	\$ 1,935,000	* \$ 195,000
Revenue bonds, series 2018 from direct borrowings and direct placements	2,400,000	-	(110,000)	2,290,000	* 110,000
Net pension liability	126,929	-	(102,916)	24,013	-
Total OPEB liability	18,584	4,852	-	23,436	-
Compensated absences	6,332	13,337	(13,567)	6,102	-
Total Business-Type Activities	\$ 4,676,845	\$ 18,189	\$ (416,483)	\$ 4,278,551	\$ 305,000
			Long-term liabilities due in more than one year	\$ 3,973,551	
			* Debt associated with business-type activities capital assets	\$ 4,225,000	

In August 2020 the City issued Tax and Revenue Certificates of Obligation, Series 2020 (the Certificates) in the amount of \$8,130,000 for construction of improvements to the City's streets and roadways; drainage and related improvements; and for the purchase of materials, supplies, machinery, land, and rights-of-way and certain costs related; and the issuance costs. The Certificates will mature on February 15, 2040 and have interest rates that range from 2 percent to 4 percent.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Long-term debt for governmental activities at year end was comprised of the following debt issues:

	<u>Amounts Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Interest Pmt. Dates</u>
General Obligation Bonds			
Series 2015	\$ 10,920,000	2.00% - 3.89%	Feb 15, Aug 15
Certificates of Obligation			
Series 2019	6,370,000	3.00% - 4.00%	Feb 15, Aug 15
Certificates of Obligation			
Series 2020	8,130,000	2.00% - 4.00%	Feb 15, Aug 15
Total Bonds and Certificates of Obligation	<u>\$ 25,420,000</u>		

Long-term debt for business-type activities at year end was comprised of the following debt issues:

	<u>Amounts Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Interest Pmt. Dates</u>
Revenue Bonds			
Series 2014	\$ 1,935,000	2.63%	Feb 15, Aug 15
Series 2018	2,290,000	1.21% - 2.61%	Feb 15, Aug 15
Total Bonds	<u>\$ 4,225,000</u>		

Pledged Revenues

The net revenue of the enterprise fund is for the payment of interest and principal on the outstanding revenue bonds, series 2014, and series 2018. The revenue bonds were issued for the purpose of improving and extending the City's water and sanitary sewer system and are payable through 2038. The table below represents the pledged amount at September 30, 2020:

<u>Gross Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue</u>	<u>Debt Service Requirement (3)</u>	<u>Revenue Bond Coverage (4)</u>
\$ 3,022,545	\$ 2,383,381	\$ 639,164	\$ 402,912	1.59

- (1) Gross revenues as defined in the revenue bond ordinance include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.
- (2) Total operating expenses as defined in the revenue bond ordinance do not include amortization, depreciation, bond interest, and fiscal charges.
- (3) Debt service requirements are based on the expected debt service pays for the following fiscal year.
- (4) The 2014 and 2018 bond series' net revenue amount shall be at least equal to or greater than 1.1 times.

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The annual requirements to amortize bond debt issues outstanding at year end were as follows:

Fiscal Year Ending Sept. 30	Governmental Activities		
	General Obligation Bonds		
	Principal Due	Interest Due	Total Due
2021	\$ 585,000	\$ 325,294	\$ 910,294
2022	600,000	307,519	907,519
2023	620,000	289,219	909,219
2024	640,000	270,319	910,319
2025	660,000	250,819	910,819
2026-2030	3,610,000	940,294	4,550,294
2031-2035	4,205,000	344,966	4,549,966
Total	\$ 10,920,000	\$ 2,728,429	\$ 13,648,429

Fiscal Year Ending Sept. 30	Governmental Activities		
	Certificates of Obligation		
	Principal Due	Interest Due	Total Due
2021	\$ 240,000	\$ 416,703	\$ 656,703
2022	580,000	394,213	974,213
2023	605,000	370,513	975,513
2024	625,000	349,463	974,463
2025	640,000	331,313	971,313
2026-2030	3,560,000	1,295,465	4,855,465
2031-2035	4,080,000	784,721	4,864,721
2036-2040	4,170,000	237,712	4,407,712
Total	\$ 14,500,000	\$ 4,180,103	\$ 18,680,103

Fiscal Year Ending Sept. 30	Revenue Bonds (Direct borrowings/placements)		
	Principal Due	Interest Due	Total Due
	2021	\$ 305,000	\$ 97,912
2022	310,000	91,277	401,277
2023	320,000	84,433	404,433
2024	325,000	77,305	402,305
2025	330,000	69,965	399,965
2026-2030	1,520,000	231,193	1,751,193
2031-2035	670,000	105,051	775,051
2036-2040	445,000	22,916	467,916
Total	\$ 4,225,000	\$ 780,050	\$ 5,005,050

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Internal service fund	General fund	\$ 529,328
Utility fund	General fund	150,000
Capital improvements fund	General fund	1,074,308
Debt service fund	General fund	490,713
	Total	\$ 2,244,349

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal service fund	General fund	\$ 300,000
Capital improvements fund	General fund	93,822
General fund	Utility fund	797,413
	Total	\$ 1,191,291

F. Fund Equity

Funds restricted by enabling legislation are \$156,369, which are related to municipal court security, child safety fees, and technology.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League’s Intergovernmental Risk Pools (the “Pool”). The Pool purchases commercial insurance at a group rate for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant impact on the operating activities and results of the City. The occurrence and magnitude of such impact will depend on future possible developments, such as the duration and spread of the virus, government quarantine measures, the effects on the financial markets, and the effects on the economy overall.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tMrs.com.

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

Benefits Provided

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

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	2020	2019
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/ yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to, but not yet receiving, benefits	22
Active employees	40
Total	97

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City were 6.91% and 6.89% in calendar years 2019 and 2020 respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$248,998 and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

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

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

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

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equities	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 400,723	\$ -	\$ 400,723
Interest	758,269	-	758,269
Changes in current period benefits	-	-	-
Difference between expected and actual experience	69,979	-	69,979
Changes in assumptions	44,082	-	44,082
Contributions - employer	-	209,961	(209,961)
Contributions - employee	-	213,313	(213,313)
Net investment income	-	1,621,083	(1,621,083)
Benefit payments, including refunds of employee contributions	(658,397)	658,397	-
Administrative expense	-	(9,162)	(9,162)
Other changes	-	(276)	276
Net Changes	614,656	1,376,522	(780,190)
Balance at December 31, 2018	11,362,445	10,488,654	873,791
Balance at December 31, 2019	\$ 11,977,101	\$ 11,865,176	\$ 111,925

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability (Asset)	\$ 1,558,498	\$ 111,925	\$ (1,096,105)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$270,064.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 52,994	\$ 42,226
Changes in actuarial assumptions	33,382	-
Difference between projected and actual investment earnings	-	366,720
Contributions subsequent to the measurement date	200,004	-
Total	\$ 286,380	\$ 408,946

\$200,004 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase to the NPL for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2021	\$ (104,109)
2022	(98,843)
2023	59,680
2024	(179,298)
Thereafter	-
Total	\$ (322,570)

D. Other Postemployment Benefits

TMRS Supplemental Death Benefits

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a 5% interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Participation in the SDBF as of December 31, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to, but not yet receiving, benefits	7
Active employees	39
Total	69

Total OPEB Liability

The City's total OPEB liability of \$160,032 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.75%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	5,180
Interest		4,678
Change of benefit terms		-
Difference between expected and actual experience		913
Changes of assumptions		26,362
Benefit payments		(1,219)
	Net Changes	<u>35,914</u>
Balance at December 31, 2018		<u>124,118</u>
Balance at December 31, 2019	\$	<u>160,032</u>

* Benefit payments are treated as being equal to the employer's yearly contribution for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

The discount rate decreased from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% Decrease (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase (3.75%)</u>
City's Total OPEB Liability	<u>\$ 194,207</u>	<u>\$ 160,032</u>	<u>\$ 133,615</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$13,017. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 758	\$ 6,193
Changes in actuarial assumptions	26,630	5,602
Contributions subsequent to the measurement date	1,158	-
Total	\$ 28,546	\$ 11,795

\$1,158 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2021.

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense
2021	\$ 3,159
2022	3,159
2023	2,093
2024	3,097
2025	4,085
Thereafter	-
Total	\$ 15,593

E. Revenue Allocation Agreement

Effective October 1, 2014, the City entered into an amended Congestion Mitigation/Traffic Management Agreement (the “Agreement”) with METRO (Metropolitan Transit Authority of Harris County, Texas), which continues through December 31, 2025, unless terminated earlier per the provisions of the Agreement. In December of 2019, the Agreement was extended through September 30, 2040, unless terminated earlier per the provisions of the Agreement. Under the terms of the Agreement, the City will receive periodic payments in amounts equal to one-half of all available sales and use tax revenues collected by or for METRO within the corporate limits of the City. The City may utilize the funds for traffic-related projects and costs. The funds are accounted for in the general fund.

F. Related Organizations and Joint Ventures

Fire Protection

The City has entered into an interlocal agreement (the “Agreement”) with the cities of Bunker Hill Village, Hedwig Village, Hunters Creek Village, Piney Point Village, and Hilshire Village, Texas, to create the Village Fire Department (VFD). The Agreement automatically renews for a period of five

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

years unless terminated by at least one of the contracting cities. Under the terms of this Agreement, the City is liable for 16.25% of VFD's approved budget.

Consolidated financial information extracted from the VFD's audited financial statements for the year ended December 31, 2019, on which the VFD's auditors expressed an unmodified opinion, is as follows:

	VFD Total		City's Portion (16.25%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets and deferred outflows	\$ 7,846,275	\$ 4,678,816	\$ 1,275,020	\$ 760,306
Total liabilities and deferred inflows	3,540,075	757,492	575,262	123,092
Total Participants' Equity	\$ 4,306,200	\$ 3,921,324	\$ 699,758	\$ 637,214
	Change in Net Position	Revenues and Expenditures	Change in Net Position	Revenues and Expenditures
Total revenues	\$ 9,881,052	\$ 9,875,507	\$ 1,605,671	\$ 1,604,770
Total expenditures/expenses	7,391,422	6,771,119	1,201,106	1,100,307
Revenues over expenditures/expenses	2,489,630	3,104,388	404,565	504,463
Other financing sources	-	5,545	-	901
Beginning participants' equity	1,816,570	811,391	295,193	131,850
Ending Participants' Equity	\$ 4,306,200	\$ 3,921,324	\$ 699,758	\$ 637,214

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 4,632,000	\$ 4,632,000	\$ 4,678,352	\$ 46,352
Sales taxes	1,313,400	1,313,400	1,482,145	168,745
Franchise fees	292,500	292,500	323,537	31,037
Fines and forfeitures	484,300	484,300	329,056	(155,244)
Licenses and permits	210,150	210,150	291,765	81,615
Charges for services	310,000	310,000	321,424	11,424
Hilshire police contract	501,845	501,845	501,845	-
Investment income	110,000	110,000	84,355	(25,645)
Intergovernmental	648,900	648,900	754,729	105,829
Other	44,005	44,005	511,602	467,597
Total Revenues	8,547,100	8,547,100	9,278,810	731,710
Expenditures				
General government				
Mayor and council	8,520	8,520	5,292	3,228
General government	940,037	977,968	931,794	46,174
Contractual and city-wide	777,997	867,960	837,092	30,868
Municipal court	294,289	294,289	205,887	88,402
Parks and recreation	96,873	111,793	96,721	15,072
Total general government	2,117,716	2,260,530	2,076,786	183,744
Public safety				
Police	3,436,892	3,919,152	3,722,860	196,292
Fire	1,090,991	1,090,991	1,049,071	41,920
Total public safety	4,527,883	5,010,143	4,771,931	238,212
Public works				
Streets and drainage	558,476	558,878	427,879	130,999
Total Expenditures	7,204,075	7,829,551	7,276,596	552,955
Excess of Revenues Over Expenditures	1,343,025	1,383,681	2,002,214	178,755
Other Financing Sources (Uses)				
Transfers (out)	(1,332,332)	(1,332,332)	(2,244,350)	(912,018)
Total Other Financing (Uses)	(1,332,332)	(1,332,332)	(2,244,350)	(912,018)
Net Change in Fund Balance	\$ 10,693	\$ (614,783)	(242,136)	\$ 372,647
Beginning fund balance			8,106,955	
Ending Fund Balance			\$ 7,864,819	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Measurement Year			
	2019	2018	2017	2016
Total Pension Liability				
Service cost	\$ 400,723	\$ 366,289	\$ 355,629	\$ 345,789
Interest (on the total pension liability)	758,269	730,507	698,883	675,456
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	69,979	(81,620)	(10,553)	(69,514)
Change of assumptions	44,082	-	-	-
Benefit payments, including refunds of employee contributions	(658,397)	(583,816)	(577,758)	(641,405)
Net Change in Total Pension Liability	<u>614,656</u>	<u>431,360</u>	<u>466,191</u>	<u>310,326</u>
Beginning total pension liability	<u>11,362,445</u>	<u>10,931,085</u>	<u>10,464,894</u>	<u>10,154,568</u>
Ending Total Pension Liability	<u><u>\$ 11,977,101</u></u>	<u><u>\$ 11,362,445</u></u>	<u><u>\$ 10,931,085</u></u>	<u><u>\$ 10,464,894</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 209,961	\$ 201,221	\$ 201,756	\$ 155,593
Contributions - employee	213,313	196,176	188,306	179,431
Net investment income	1,621,083	(329,801)	1,364,168	643,013
Benefit payments, including refunds of employee contributions	(658,397)	(583,816)	(577,768)	(641,405)
Administrative expense	(9,162)	(6,375)	(7,070)	(7,261)
Other	(276)	(333)	(358)	(391)
Net Change in Plan Fiduciary Net Position	<u>1,376,522</u>	<u>(522,928)</u>	<u>1,169,034</u>	<u>328,980</u>
Beginning plan fiduciary net position	<u>10,488,654</u>	<u>11,011,582</u>	<u>9,842,548</u>	<u>9,513,568</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 11,865,176</u></u>	<u><u>\$ 10,488,654</u></u>	<u><u>\$ 11,011,582</u></u>	<u><u>\$ 9,842,548</u></u>
Net Pension Liability/(Asset)	<u><u>\$ 111,925</u></u>	<u><u>\$ 873,791</u></u>	<u><u>\$ (80,497)</u></u>	<u><u>\$ 622,346</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)	99.07%	92.31%	100.74%	94.05%
Covered Payroll	\$ 3,047,322	\$ 2,802,521	\$ 2,690,083	\$ 2,563,301
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	3.67%	31.18%	(2.99%)	24.28%

*Only six years of information is currently available. The City will build this schedule over the next four-year period.

Measurement Year*	
2015	2014
\$ 317,389	\$ 262,594
647,576	612,560
-	-
(239)	(49,336)
275,713	-
(356,533)	(349,425)
<u>883,906</u>	<u>476,393</u>
<u>9,270,662</u>	<u>8,794,269</u>
<u><u>\$ 10,154,568</u></u>	<u><u>\$ 9,270,662</u></u>
\$ 164,572	\$ 168,939
175,076	161,113
14,056	516,782
(356,533)	(349,425)
(8,561)	(5,396)
(423)	(444)
<u>(11,813)</u>	<u>491,569</u>
<u>9,525,381</u>	<u>9,033,812</u>
<u><u>\$ 9,513,568</u></u>	<u><u>\$ 9,525,381</u></u>
<u><u>\$ 641,000</u></u>	<u><u>\$ (254,719)</u></u>
93.69%	102.75%
\$ 2,501,093	\$ 2,301,618
25.63%	(11.07%)

CITY OF SPRING VALLEY VILLAGE, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2020

	Fiscal Year*			
	2020	2019	2018	2017
Actuarially determined contribution	\$ 248,998	\$ 209,511	\$ 195,848	\$ 194,112
Contributions in relation to the actuarially determined contribution	248,998	209,511	195,848	194,112
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
 Covered payroll	 \$ 3,605,526	 \$ 3,012,340	 \$ 2,711,205	 \$ 2,691,643
 Contributions as a percentage of covered payroll	 6.91%	 6.96%	 7.22%	 7.21%

*Only seven years of information is currently available. The City will build this schedule over the next three-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014- December 31, 2018.
Mortality	Post-retirement 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

There were no benefit changes during the year.

Fiscal Year*		
2016	2015	2014
\$ 167,012	\$ 164,572	\$ 168,939
167,012	164,572	168,939
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,690,588	\$ 2,501,093	\$ 2,301,618
6.21%	6.58%	7.34%

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2020

	Measurement Year*		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 5,180	\$ 5,325	\$ 4,573
Interest (on the total OPEB liability)	4,678	4,506	4,429
Changes of benefit terms	-	-	-
Difference between expected and actual experience	913	(9,783)	-
Change of assumptions	26,362	(8,848)	10,568
Benefit payments**	(1,219)	(1,121)	(807)
Net Change in Total OPEB Liability	<u>35,914</u>	<u>(9,921)</u>	<u>18,763</u>
Beginning total OPEB liability	<u>124,118</u>	<u>134,039</u>	<u>115,276</u>
Ending Total OPEB Liability	<u>\$ 160,032</u>	<u>\$ 124,118</u>	<u>\$ 134,039</u>
Covered Payroll	\$ 3,047,322	\$ 2,802,521	\$ 2,690,083
Total OPEB Liability as a Percentage of Covered Payroll	5.25%	4.43%	4.98%

* Only three years of information is currently available. The City will build this schedule over the next seven-year period.

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 -year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in assumptions is the annual change in the municipal bond index rate.

There were no benefit changes during the year.

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SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2020

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 911,119	\$ 911,119	\$ 905,149	\$ (5,970)
Total Revenues	911,119	911,119	905,149	(5,970)
<u>Expenditures</u>				
Principal	795,000	795,000	795,000	-
Interest and fiscal charges	566,832	567,582	553,406	14,176
Total Expenditures	1,361,832	1,362,582	1,348,406	14,176
(Deficiency) of Revenues (Under) Expenditures	(450,713)	(451,463)	(443,257)	(8,206)
<u>Other Financing Sources (Uses)</u>				
Transfers in	450,713	490,713	490,713	-
Total Other Financing Sources	450,713	490,713	490,713	-
Net Change in Fund Balance	\$ -	\$ 39,250	47,456	\$ (8,206)
Beginning fund balance			(25,842)	
Ending Fund Balance			\$ 21,614	

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	86
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	96
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	104
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	115
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	119
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF SPRING VALLEY VILLAGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 20,562,889	\$ 23,227,286	\$ 25,437,372	\$ 24,859,774
Restricted	720,777	75,118	121,848	150,437
Unrestricted	6,582,772	5,825,609	5,065,577	7,973,362
Total Governmental Activities Net Position	\$ 27,866,438	\$ 29,128,013	\$ 30,624,797	\$ 32,983,573
 Business-Type Activities				
Net investment in capital assets	\$ 7,822,043	\$ 7,416,956	\$ 7,201,090	\$ 7,484,141
Restricted	-	-	-	1,612,394
Unrestricted	(744,008)	(364,877)	(259,161)	(2,241,483)
Total Business-Type Activities Net Position	\$ 7,078,035	\$ 7,052,079	\$ 6,941,929	\$ 6,855,052
 Primary Government				
Net investment in capital assets	\$ 28,384,932	\$ 30,644,242	\$ 32,638,462	\$ 32,343,915
Restricted	720,777	75,118	121,848	150,437
Unrestricted	5,838,764	5,460,732	4,806,416	5,731,879
Total Primary Government Net Position	\$ 34,944,473	\$ 36,180,092	\$ 37,566,726	\$ 38,226,231

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 25,354,855	\$ 26,621,889	\$ 28,189,939	\$ 28,879,559	\$ 28,275,487	\$ 27,155,714
154,588	160,271	4,924,112	4,371,682	4,468,641	5,317,098
9,970,921	9,662,867	4,707,722	5,985,685	6,357,435	6,663,926
<u>\$ 35,480,364</u>	<u>\$ 36,445,027</u>	<u>\$ 37,821,773</u>	<u>\$ 39,236,926</u>	<u>\$ 39,101,563</u>	<u>\$ 39,136,738</u>
\$ 6,429,975	\$ 6,446,443	\$ 5,764,333	\$ 5,057,352	\$ 8,641,742	\$ 7,974,574
1,004,614	965,480	871,778	331,411	443,928	358,408
(963,461)	(1,042,151)	(328,932)	1,213,688	(1,599,244)	(795,570)
<u>\$ 6,471,128</u>	<u>\$ 6,369,772</u>	<u>\$ 6,307,179</u>	<u>\$ 6,602,451</u>	<u>\$ 7,486,426</u>	<u>\$ 7,537,412</u>
\$ 31,784,830	\$ 33,068,332	\$ 33,954,272	\$ 33,936,911	\$ 36,917,229	\$ 35,130,288
1,159,202	1,125,751	5,795,890	4,703,093	4,912,569	5,675,506
9,007,460	8,620,716	4,378,790	6,157,050	4,758,191	5,868,356
<u>\$ 41,951,492</u>	<u>\$ 42,814,799</u>	<u>\$ 44,128,952</u>	<u>\$ 45,839,377</u>	<u>\$ 46,587,989</u>	<u>\$ 46,674,150</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 1,225,535	\$ 1,229,504	\$ 1,590,735	\$ 1,320,245
Public safety	2,837,702	2,786,639	2,648,646	2,738,631
Public works	1,164,949	1,324,918	1,153,278	1,278,240
Interest and fiscal agent fees	-	-	-	-
Total Governmental Activities Expenses	<u>5,228,186</u>	<u>5,341,061</u>	<u>5,392,659</u>	<u>5,337,116</u>
Business-Type Activities				
Water and sewer	2,635,600	2,442,239	2,675,934	2,658,992
Total Business-Type Activities Expenses	<u>2,635,600</u>	<u>2,442,239</u>	<u>2,675,934</u>	<u>2,658,992</u>
Total Expenses	<u>\$ 7,863,786</u>	<u>\$ 7,783,300</u>	<u>\$ 8,068,593</u>	<u>\$ 7,996,108</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 210,123	\$ 219,074	\$ 236,953	\$ 214,713
Public safety	922,068	814,509	800,772	1,127,801
Operating grants and contributions	154,000	154,000	154,000	154,000
Total Governmental Activities Program Revenues	<u>1,286,191</u>	<u>1,187,583</u>	<u>1,191,725</u>	<u>1,496,514</u>
Business-Type Activities				
Charges for services				
Water and sewer	2,909,044	2,709,775	2,859,499	2,730,542
Total Business-Type Activities Program Revenues	<u>2,909,044</u>	<u>2,709,775</u>	<u>2,859,499</u>	<u>2,730,542</u>
Total Program Revenues	<u>\$ 4,195,235</u>	<u>\$ 3,897,358</u>	<u>\$ 4,051,224</u>	<u>\$ 4,227,056</u>
Net (Expense)/Revenue				
Governmental activities	\$ (3,941,995)	\$ (4,153,478)	\$ (4,200,934)	\$ (3,840,602)
Business-type activities	273,444	267,536	183,565	71,550
Total Net Expense	<u>\$ (3,668,551)</u>	<u>\$ (3,885,942)</u>	<u>\$ (4,017,369)</u>	<u>\$ (3,769,052)</u>

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	1,247,843	\$ 800,723	\$ 903,011	\$ 1,726,894	\$ 2,144,920	\$ 2,449,914
	3,036,137	3,880,246	3,922,109	3,992,287	4,880,263	5,159,269
	1,354,685	1,906,985	1,818,890	1,730,944	1,846,313	1,912,521
	337,430	432,200	307,683	350,842	590,374	656,102
	<u>5,976,095</u>	<u>7,020,154</u>	<u>6,951,693</u>	<u>7,800,967</u>	<u>9,461,870</u>	<u>10,177,806</u>
	<u>2,614,157</u>	<u>2,848,278</u>	<u>3,058,370</u>	<u>2,795,072</u>	<u>2,982,655</u>	<u>3,121,559</u>
	<u>2,614,157</u>	<u>2,848,278</u>	<u>3,058,370</u>	<u>2,795,072</u>	<u>2,982,655</u>	<u>3,121,559</u>
\$	<u>8,590,252</u>	<u>\$ 9,868,432</u>	<u>\$ 10,010,063</u>	<u>\$ 10,596,039</u>	<u>\$ 12,444,525</u>	<u>\$ 13,299,365</u>
\$	397,023	\$ 265,706	\$ 260,442	\$ 196,591	\$ 680,365	\$ 613,189
	1,133,967	938,409	880,102	1,193,648	1,086,534	830,901
	438,493	661,046	620,005	702,846	746,199	754,729
	<u>1,969,483</u>	<u>1,865,161</u>	<u>1,760,549</u>	<u>2,093,085</u>	<u>2,513,098</u>	<u>2,198,819</u>
	<u>2,708,075</u>	<u>2,720,856</u>	<u>2,940,857</u>	<u>3,069,771</u>	<u>2,676,454</u>	<u>2,966,158</u>
	<u>2,708,075</u>	<u>2,720,856</u>	<u>2,940,857</u>	<u>3,069,771</u>	<u>2,676,454</u>	<u>2,966,158</u>
\$	<u>4,677,558</u>	<u>\$ 4,586,017</u>	<u>\$ 4,701,406</u>	<u>\$ 5,162,856</u>	<u>\$ 5,189,552</u>	<u>\$ 5,164,977</u>
\$	(4,006,612)	\$ (5,154,993)	\$ (5,191,144)	\$ (5,707,882)	\$ (6,948,772)	\$ (7,978,987)
	93,918	(127,422)	(117,512)	274,699	(306,201)	(155,401)
\$	<u>(3,912,694)</u>	<u>\$ (5,282,415)</u>	<u>\$ (5,308,657)</u>	<u>\$ (5,433,183)</u>	<u>\$ (7,254,973)</u>	<u>\$ (8,134,388)</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,548,991	\$ 3,685,289	\$ 3,812,544	\$ 3,904,606
Sales taxes	929,607	934,790	1,082,352	1,106,384
Franchise fees	312,958	332,619	357,602	331,764
Investment income	32,876	25,176	19,163	19,659
Other	132,543	124,179	111,057	132,760
Transfers	163,000	313,000	315,000	676,025
Total Governmental Activities	<u>5,119,975</u>	<u>5,415,053</u>	<u>5,697,718</u>	<u>6,171,198</u>
Business-type activities				
Other	-	19,508	21,285	23,343
Transfers	(163,000)	(313,000)	(315,000)	(676,025)
Total Business-Type Activities	<u>(163,000)</u>	<u>(293,492)</u>	<u>(293,715)</u>	<u>(652,682)</u>
Total Primary Government	<u>\$ 4,956,975</u>	<u>\$ 5,121,561</u>	<u>\$ 5,404,003</u>	<u>\$ 5,518,516</u>
Change in Net Position				
Governmental activities	\$ 1,177,980	\$ 1,261,575	\$ 1,496,784	\$ 2,330,596
Business-type activities	110,444	(25,956)	(110,150)	(581,132)
Total Change in Net Position	<u>\$ 1,288,424</u>	<u>\$ 1,235,619</u>	<u>\$ 1,386,634</u>	<u>\$ 1,749,464</u>

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 4,245,518	\$ 4,402,210	\$ 4,693,922	\$ 5,142,514	\$ 5,171,426	\$ 5,569,072
1,191,356	1,197,292	1,262,647	1,430,561	1,535,394	1,482,145
339,321	353,381	339,607	326,582	370,171	323,537
21,502	30,566	57,565	124,225	320,856	147,746
136,451	136,207	214,149	196,729	272,109	641,662
75,000	-	-	-	(1,095,543)	(150,000)
<u>6,009,148</u>	<u>6,119,656</u>	<u>6,567,890</u>	<u>7,220,611</u>	<u>6,574,413</u>	<u>8,014,162</u>
89	26,066	54,920	32,694	55,498	56,387
(75,000)	-	-	-	1,095,543	150,000
<u>(74,911)</u>	<u>26,066</u>	<u>54,920</u>	<u>32,694</u>	<u>1,151,041</u>	<u>206,387</u>
<u>\$ 5,934,237</u>	<u>\$ 6,145,722</u>	<u>\$ 6,622,810</u>	<u>\$ 7,253,305</u>	<u>\$ 7,725,454</u>	<u>\$ 8,220,549</u>
\$ 2,002,536	\$ 964,663	\$ 1,376,746	\$ 1,512,729	\$ (374,359)	\$ 35,175
19,007	(101,356)	(62,593)	307,393	844,840	50,986
<u>\$ 2,021,543</u>	<u>\$ 863,307</u>	<u>\$ 1,314,153</u>	<u>\$ 1,820,122</u>	<u>\$ 470,481</u>	<u>\$ 86,161</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

		Fiscal Year			
		2011	2012	2013	2014
General Fund					
Nonspendable		-	-	385	870
Committed		4,815,560	3,817,458	-	-
Restricted		720,777	75,118	121,848	122,257
Assigned		-	-	359,267	359,267
Unassigned		1,918,202	2,191,707	3,550,699	4,004,162
Total General Fund		\$ 7,454,539	\$ 6,084,283	\$ 4,032,199	\$ 4,486,556
 All Other Governmental Funds					
Restricted		\$ -	\$ -	\$ -	\$ -
Assigned		-	-	1,321,366	-
Unassigned		-	-	-	-
Total All Other Governmental Funds		\$ -	\$ -	\$ 1,321,366	\$ -

Fiscal Year					
2015	2016	2017	2018	2019	2020
870	870	1,203	11,938	13,570	14,928
-	-	-	-	-	-
121,659	124,264	128,097	137,075	148,524	156,369
359,267	359,267	359,267	359,267	359,267	359,267
4,926,770	5,619,702	6,524,412	6,957,672	7,585,594	7,334,255
<u>\$ 5,408,566</u>	<u>\$ 6,104,103</u>	<u>\$ 7,012,979</u>	<u>\$ 7,465,952</u>	<u>\$ 8,106,955</u>	<u>\$ 7,864,819</u>
\$ 13,135,970	\$ 9,132,618	\$ 16,105	\$ 22,733	\$ 5,798,882	\$ 13,086,398
3,112,942	2,093,010	527,158	1,580,379	1,647,478	2,458,467
-	(882)	177,707	4,792	(25,842)	-
<u>\$ 16,248,912</u>	<u>\$ 11,224,746</u>	<u>\$ 720,970</u>	<u>\$ 1,607,904</u>	<u>\$ 7,420,518</u>	<u>\$ 15,544,865</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Property taxes	\$ 3,538,671	\$ 3,715,316	\$ 3,792,043	\$ 3,936,160
Sales taxes	929,607	934,790	1,082,352	1,106,384
Franchise fees	312,958	332,619	357,602	331,764
Fines and forfeitures	602,246	506,233	470,225	772,834
Licenses and permits	210,123	219,074	236,953	214,713
Charges for services	-	-	-	-
Hilshire police contract	319,822	308,276	330,547	354,967
Investment income	32,876	25,176	19,163	19,659
Intergovernmental	154,000	154,000	154,000	154,000
Other	122,638	121,604	111,057	132,760
Total Revenues	6,222,941	6,317,088	6,553,942	7,023,241
Expenditures				
General government	1,145,736	1,188,587	1,262,101	1,355,108
Public safety	2,841,154	2,786,166	2,886,525	3,002,128
Public works	1,645,349	4,028,166	181,440	262,499
Capital outlay	-	-	3,269,594	439,623
Debt service:				
Bond issuance costs	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	5,632,239	8,002,919	7,599,660	5,059,358
Excess (Deficiency) of Revenues Over (Under) Expenditures	590,702	(1,685,831)	(1,045,718)	1,963,883
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Sale of capital assets	9,905	2,575	-	84,352
Transfers in	163,000	313,000	2,065,000	1,930,766
Transfers out	-	-	(1,750,000)	(2,161,767)
Total Other Financing Sources (Uses)	172,905	315,575	315,000	(146,649)
Net Change in Fund Balances	\$ 763,607	\$ (1,370,256)	\$ (730,718)	\$ 1,817,234
Debt service as a percentage of noncapital expenditures	-	-	-	-

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	4,159,264	\$ 4,508,707	\$ 4,690,696	\$ 5,128,547	\$ 5,152,045	\$ 5,583,501
	1,191,356	1,197,292	1,262,647	1,430,561	1,535,394	1,482,145
	339,321	353,381	339,607	326,582	370,171	323,537
	752,084	540,494	460,809	745,884	615,636	329,056
	397,023	265,706	260,442	196,591	355,933	291,765
	-	-	-	-	324,432	321,424
	381,883	397,915	419,293	447,764	470,898	501,845
	21,502	30,566	57,565	124,225	320,856	147,746
	438,493	661,046	620,005	702,846	746,199	754,729
	132,090	136,439	231,811	108,408	136,900	525,754
	<u>7,813,016</u>	<u>8,091,546</u>	<u>8,342,875</u>	<u>9,211,408</u>	<u>10,028,464</u>	<u>10,261,502</u>
	1,337,875	1,287,658	1,427,121	1,509,517	1,849,486	2,076,786
	3,201,065	3,397,221	3,405,232	3,653,799	4,199,438	4,773,027
	286,142	393,737	305,642	314,546	426,402	427,879
	2,114,494	6,288,546	11,414,618	2,060,288	2,117,640	1,673,865
	104,614	-	-	-	-	-
	-	400,000	510,000	530,000	550,000	795,000
	-	524,336	399,819	379,019	581,801	675,582
	<u>7,044,190</u>	<u>12,291,498</u>	<u>17,462,432</u>	<u>8,447,169</u>	<u>9,724,767</u>	<u>10,422,139</u>
	768,826	(4,199,952)	(9,119,557)	764,239	303,697	(160,637)
	13,475,000	-	-	-	6,600,000	8,130,000
	134,363	-	-	-	248,176	592,176
	5,310	4,320	751	35,093	7,200	-
	2,217,000	1,250,000	2,335,849	1,524,042	988,432	1,565,022
	(2,142,000)	(1,382,997)	(2,192,011)	(1,603,399)	(1,932,884)	(2,244,350)
	<u>13,689,673</u>	<u>(128,677)</u>	<u>144,589</u>	<u>(44,264)</u>	<u>5,910,924</u>	<u>8,042,848</u>
\$	<u>14,458,499</u>	<u>\$ (4,328,629)</u>	<u>\$ (8,974,968)</u>	<u>\$ 719,975</u>	<u>\$ 6,214,621</u>	<u>\$ 7,882,211</u>
	-	15.01%	16.96%	13.06%	14.65%	16.83%

CITY OF SPRING VALLEY VILLAGE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Residential	\$ 682,799,385	\$ 727,362,843	\$ 749,621,556	\$ 816,582,662
Vacant	18,988,324	16,467,688	16,340,891	16,982,310
Commercial and industrial	48,897,421	48,724,472	50,298,328	54,623,908
Utilities	12,368,450	11,291,453	10,776,364	10,542,288
Real properties	23,956,770	22,184,491	23,043,294	23,360,586
Governmental and charities	121,839,666	114,230,914	114,503,217	117,469,367
Total assessed value (1)	908,850,016	940,261,861	964,583,650	1,039,561,121
Less: Tax exempt property	(255,559,740)	(258,228,448)	(261,606,047)	(280,032,062)
Total Taxable Assessed Valuation	\$ 653,290,276	\$ 682,033,413	\$ 702,977,603	\$ 759,529,059
Taxable value as a percentage of assessed value	72%	73%	73%	73%
Total tax rate	\$ 0.539760	\$ 0.539760	\$ 0.539760	\$ 0.512843

Source: Tax department of the Spring Branch ISD.

(1) All property is assessed at 100% of actual taxable value.

Fiscal Year

2015		2016		2017		2018		2019		2020	
\$	938,839,232	\$	1,057,666,553	\$	1,147,232,344	\$	1,234,212,313	\$	1,286,137,521	\$	1,350,215,949
	23,119,734		22,897,005		20,219,114		26,911,668		20,302,787		18,605,776
	71,949,422		69,321,629		104,087,202		127,616,169		120,709,222		149,066,674
	4,250,555		10,289,952		11,484,003		11,433,668		11,602,774		12,076,421
	8,625		25,945,101		23,553,054		22,199,610		25,674,830		38,620,266
	138,803,675		147,694,988		151,935,233		155,927,423		159,391,800		165,193,713
	<u>1,176,971,243</u>		<u>1,333,815,228</u>		<u>1,458,510,950</u>		<u>1,578,300,851</u>		<u>1,623,818,934</u>		<u>1,733,778,799</u>
	<u>(312,592,100)</u>		<u>(355,139,172)</u>		<u>(373,888,856)</u>		<u>(392,449,852)</u>		<u>(404,345,840)</u>		<u>(420,239,552)</u>
\$	<u>864,379,143</u>	\$	<u>978,676,056</u>	\$	<u>1,084,622,094</u>	\$	<u>1,185,850,999</u>	\$	<u>1,219,473,094</u>	\$	<u>1,313,539,247</u>
	73%		73%		74%		75%		75%		76%
\$	0.487843	\$	0.450000	\$	0.433500	\$	0.433500	\$	0.430000	\$	0.425000

CITY OF SPRING VALLEY VILLAGE, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
City of Spring Valley Village:				
Operating tax rate	\$ 0.539760	\$ 0.539760	\$ 0.539760	\$ 0.512843
Debt service tax rate	-	-	-	-
Total Direct Rates	<u>\$ 0.539760</u>	<u>\$ 0.539760</u>	<u>\$ 0.539760</u>	<u>\$ 0.512843</u>
Spring Branch Independent School District	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500
Harris County	0.391170	0.400210	0.414550	0.414550
Harris County Flood Control	0.028090	0.028090	0.028270	0.028270
Port of Houston Authority	0.018560	0.019520	0.017160	0.017160
Harris County Hospital District	0.192160	0.182160	0.170000	0.170000
Harris County Education Department	0.006580	0.006620	0.006360	0.006358
Total Overlapping Rates	<u>\$ 2.031060</u>	<u>\$ 2.031100</u>	<u>\$ 2.030840</u>	<u>\$ 2.030838</u>
Total Direct and Overlapping Rates	<u>\$ 2.570820</u>	<u>\$ 2.570860</u>	<u>\$ 2.570600</u>	<u>\$ 2.543681</u>

Note: The basis for property tax rates is per \$100 of the assessed valuation.

Source: Tax department records of the various governments.

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 0.487843	\$ 0.356160	\$ 0.350711	\$ 0.354641	\$ 0.3562740	\$ 0.3558890
-	0.093840	0.082789	0.078859	0.0737260	0.0691110
<u>\$ 0.487843</u>	<u>\$ 0.450000</u>	<u>\$ 0.433500</u>	<u>\$ 0.433500</u>	<u>\$ 0.4300000</u>	<u>\$ 0.4250000</u>
\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.307300
0.417310	0.419230	0.416560	0.418010	0.418580	0.391160
0.027360	0.027330	0.028290	0.028290	0.028770	0.031420
0.015310	0.013420	0.013340	0.013340	0.011550	0.009910
0.170000	0.170000	0.171790	0.171900	0.171080	0.166710
0.005999	0.005422	0.005200	0.005200	0.005190	0.004199
<u>\$ 2.030479</u>	<u>\$ 2.029902</u>	<u>\$ 2.029680</u>	<u>\$ 2.031240</u>	<u>\$ 2.029670</u>	<u>\$ 1.910699</u>
<u>\$ 2.518322</u>	<u>\$ 2.479902</u>	<u>\$ 2.463180</u>	<u>\$ 2.464740</u>	<u>\$ 2.459670</u>	<u>\$ 2.335699</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2020			2011		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
SV Physician Properties I LP	\$ 33,442,080	1	2.21%	\$ -	-	-
Campbell Project Partners LLC	28,222,334	2	2.15%	-	-	-
Ten Voss Ltd	25,073,481	3	2.02%	37,017,175	1	5.77%
HD Development Properties	22,017,660	4	1.73%	13,220,029	2	2.06%
Spring Valley One Center Ltd	16,075,278	5	1.45%	-	-	-
Memorial Design Center Ltd	13,267,092	6	1.07%	-	-	-
Southwestern Bell	8,586,792	7	0.92%	10,897,018	3	1.70%
Managed Rehabilitation Inc	8,219,506	8	0.78%	5,760,426	4	0.90%
Wellington Fidelis Campbell I LP	5,556,300	9	0.68%	4,410,450	6	0.69%
Ten Voss	3,389,422	10	0.52%	-	-	-
Baker O N	-	-	-	5,543,419	5	0.86%
Arbor Windsor Court Ltd	-	-	-	2,444,878	8	0.38%
Spring Valley Memorial Real	-	-	-	2,209,840	9	0.34%
Campbell I10 Ltd	-	-	-	3,676,480	7	0.57%
Stonebridge Homes Ltd	-	-	-	1,625,536	10	0.25%
Subtotal	163,849,945		12.67%	90,959,614		18.77%
Other Taxpayers	1,149,689,302		87.33%	393,545,775		81.23%
Total ⁽¹⁾	\$ 1,313,539,247		100.00%	\$ 484,505,389		100.00%

Source: Tax department of the Spring Branch ISD.

(1) Net of exemptions and abatements

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collected	Total Collections to Date	
				Amount Collected	Percentage of Levy	Amount Collected	Amount Collected	Percentage of Levy
2011	2010	\$ 0.539760	\$ 3,525,346	\$ 3,499,080	99.25%	\$ 24,494	\$ 3,523,574	99.95%
2012	2011	\$ 0.539760	\$ 3,681,702	\$ 3,663,573	99.51%	\$ 16,013	\$ 3,679,586	99.94%
2013	2012	\$ 0.539760	\$ 3,795,231	\$ 3,770,251	99.34%	\$ 22,718	\$ 3,792,969	99.94%
2014	2013	\$ 0.512843	\$ 3,893,084	\$ 3,881,284	99.70%	\$ 7,747	\$ 3,889,031	99.90%
2015	2014	\$ 0.487843	\$ 4,212,362	\$ 4,100,837	97.35%	\$ 24,979	\$ 4,125,816	97.95%
2016	2015	\$ 0.450000	\$ 4,509,649	\$ 4,392,632	97.41%	\$ 91,129	\$ 4,483,761	99.43%
2017	2016	\$ 0.433500	\$ 4,688,384	\$ 4,687,314	99.69%	\$ (28,559)	\$ 4,658,755	99.08%
2018	2017	\$ 0.433500	\$ 5,140,951	\$ 5,126,946	99.73%	\$ (3,921)	\$ 5,123,025	99.65%
2019	2018	\$ 0.430000	\$ 5,243,735	\$ 5,215,475	99.46%	\$ (85,502)	\$ 5,129,973	97.83%
2020	2019	\$ 0.425000	\$ 5,562,742	\$ 5,533,075	99.47%	\$ 16,257	\$ 5,549,332	99.76%

Source: Tax department of the Spring Branch ISD.

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Certificates of obligation	-	-	-	-
Issuance discounts/premiums	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities:				
Revenue bonds	-	-	-	3,000,000
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Government-Wide:				
Revenue bonds	-	-	-	3,000,000
General obligation bonds	-	-	-	-
Certificates of obligation	-	-	-	-
Total Government-Wide	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>
Estimated Full Property Value	\$ 908,850,016	\$ 940,261,861	\$ 964,583,650	\$ 1,039,561,121
Percentage of Full Property Value:				
Government-wide	-	-	-	-
Population	3,843	3,941	3,852	4,013
Debt Per Capita:				
Governmental activities	\$ -	\$ -	\$ -	\$ -
Government-wide	\$ -	\$ -	\$ -	\$ 748

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	13,602,965	\$ 13,196,567	\$ 12,680,169	\$ 12,143,771	\$ 11,485,000	\$ 10,920,000
	-	-	-	-	6,600,000	14,500,000
	376,141	369,743	363,345	356,947	338,731	884,492
	<u>13,979,106</u>	<u>13,566,310</u>	<u>13,043,514</u>	<u>12,500,718</u>	<u>18,423,731</u>	<u>26,304,492</u>
	2,835,000	2,665,000	2,490,000	2,310,000	4,525,000	4,225,000
	<u>2,835,000</u>	<u>2,665,000</u>	<u>2,490,000</u>	<u>2,310,000</u>	<u>4,525,000</u>	<u>4,225,000</u>
	2,835,000	2,665,000	2,490,000	2,310,000	4,525,000	4,225,000
	13,602,965	13,196,567	12,680,169	12,143,771	11,485,000	10,920,000
	-	-	-	-	6,600,000	14,500,000
	<u>\$ 16,437,965</u>	<u>\$ 15,861,567</u>	<u>\$ 15,170,169</u>	<u>\$ 14,453,771</u>	<u>\$ 22,610,000</u>	<u>\$ 29,645,000</u>
\$	1,176,971,243	\$ 1,333,815,228	\$ 1,458,510,950	\$ 1,578,300,851	\$ 1,623,818,934	\$ 1,733,778,799
	1.40%	1.19%	1.04%	0.92%	1.39%	1.71%
	4,135	4,191	4,328	4,336	4,333	4,239
\$	3,290	\$ 3,149	\$ 2,930	\$ 2,801	\$ 4,174	\$ 6,205
\$	3,975	\$ 3,785	\$ 3,505	\$ 3,333	\$ 5,218	\$ 6,993

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Estimated Actual Taxable Value of Property	\$ 653,209,276	\$ 682,033,413	\$ 702,977,603	\$ 759,529,059
Net Bonded Debt				
Gross bonded debt	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Percentage of Estimated Actual Taxable Value of Property	-	-	-	-
Population	3,843	3,941	3,852	4,013
Per Capita	\$ -	\$ -	\$ -	\$ -

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094	\$ 1,185,850,999	\$ 1,219,473,094	\$ 1,313,539,247
<u>\$ 13,602,965</u>	<u>\$ 13,196,567</u>	<u>\$ 12,680,169</u>	<u>\$ 12,143,771</u>	<u>\$ 18,085,000</u>	<u>\$ 25,420,000</u>
<u>\$ 13,602,965</u>	<u>\$ 13,196,567</u>	<u>\$ 12,680,169</u>	<u>\$ 12,143,771</u>	<u>\$ 18,085,000</u>	<u>\$ 25,420,000</u>
1.57%	1.35%	1.17%	1.02%	1.48%	1.94%
4,135	4,191	4,328	4,336	4,333	4,239
\$ -	\$ 3,149	\$ 2,930	\$ 2,801	\$ 4,174	\$ 5,997

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CITY OF SPRING VALLEY VILLAGE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2020

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Spring Branch Independent School District	\$ 783,660,000	4.060%	\$ 31,816,596
Harris County	\$ 1,867,957,125	0.290%	5,417,076
Harris County Flood Control District	\$ 334,270,000	0.290%	969,383
Harris County Hospital District	\$ 86,050,000	0.290%	249,545
Harris County Department of Education	\$ 6,320,000	0.290%	18,328
Port of Houston Authority	\$ 514,174,397	0.290%	1,491,106
Subtotal, overlapping debt			39,962,033
City Direct Debt	\$ 25,420,000	100.00%	25,420,000
Total Direct and Overlapping Debt			\$ 65,382,033

Source: Municipal Advisory Council of Texas

* The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County Entities certified taxable values.

CITY OF SPRING VALLEY VILLAGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Debt limit ⁽¹⁾	\$ 65,329,028	\$ 68,203,341	\$ 70,297,760	\$ 75,952,906
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 65,329,028	\$ 68,203,341	\$ 70,297,760	\$ 75,952,906
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-
 Legal Debt Margin Calculation				
Assessed value	\$ 653,290,276	\$ 682,033,413	\$ 702,977,603	\$ 759,529,059
Debt limit (10% of assessed value)	65,329,028	68,203,341	70,297,760	75,952,906
Debt applicable to limit:				
Gross bonded debt	-	-	-	-
General obligation debt	-	-	-	-
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 65,329,028	\$ 68,203,341	\$ 70,297,760	\$ 75,952,906

(1) Note: There is no debt limit established by law; therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt. The Attorney General of the State of Texas will not approve more than \$1.00 of the tax rate for debt service. The City's maximum legal tax rate is \$2.50 per \$100 valuation assessed at 100% of the market value. Ten percent (10%) of the assessed value has been applied as a "rule of thumb" procedure.

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 86,437,914	\$ 97,867,606	\$ 108,462,209	\$ 118,585,101	\$ 121,947,309	\$ 131,353,925
13,598,216	13,196,567	12,680,169	12,138,979	18,085,000	25,420,000
<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>	<u>\$ 106,446,121</u>	<u>\$ 103,862,309</u>	<u>\$ 105,933,925</u>

15.58%	13.48%	11.69%	10.24%	14.83%	19.35%
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\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094	\$ 1,185,850,999	\$ 1,219,473,094	\$ 1,313,539,247
86,437,914	97,867,606	108,462,209	118,585,100	121,947,309	131,353,925
13,602,965	13,196,567	12,680,169	12,143,771	18,085,000	25,420,000
-	-	-	4,792	-	-
<u>13,602,965</u>	<u>13,196,567</u>	<u>12,680,169</u>	<u>12,138,979</u>	<u>18,085,000</u>	<u>25,420,000</u>
<u>\$ 72,834,949</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>	<u>\$ 106,446,121</u>	<u>\$ 103,862,309</u>	<u>\$ 105,933,925</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years*

	Fiscal Year			
	2014	2015	2016	2017
Gross Revenues (1)	\$ 2,753,885	\$ 2,708,164	\$ 2,746,922	\$ 2,995,777
Operating Expenses (2)	2,146,586	2,059,433	2,297,918	2,464,746
Net Revenues Available for Debt Service	\$ 607,299	\$ 648,731	\$ 449,004	\$ 531,031
Debt Service Requirements (3)				
Principal	\$ 165,000	\$ 170,000	\$ 175,000	\$ 180,000
Interest	78,000	74,561	70,090	65,487
Total	\$ 243,900	\$ 244,561	\$ 245,090	\$ 245,487
Coverage	2.49	2.65	1.83	2.16

(1) Gross revenues as defined in the revenue bond ordinances include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses as defined in the revenue bond ordinances do not include amortization, bond interest, and fiscal charges.

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

*The City did not have revenue bonds prior to fiscal year 2014.

Fiscal Year		
2018	2019	2020
\$ 3,102,465	\$ 2,731,952	\$ 3,022,545
<u>2,173,587</u>	<u>2,263,747</u>	<u>2,383,381</u>
<u><u>\$ 928,878</u></u>	<u><u>\$ 468,205</u></u>	<u><u>\$ 639,164</u></u>
\$ 185,000	\$ 300,000	\$ 305,000
60,753	104,339	97,912
<u>\$ 245,753</u>	<u>\$ 404,339</u>	<u>\$ 402,912</u>
3.78	1.16	1.59

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CITY OF SPRING VALLEY VILLAGE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept. 30	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Public School Enrollment ⁽²⁾	Unemployment Rate ⁽¹⁾	Education Level in Years of Formal Schooling ⁽¹⁾
2011	3,843	N/A	N/A	N/A	812	N/A	N/A
2012	3,941	N/A	N/A	N/A	839	N/A	N/A
2013	3,852	N/A	N/A	N/A	732	N/A	N/A
2014	4,013	\$ 266,584	\$ 66,430	44.0	905	4.7%	78%
2015	4,142	\$ 266,584	\$ 68,839	43.0	910	4.7%	79%
2016	4,191	\$ 201,496	\$ 75,372	42.0	280	1.2%	78%
2017	4,328	\$ 242,866	\$ 88,899	42.0	905	1.2%	78%
2018	4,336	\$ 241,139	\$ 88,258	43.0	908	1.2%	78%
2019	4,333	\$ 239,996	\$ 99,286	40.6	915	1.2%	82%
2020	4,239	\$ 205,100	\$ 91,202	40.0	691	3.3%	84%

Data sources:

(1) World Population Review

(2) Spring Branch ISD

Information not presented is not available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Six Years Ago

Employer	2020			2014		
	Percentage of Total			Percentage of Total		
	Employees	Employment⁽¹⁾	Rank	Employees	Employment⁽¹⁾	Rank
Spring Branch Independent School District	231	34.12%	1	185	30.08%	1
Home Depot	154	22.75%	2	140	22.76%	2
East West Bank	61	9.01%	3	-	-	-
DTK	-	-	-	75	12.20%	3
Spring Branch Presbyterian Church	43	6.35%	4	40	6.50%	4
Pueblo Viejo	-	-	-	36	5.85%	5
Stoller Group	38	5.61%	5	-	-	-
Starbucks Corporation	35	5.17%	6	35	5.69%	6
AOK Emergency Room	-	-	-	35	5.69%	7
Houston Plastic & Craniofacial Surgeons	34	5.02%	7	-	-	-
SSI	32	4.73%	8	25	4.07%	9
Specs	29	4.28%	9	29	4.72%	8
Premier Technology Group	20	2.95%	10	15	2.44%	10
	<u>677</u>	<u>100.00%</u>		<u>615</u>	<u>100.00%</u>	

Source: Human Resource Department of each company

Note: The requirement is for the current year and nine years ago;

however, only the current year and six years ago information is available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Governmental Activities:</u>										
General government	8	8	8	8	8	8	8	8	8	9
Public safety	21	21	23	23	24	24	24	24	24	24
Public works	2	2	3	3	3	3	3	3	3	3
<u>Business-Type Activities:</u>										
Water and sewer	4	4	4	4	4	4	4	4	4	4
Total City Positions	35	35	38	38	39	39	39	39	39	40

Source: City Finance Department

CITY OF SPRING VALLEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
City of Spring Valley Village				
Budgeted full-time employees	35	35	38	39
Function				
Police				
Arrests	402	293	508	719
Accident reports	125	134	155	160
Citations	5,760	4,137	5,190	8,043
Offense reports	918	988	1,183	1,530
Calls for service	21,838	22,587	19,560	36,254
Municipal court				
Traffic violations	5,714	3,725	9,585	12,352
Non-traffic violations	470	484	302	1,472
Community Development				
Residential building permits issued	32	23	38	19
Commercial building permits issued	11	12	15	9
Water				
Average daily gallons pumped-combined water (millions of gallons)	0.95	0.78	0.79	0.71
Average daily gallons pumped-surface water (millions of gallons)	0.02	-	0.05	-
Average daily gallons pumped-well water (millions of gallons)	0.93	0.78	0.75	0.71
Number of connections	2,059	2,045	2,130	2,135

Source: Various City departments

Fiscal Year					
2015	2016	2017	2018	2019	2020
39	39	39	40	40	40
697	460	300	205	130	47
165	157	208	192	108	112
8,061	4,417	5,487	5,689	7,437	6,332
1,094	962	913	1,070	717	487
36,638	33,351	29,068	23,307	21,150	19,629
8,519	5,147	6,442	4,884	5,226	2,986
1,442	528	963	373	456	319
29	37	37	44	17	47
12	30	2	5	12	7
0.68	0.72	0.72	0.75	0.74	0.76
0.05	0.40	0.44	0.34	0.33	0.36
0.68	0.32	0.60	0.57	0.59	0.59
2,137	2,204	2,138	2,138	2,139	2,139

CITY OF SPRING VALLEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Function				
General government				
Municipal buildings	1	1	1	1
Public safety				
Police protection				
Stations	1	1	1	1
Public works				
Streets (lane miles)	-	-	-	20.01
Community services				
Parks	-	-	-	1
Pavilions	-	-	-	1
Park acreage developed	-	-	-	2.62
Water				
Water wells	1	1	1	1
Ground/elevated storage tanks	-	-	-	3
Water mains (miles)	-	-	-	26
Fire hydrants	157	157	157	157
Wastewater				
Sanitary sewers (miles)	-	-	-	16
Sewer manholes	-	-	-	389

Source: Various City departments

Fiscal Year						
2015	2016	2017	2018	2019	2020	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
20.01	20.01	20.01	20.01	20.01	20.01	20.01
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2.62	2.62	2.62	2.62	2.62	2.62	2.62
1	1	1	1	1	1	1
3	3	3	3	3	3	3
26	26	26	26	26	26	26
157	206	206	206	206	206	206
16	16	16	16	16	16	16
389	389	389	389	389	389	389

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