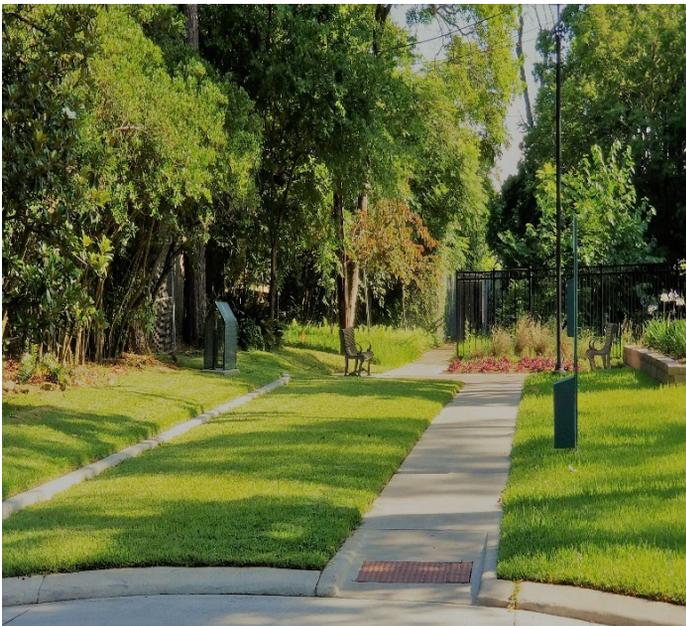




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SPRING VALLEY VILLAGE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2021



*ANNUAL
COMPREHENSIVE
FINANCIAL REPORT*

of the

**CITY OF SPRING
VALLEY VILLAGE, TEXAS**

**For the Year Ended
September 30, 2021**

Prepared by:

**Julie Robinson
City Administrator**

**Michelle Yi
City Treasurer**

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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March 9, 2022

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

The Finance Department is pleased to submit the Annual Comprehensive Financial Report for the City of Spring Valley Village, Texas (the “City”) for the fiscal year (FY) ended September 30, 2021. 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, 2021. 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 is located ten miles west of downtown Houston. As of September 30, 2021, 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.

City Ordinance establishes the fiscal year as October 1 through September 30. Also City 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 City has one of the most desired school districts in the Houston metropolitan area. 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 and its property taxable value reached over \$1 billion in the FY 2017 and doubled from ten years ago. Among reasons for this strength is the City's convenient proximity to the Galleria, Energy Corridor, downtown Houston, the Texas Medical Center, 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 and a new medical building that will be completed in year of 2022. 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.

The value of real property in the City is expected to stay strong in 2022. 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 a one cent lower property tax rate for tax year 2021, fiscal year 2022.

LONG-TERM FINANCIAL PLANNING

Capital improvement projects are funded with general governmental revenues and proceeds of general obligation and certificates of obligation debt issues. The City annually updates a five-year Capital Improvement Plan (the "Plan") and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities, and parks. The Plan is prepared by staff and presented to the City Council for review and acceptance. The Plan requires funding sources to be identified for each project.

In FY2019, 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 portion is allocated to the Capital Improvements Fund each year to fund those capital projects that will be funded by cash.

Major Initiatives

FY 2021 was a year of accomplishments for the City of Spring Valley Village. The list below highlights some of the significant city activities:

- The new water well started the construction phase in FY 2019 and will be completed in FY 2022.
- Construction design of Loeser, Traweek, Lone Star paving, and utility improvement project was started in FY 2020 and will be completed in FY 2022.
- Green Valley & Winningham Paving and Utility Improvement project was started in FY 2020 and was completed in FY 2021.
- The replace bolted water storage project was started in FY 2021 and will be completed in FY 2022.
- Construction design of Winningham, Cedarspur, and Burkhart (All East of Voss) paving and utility improvement project was started in FY 2021 and will award the bid in FY 2022.
- Construction design of Cedarspur, Burkhart Road, and Burkhart Street paving and utility improvement project was started in FY 2021.

Annual Budget

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General Fund, Capital Improvement Fund, Capital Replacement Fund, Utility 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, this is included in the annual budget. 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 annual comprehensive financial report for the fiscal year ending September 30, 2020. This was the seventh 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current Annual Comprehensive 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 Annual Comprehensive 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 cursive script, appearing to read "Michelle Yi".

Michelle Yi
City Treasurer

CITY OF SPRING VALLEY VILLAGE, TEXAS

LIST OF ELECTED OFFICIALS AND KEY STAFF

September 30, 2021

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
Zachary Meadows	Community Development Director

***CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING***



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**City of Spring Valley Village
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

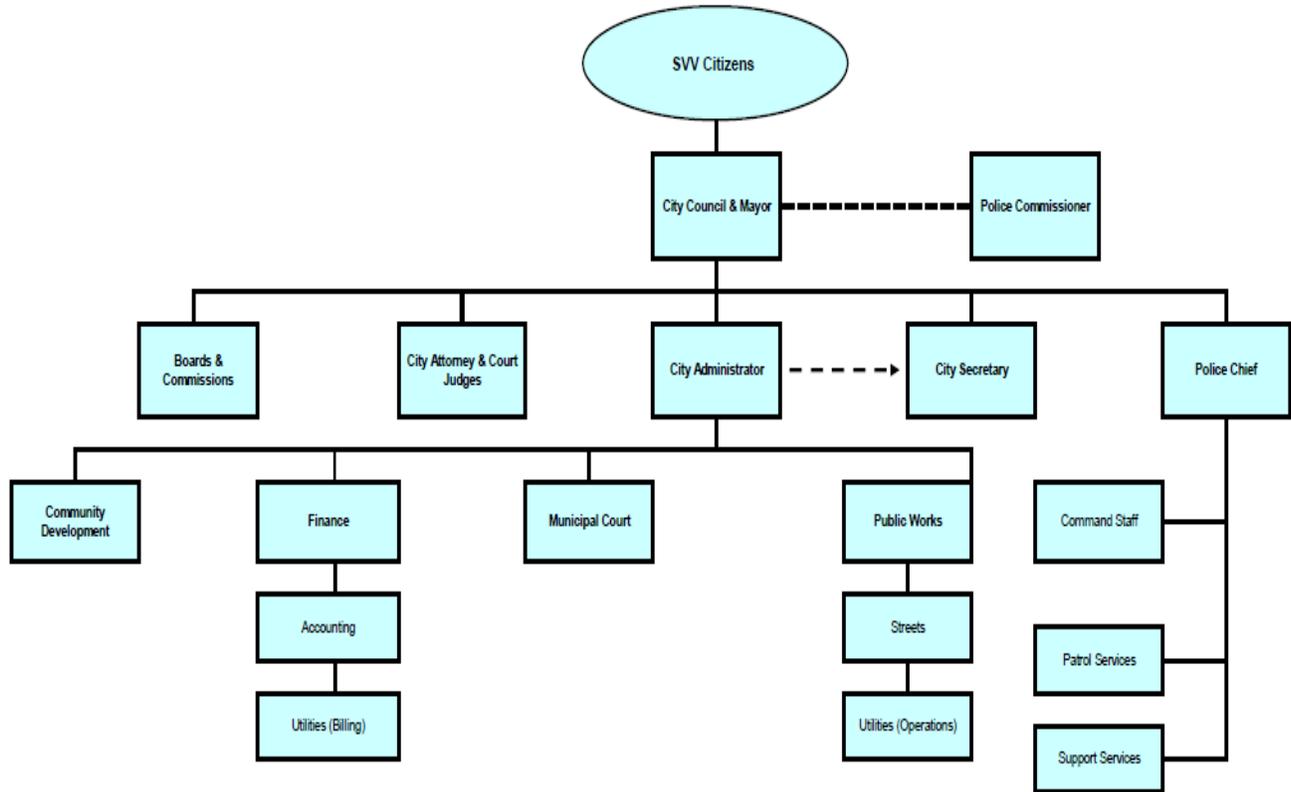
Christopher P. Morill

Executive Director/CEO

CITY OF SPRING VALLEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2021



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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, 2021, 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, 2021, 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 postemployment 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 9, 2022

***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, 2021

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 six governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the capital improvements fund, the special revenue restricted 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, 2021

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 a Capital Replacement Fund to account for its equipment replacement program. This capital replacement 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 \$47,263,602 as of September 30, 2021. The largest portion of the City's net position (77%) 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, 2021

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 26,093,077	\$ 1,647,003	\$ 27,740,080	\$ 26,036,026	\$ 2,820,875	\$ 28,856,901
Capital assets, net	41,591,395	10,406,137	51,997,532	40,444,575	9,752,074	50,196,649
Total Assets	67,684,472	12,053,140	79,737,612	66,480,601	12,572,949	79,053,550
Deferred outflows - pensions	215,326	36,321	251,647	244,267	42,113	286,380
Deferred outflows - OPEB	36,895	5,774	42,669	24,577	3,969	28,546
Total Deferred Outflows of Resources	252,221	42,095	294,316	268,844	46,082	314,926
Long-term liabilities	25,816,220	3,953,023	29,769,243	26,713,139	4,278,551	30,991,690
Other liabilities	1,970,851	661,032	2,631,883	526,624	755,271	1,281,895
Total Liabilities	27,787,071	4,614,055	32,401,126	27,239,763	5,033,822	32,273,585
Deferred inflows - pensions	317,192	39,430	356,622	362,796	46,150	408,946
Deferred inflows - OPEB	9,087	1,491	10,578	10,148	1,647	11,795
Total Deferred Inflows of Resources	326,279	40,921	367,200	372,944	47,797	420,741
Net Position:						
Net investment in capital assets	27,370,964	8,823,637	36,194,601	27,155,714	7,974,574	35,130,288
Restricted	4,881,810	358,408	5,240,218	5,317,098	358,408	5,675,506
Unrestricted	7,570,569	(1,741,786)	5,828,783	6,663,926	(795,570)	5,868,356
Total Net Position	\$ 39,823,343	\$ 7,440,259	\$ 47,263,602	\$ 39,136,738	\$ 7,537,412	\$ 46,674,150

A portion of the City's net position, \$5,240,218, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$5,828,783, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$589,452. Total assets increased \$684,062 with an increase of net capital assets of \$1,800,883 and a decrease in current and other assets of \$1,116,821 which was primarily due to funds spent on capital asset additions. Total liabilities decreased \$127,541 with a decrease in long-term liabilities of \$1,222,447 and increase in other liabilities of \$1,349,988. There was a decrease in long-term liabilities because of principal debt payments. The increase in other liabilities was primarily due to an increase in unearned grant revenue and payables related to capital improvements. Deferred outflows and deferred inflows decreased \$20,610 and \$53,541 from prior year due to changes in pension and OPEB balances.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Statement of Activities

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

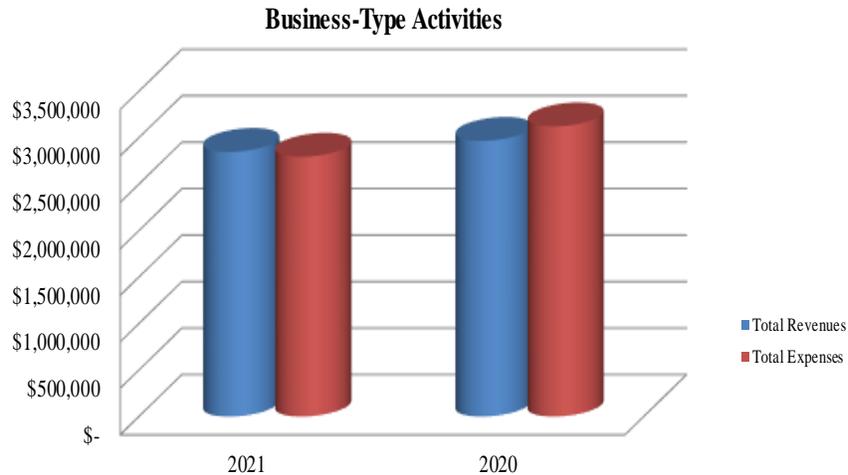
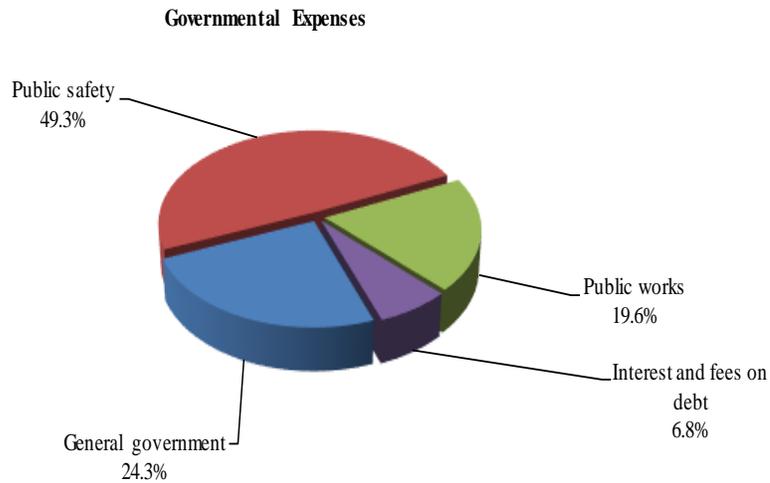
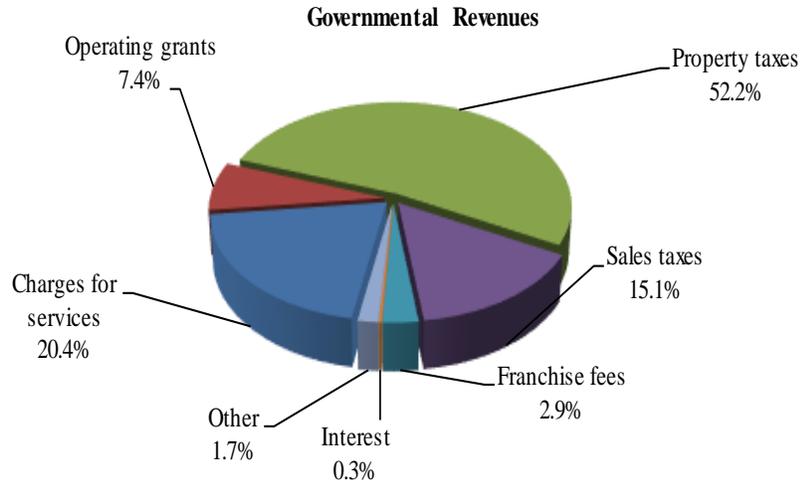
	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,153,616	\$ 2,847,372	\$ 5,000,988	\$ 1,444,090	\$ 2,966,158	\$ 4,410,248
Operating grants	787,015	-	787,015	754,729	-	754,729
General revenues:						
Property taxes	5,519,222	-	5,519,222	5,569,072	-	5,569,072
Sales taxes	1,598,465	-	1,598,465	1,482,145	-	1,482,145
Franchise fees	309,282	-	309,282	323,537	-	323,537
Interest	22,291	937	23,228	147,746	12,671	160,417
Other	176,230	33,180	209,410	641,662	43,716	685,378
Total Revenues	10,566,121	2,881,489	13,447,610	10,362,981	3,022,545	13,385,526
Expenses						
General government	2,444,681	-	2,444,681	2,449,914	-	2,449,914
Public safety	4,957,464	-	4,957,464	5,159,269	-	5,159,269
Public works	1,972,528	-	1,972,528	1,912,521	-	1,912,521
Interest and fees on debt	688,443	118,302	806,745	656,102	126,903	783,005
Water, sewer, and solid waste	-	2,676,740	2,676,740	-	2,994,656	2,994,656
Total Expenses	10,063,116	2,795,042	12,858,158	10,177,806	3,121,559	13,299,365
Increase (Decrease) in Net Position Before Transfers	503,005	86,447	589,452	185,175	(99,014)	86,161
Transfers in (out)	183,600	(183,600)	-	(150,000)	150,000	-
Change in Net Position	686,605	(97,153)	589,452	35,175	50,986	86,161
Beginning net position	39,136,738	7,537,412	46,674,150	39,101,563	7,486,426	46,587,989
Ending Net Position	\$ 39,823,343	\$ 7,440,259	\$ 47,263,602	\$ 39,136,738	\$ 7,537,412	\$ 46,674,150

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2021

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



CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Revenues for governmental activities increased \$709,526 or 49% due primarily to the increase in fines and forfeitures along with an increase in building and development related revenue. Sales tax revenue increased by \$116,320 or 8% due to an increase in consumers' spending. Total governmental expenditures decreased \$114,690 or 1%.

Revenues for business-type activities decreased by \$141,056 or 5% from the prior year due to the decrease in water and sewer revenue due to less consumption. Business-type expenses decreased by \$326,517 or 10% mainly due to a decrease in ground water charges and maintenance costs.

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 \$21,800,856. At the end of the current year, \$5,692,409 was unassigned, \$2,246,790 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 \$11,212,646 for capital projects and \$362,792 for other various purposes, and \$13,991 was nonspendable for prepaid items.

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 \$5,692,409, while total fund balance reached \$8,610,706. 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 nine months of the general fund's expenditures. The fund balance for the general fund demonstrated an overall increase of \$745,887. This increase in fund balance is primarily due to an increase in fines and forfeitures and building and related revenues net of a decrease in expenditures for projects of \$103,815 which were set aside to be spent in fiscal year 2022.

The City's debt service fund had a fund balance of \$17,076, which was a decrease of \$4,538.

Overall, there was a decrease of \$2,373,929 in the capital improvements fund primarily due to ongoing construction. The fund balance was \$13,100,169.

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 \$53,851, which was an increase of \$23,752 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.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

The City had planned an increase of \$664,137 in the general fund fund balance, but actually realized an increase of \$745,887 which included funds of \$103,815 that were set aside for projects that was not spent in fiscal year 2021 and will be spent on projects in fiscal year 2022. The activity resulted in a positive budget variance of \$81,750.

Actual general fund revenues exceeded budgeted revenues by \$745,883 during the year. Spring Valley Village continues to experience strong local business and growth in both residential and commercial properties. Due to this continued growth, the City saw an increase in sales tax revenues, fines & forfeitures, and building and development related fees, all of which were over the original budgeted revenue at the end of the year.

Actual general fund expenditures were under the final budgeted expenditures by \$372,647. This positive expenditure budget variance is primarily due to unfinished projects that were budgeted and set aside for fiscal year 2021. The unfinished projects were for upgrades to the City's security system, renovation of City facility showers, implementation of new City software, and costs for street striping. The City will plan to complete these projects in fiscal year 2022.

CAPITAL ASSETS

At the end of the year, the City's had invested \$51,997,532 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$1,146,820 from the prior year.

Major capital asset events during the year included the following:

- Continued Construction of water well for \$1,123,195
- 4 vehicles for police department for \$276,014
- Continued Pavement and utility improvement at Loeser, Trawek, and Lonestar for \$1,319,789
- Continued Pavement and utility improvement at Green Valley and Winningham for \$1,011,148

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 \$28,515,000. Of this amount, \$10,335,000 was general obligation bonds, \$14,260,000 was certificates of obligation bond debt, and \$3,920,000 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 property tax rate for the 2021 tax year (Fiscal Year 2022) was \$0.415 per \$100 of property valuation representing a 1 cent reduction in the tax rate. The total budget for general fund expenditures was \$9.2 million.

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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 24,487,816	\$ 1,735,618	\$ 26,223,434
Restricted	172,588	358,408	530,996
Investments	216,972	-	216,972
Receivables, net	294,886	446,705	741,591
Due from other funds	894,497	(894,497)	-
Prepaid items	13,991	-	13,991
	26,080,750	1,646,234	27,726,984
Noncurrent assets:			
Net pension asset	12,327	769	13,096
Nondepreciable capital assets	5,268,977	3,297,613	8,566,590
Net depreciable capital assets	36,322,418	7,108,524	43,430,942
	41,603,722	10,406,906	52,010,628
Total Assets	67,684,472	12,053,140	79,737,612
<u>Deferred Outflows of Resources</u>			
Deferred outflows - pensions	215,326	36,321	251,647
Deferred outflows - OPEB	36,895	5,774	42,669
Total Deferred Outflows of Resources	252,221	42,095	294,316
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	1,232,773	498,282	1,731,055
Accrued interest	90,291	8,186	98,477
Customer deposits	112,693	154,564	267,257
Unearned revenue	535,094	-	535,094
Long-term liabilities due within one year	1,376,206	314,845	1,691,051
	3,347,057	975,877	4,322,934
Noncurrent liabilities:			
Total OPEB liability	165,136	27,640	192,776
Long-term liabilities due in more than one year	24,274,878	3,610,538	27,885,416
	24,440,014	3,638,178	28,078,192
Total Liabilities	27,787,071	4,614,055	32,401,126

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Continued)

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Deferred Inflows of Resources</u>			
Deferred inflows - pensions	\$ 317,192	\$ 39,430	\$ 356,622
Deferred inflows - OPEB	9,087	1,491	10,578
Total Deferred Inflows of Resources	326,279	40,921	367,200
<u>Net Position</u>			
Net investment in capital assets	27,370,964	8,823,637	36,194,601
Restricted:			
Municipal court - child safety	84,120	-	84,120
Municipal court - security	84,777	-	84,777
Municipal court - technology	41,162	-	41,162
Harris County Child Safety	62,752	-	62,752
Debt service	17,076	358,408	375,484
Asset forfeitures	19,054	-	19,054
120 days' operating reserve	2,272,228	-	2,272,228
Capital outlay and projects	2,246,790	-	2,246,790
Legacy fund	53,851	-	53,851
Unrestricted	7,570,569	(1,741,786)	5,828,783
Total Net Position	\$ 39,823,343	\$ 7,440,259	\$ 47,263,602

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 2,444,681	\$ 907,284	\$ -
Public safety	4,957,464	1,246,332	-
Public works	1,972,528	-	787,015
Interest and other charges on long-term debt	688,443	-	-
Total Governmental Activities	10,063,116	2,153,616	787,015
Business-Type Activities			
Water and sewer	2,795,042	2,847,372	-
Total Business-Type Activities	2,795,042	2,847,372	-
Total Primary Government	\$ 12,858,158	\$ 5,000,988	\$ 787,015

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
\$ (1,537,397)	\$ -	\$ (1,537,397)
(3,711,132)	-	(3,711,132)
(1,185,513)	-	(1,185,513)
(688,443)	-	(688,443)
<u>(7,122,485)</u>	<u>-</u>	<u>(7,122,485)</u>
-	52,330	52,330
-	52,330	52,330
<u>(7,122,485)</u>	<u>52,330</u>	<u>(7,070,155)</u>
5,519,222	-	5,519,222
1,598,465	-	1,598,465
309,282	-	309,282
22,291	937	23,228
176,230	33,180	209,410
183,600	(183,600)	-
<u>7,809,090</u>	<u>(149,483)</u>	<u>7,659,607</u>
686,605	(97,153)	589,452
<u>39,136,738</u>	<u>7,537,412</u>	<u>46,674,150</u>
<u>\$ 39,823,343</u>	<u>\$ 7,440,259</u>	<u>\$ 47,263,602</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2021

	General	Debt Service	Capital Improvements	Asset Forfeiture
<u>Assets</u>				
Cash and cash equivalents	\$ 8,765,573	\$ 22,386	\$ 13,713,519	\$ 19,054
Investments	216,972	-	-	-
Receivables, net	292,832	2,054	-	-
Due from other funds	710,897	-	-	-
Prepaid items	13,991	-	-	-
Restricted cash	172,588	-	-	-
Total Assets	\$ 10,172,853	\$ 24,440	\$ 13,713,519	\$ 19,054
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 595,590	\$ 7,364	\$ 613,350	\$ -
Deposits	112,693	-	-	-
Due to other funds	300,000	-	-	-
Unearned revenue	535,094	-	-	-
Total Liabilities	1,543,377	7,364	613,350	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	18,770	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	13,991	-	-	-
Restricted:				
Municipal court - child safety	84,120	-	-	-
Municipal court - security	84,777	-	-	-
Municipal court - technology	41,162	-	-	-
Harris County Child Safety	62,752	-	-	-
Debt service	-	17,076	-	-
Asset forfeitures	-	-	-	19,054
Legacy fund	-	-	-	-
Capital projects	-	-	11,212,646	-
Assigned:				
120 days' operating reserve	2,272,228	-	-	-
Capital outlay and projects	359,267	-	1,887,523	-
Unassigned	5,692,409	-	-	-
Total Fund Balances	8,610,706	17,076	13,100,169	19,054
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,172,853	\$ 24,440	\$ 13,713,519	\$ 19,054

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ 53,851	\$ 22,574,383
-	216,972
-	294,886
-	710,897
-	13,991
-	172,588
<u>\$ 53,851</u>	<u>\$ 23,983,717</u>
\$ -	\$ 1,216,304
-	112,693
-	300,000
-	535,094
<u>-</u>	<u>2,164,091</u>
-	18,770
-	13,991
-	84,120
-	84,777
-	41,162
-	62,752
-	17,076
-	19,054
53,851	53,851
-	11,212,646
-	2,272,228
-	2,246,790
-	5,692,409
<u>53,851</u>	<u>21,800,856</u>
<u>\$ 53,851</u>	<u>\$ 23,983,717</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, 2021

Total fund balances for governmental funds	\$	21,800,856
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		5,268,977
Capital assets, net depreciable		36,322,418
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		18,770
The Capital Replacement 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.		
		2,380,564
Deferred outflows and deferred inflows related to pension and other postemployment benefits (OPEB) activity are not reported in the governmental funds.		
Deferred outflows - pensions		215,326
Deferred outflows - OPEB		36,895
Deferred inflows - pensions		(317,192)
Deferred inflows - OPEB		(9,087)
Net pension asset		12,327
Total OPEB liability		(165,136)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(90,291)
Noncurrent liabilities due in one year		(1,376,206)
Noncurrent liabilities due in more than one year		(24,274,878)
		39,823,343
Net Position of Governmental Activities	\$	39,823,343

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, 2021

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
Property taxes	\$ 4,636,711	\$ 903,006	\$ -	\$ -
Sales taxes	1,598,465	-	-	-
Franchise fees	309,282	-	-	-
Fines and forfeitures	724,302	-	-	-
Licenses and permits	583,611	-	-	-
Charges for services	323,673	-	-	-
Hilshire police contract	522,030	-	-	-
Investment income	10,413	-	11,878	-
Intergovernmental	787,015	-	-	-
Other	172,771	-	-	-
Total Revenues	<u>9,668,273</u>	<u>903,006</u>	<u>11,878</u>	<u>-</u>
 Expenditures				
Current:				
General government	2,082,839	-	-	-
Public safety	4,880,805	-	-	-
Public works	482,352	-	-	-
Capital outlay	165,840	-	2,969,727	-
Debt service:				
Principal	-	825,000	-	-
Interest and fiscal charges	-	744,246	-	-
Total Expenditures	<u>7,611,836</u>	<u>1,569,246</u>	<u>2,969,727</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,056,437</u>	<u>(666,240)</u>	<u>(2,957,849)</u>	<u>-</u>
 Other Financing Sources (Uses)				
Transfers in	-	661,702	583,920	-
Transfers (out)	(1,310,550)	-	-	-
Total Other Financing Sources (Uses)	<u>(1,310,550)</u>	<u>661,702</u>	<u>583,920</u>	<u>-</u>
Net Change in Fund Balances	745,887	(4,538)	(2,373,929)	-
Beginning fund balances	7,864,819	21,614	15,474,098	19,054
Ending Fund Balances	<u>\$ 8,610,706</u>	<u>\$ 17,076</u>	<u>\$ 13,100,169</u>	<u>\$ 19,054</u>

See Notes to Financial Statements.

Legacy	Total Governmental Funds
\$ -	\$ 5,539,717
-	1,598,465
-	309,282
-	724,302
-	583,611
-	323,673
-	522,030
-	22,291
-	787,015
31,555	204,326
<u>31,555</u>	<u>10,614,712</u>
-	2,082,839
554	4,881,359
-	482,352
7,249	3,142,816
-	825,000
-	744,246
<u>7,803</u>	<u>12,158,612</u>
<u>23,752</u>	<u>(1,543,900)</u>
-	1,245,622
-	(1,310,550)
<u>-</u>	<u>(64,928)</u>
23,752	(1,608,828)
<u>30,099</u>	<u>23,409,684</u>
<u>\$ 53,851</u>	<u>\$ 21,800,856</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, 2021

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

Net change in fund balances - total governmental funds	\$ (1,608,828)
--	----------------

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	3,351,704
Depreciation expense	(2,204,884)

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	(20,495)
--	----------

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	9,390
Premium on debt	46,415
Principal payment	825,000

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	(33,868)
Net pension asset	100,239
Total OPEB liability	(28,540)
Deferred outflows - pensions	(28,941)
Deferred outflows - OPEB	12,318
Deferred inflows - pensions	45,604
Deferred inflows - OPEB	1,061

A Capital Replacement 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.

	220,430
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	\$ 686,605
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See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2021

	Business-Type Activities	Governmental Activities
	Enterprise	Capital Replacement
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 1,735,618	\$ 1,913,433
Restricted cash	358,408	-
Receivables, net	446,705	-
Due from other funds	-	483,600
Total Current Assets	2,540,731	2,397,033
Noncurrent Assets		
Net pension asset	769	-
Capital assets:		
Nondepreciable capital assets	3,297,613	-
Net depreciable capital assets	7,108,524	-
Total Capital Assets Net of Depreciable Assets	10,406,137	-
Total Noncurrent Assets	10,406,906	-
Total Assets	12,947,637	2,397,033
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	36,321	-
Deferred outflows - OPEB	5,774	-
Total Deferred Outflows of Resources	42,095	-
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities	498,282	16,469
Due to other funds	894,497	-
Customer deposits	154,564	-
Accrued interest payable	8,186	-
Long-term liabilities due within one year	314,845	-
Total Current Liabilities	1,870,374	16,469
Noncurrent Liabilities		
Total OPEB liability	27,640	-
Long-term liabilities due in more than one year	3,610,538	-
Total Noncurrent Liabilities	3,638,178	-
Total Liabilities	5,508,552	16,469
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	39,430	-
Deferred inflows - OPEB	1,491	-
Total Deferred Inflows of Resources	40,921	-
<u>Net Position</u>		
Net investment in capital assets	8,823,637	-
Restricted for debt service	358,408	-
Unrestricted	(1,741,786)	2,380,564
Total Net Position	\$ 7,440,259	\$ 2,380,564

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, 2021

	Business-Type Activities	Governmental Activities
	Enterprise	Capital Replacement
<u>Operating Revenues</u>		
Water charges	\$ 1,516,169	\$ -
Sewer charges	1,331,203	-
Charges for services	-	108,018
Other	33,180	-
Total Operating Revenues	2,880,552	108,018
<u>Operating Expenses</u>		
General and administrative	689,345	136,945
Water	516,250	-
Sewer	846,961	-
Depreciation	624,184	-
Total Operating Expenses	2,676,740	136,945
Operating Income (Loss)	203,812	(28,927)
<u>Nonoperating Revenues (Expenses)</u>		
Investment earnings	937	829
Interest expense	(118,302)	-
Total Nonoperating Income (Expenses)	(117,365)	829
Income (Loss) Before Transfers	86,447	(28,098)
Transfers in/(out)	(183,600)	248,528
Change in Net Position	(97,153)	220,430
Beginning net position	7,537,412	2,160,134
Ending Net Position	\$ 7,440,259	\$ 2,380,564

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, 2021

	Business-Type Activities	Governmental Activities
	Enterprise	Capital Replacement
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 2,933,014	\$ 108,018
Payments to suppliers	(1,363,099)	(304,076)
Payments to employees	(712,812)	-
Net Cash Provided (Used) by Operating Activities	857,103	(196,058)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers in (out)	(183,600)	248,528
Net Cash Provided (Used) by Noncapital Financing Activities	(183,600)	248,528
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases net of disposals	(1,278,247)	-
Interest and fiscal agent fees paid	(118,302)	-
Debt payments	(305,000)	-
Net Cash (Used) by Capital and Related Financing Activities	(1,701,549)	-
<u>Cash Flows from Investing Activities</u>		
Interest on investments	937	829
Net Cash Provided by Investing Activities	937	829
Net Increase (Decrease) in Cash and Cash Equivalents	(1,027,109)	53,299
Beginning cash and cash equivalents	3,121,135	1,860,134
Ending Cash and Cash Equivalents	\$ 2,094,026	\$ 1,913,433
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 1,735,618	\$ 1,913,433
Restricted cash and cash equivalents	358,408	-
	\$ 2,094,026	\$ 1,913,433
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 203,812	\$ (28,927)
Adjustments to reconcile operating income (loss) to net cash provided (Used) by operating activities:		
Depreciation	624,184	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	50,448	(183,600)
Deferred outflows - pensions	5,792	-
Deferred outflows - OPEB	(1,805)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	831	16,469
Net pension liability	(24,782)	-
Total OPEB liability	4,204	-
Deferred inflows - pensions	(6,720)	-
Deferred inflows - OPEB	(156)	-
Compensated absences	(719)	-
Customer deposits	2,014	-
Net Cash Provided (Used) by Operating Activities	\$ 857,103	\$ (196,058)

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, 2021

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, 2021

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 capital replacement 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 and wastewater, 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 funds* are 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, 2021

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 *Capital Replacement* 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 capital replacement 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 capital replacement 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, 2021

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 pools operate 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, 2021

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 or state statute. 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, 2021

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.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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.

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,

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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 revenues of the enterprise fund and capital replacement 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 capital replacement fund include the cost of sales and services, administrative expenses,

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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 as defined by the City in the approved budget is the department level.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 25,029,543	0.12
Certificates of deposit	216,972	0.21
Total Investments	\$ 25,246,515	
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 investments in investment pools were 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, 2021, the market values of pledged securities and FDIC coverage exceeded the City's bank balances.

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 &

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at www.texasclass.com.

B. Receivables

The following comprises receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Enterprise</u>
Property taxes	\$ 23,155	\$ 2,054	\$ -
Other taxes	244,623	-	-
Franchise fees	16,381	-	-
Accounts	16,145	-	473,906
Less allowance	(7,472)	-	(27,201)
Total	<u>\$ 292,832</u>	<u>\$ 2,054</u>	<u>\$ 446,705</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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	481,428	2,821,242	-	3,302,670
Total Capital Assets Not Being Depreciated	2,447,735	2,821,242	-	5,268,977
Other capital assets:				
Infrastructure	58,246,307	21,525	-	58,267,832
Buildings	8,281,188	-	-	8,281,188
Furniture and fixtures	2,099,370	147,640	-	2,247,010
Machinery and equipment	712,035	85,283	-	797,318
Vehicles	1,237,828	276,014	-	1,513,842
Total Other Capital Assets	70,576,728	530,462	-	71,107,190
Less accumulated depreciation for:				
Infrastructure	(29,175,691)	(1,456,758)	-	(30,632,449)
Buildings	(835,544)	(206,590)	-	(1,042,134)
Furniture and fixtures	(1,086,074)	(298,420)	-	(1,384,494)
Machinery and equipment	(643,980)	(34,327)	-	(678,307)
Vehicles	(838,599)	(208,789)	-	(1,047,388)
Total Accumulated Depreciation	(32,579,888)	(2,204,884)	-	(34,784,772)
Other capital assets, net	37,996,840	(1,674,422)	-	36,322,418
Governmental Activities Capital Assets, Net	\$ 40,444,575	\$ 1,146,820	\$ -	41,591,395
		Less associated debt		(25,433,077)
		Unspent bond proceeds		11,212,646
		Net Investment in Capital Assets		\$ 27,370,964

Depreciation was charged to governmental functions as follows:

General government	\$ 348,527
Public safety	361,767
Public works	1,494,590
Total Governmental Activities Depreciation Expense	\$ 2,204,884

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 5,207	\$ -	\$ -	\$ 5,207
Construction in progress	2,055,525	1,236,881	-	3,292,406
Total Capital Assets Not Being Depreciated	2,060,732	1,236,881	-	3,297,613
Other capital assets:				
Building	44,708	-	-	44,708
Infrastructure	26,892	-	-	26,892
Water system	10,572,864	20,285	-	10,593,149
Sewer system	5,753,776	-	-	5,753,776
Vehicles	45,895	15,298	(15,298)	45,895
Machinery and equipment	220,852	5,783	-	226,635
Total Other Capital Assets	16,664,987	41,366	(15,298)	16,691,055
Less accumulated depreciation for:				
Building	(34,108)	(639)	-	(34,747)
Infrastructure	(8,739)	(672)	-	(9,411)
Water system	(5,899,957)	(414,204)	-	(6,314,161)
Sewer system	(2,801,129)	(171,873)	-	(2,973,002)
Vehicles	(45,894)	(15,298)	15,298	(45,894)
Machinery and equipment	(183,818)	(21,498)	-	(205,316)
Total Accumulated Depreciation	(8,973,645)	(624,184)	15,298	(9,582,531)
Other capital assets, net	7,691,342	(582,818)	-	7,108,524
Business-Type Activities Capital Assets, Net	\$ 9,752,074	\$ 654,063	\$ -	10,406,137
		Less associated debt		(1,740,000)
		Unspent bond proceeds		157,500
		Net Investment in Capital Assets		\$ 8,823,637

Depreciation was charged to business-type functions as follows:

Water	\$ 425,515
Sewer	198,669
Total Business-Type Activities Depreciation Expense	\$ 624,184

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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	\$ 10,920,000	\$ -	\$ (585,000)	\$ 10,335,000	* \$ 600,000
Certificates of obligation, series 2019	6,370,000	-	(240,000)	6,130,000	* 250,000
Certificates of obligation, series 2020	8,130,000	-	-	8,130,000	* 330,000
Premiums	884,492	-	(46,415)	838,077	*
Net pension liability/(asset)	87,912	-	(100,239)	(12,327)	-
Total OPEB liability	136,596	28,540	-	165,136	-
Compensated absences	184,139	121,602	(87,734)	218,007	196,206
Total Governmental Activities	\$ 26,713,139	\$ 150,142	\$ (1,059,388)	\$ 25,803,893	\$ 1,376,206
			Long-term liabilities due in more than one year	\$ 24,427,687	
			* Debt associated with governmental activities capital assets	\$ 25,433,077	
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Direct borrowings/placements:					
Revenue bonds, series 2014	\$ 1,935,000	\$ -	\$ (195,000)	\$ 1,740,000	* \$ 200,000
Revenue bonds, series 2018	2,290,000	-	(110,000)	2,180,000	* 110,000
Net pension liability/(asset)	24,013	-	(24,782)	(769)	-
Total OPEB liability	23,436	4,204	-	27,640	-
Compensated absences	6,102	7,765	(8,484)	5,383	4,845
Total Business-Type Activities	\$ 4,278,551	\$ 11,969	\$ (338,266)	\$ 3,952,254	\$ 314,845
			Long-term liabilities due in more than one year	\$ 3,637,409	
			* Debt associated with business-type activities capital assets	\$ 3,920,000	

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, 2021

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
General Obligation Bonds			
Series 2015	\$ 10,335,000	2.00% - 3.89%	Feb 15, Aug 15
Certificates of Obligation			
Series 2019	6,130,000	3.00% - 4.00%	Feb 15, Aug 15
Series 2020	8,130,000	2.00% - 4.00%	Feb 15, Aug 15
Total Bonds and Certificates of Obligation	\$ 24,595,000		

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
Revenue Bonds			
Series 2014	\$ 1,740,000	2.63%	Feb 15, Aug 15
Series 2018	2,180,000	1.21% - 2.61%	Feb 15, Aug 15
Total Bonds	\$ 3,920,000		

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"). 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, 2021:

Gross Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirement (3)	Revenue Bond Coverage (4)
\$ 2,881,489	\$ 2,052,556	\$ 828,933	\$ 401,277	2.07

- (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 payments 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, 2021

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

Fiscal Year	Governmental Activities		
	General Obligation Bonds		
	Ending Sept. 30	Principal Due	Interest Due
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	680,000	230,719	910,719
2027-2031	3,720,000	830,344	4,550,344
2032-2036	3,415,000	224,195	3,639,195
Total	\$ 10,335,000	\$ 2,403,134	\$ 12,738,134

Fiscal Year	Governmental Activities		
	Certificates of Obligation		
	Ending Sept. 30	Principal Due	Interest Due
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	660,000	308,913	968,913
2027-2031	3,675,000	1,183,290	4,858,290
2032-2036	4,185,000	681,083	4,866,083
2037-2040	3,290,000	144,612	3,434,612
Total	\$ 14,260,000	\$ 3,763,400	\$ 18,023,400

Fiscal Year	Business-Type Activities		
	Revenue Bonds (Direct Borrowings/Placements)		
	Ending Sept. 30	Principal Due	Interest Due
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	340,000	62,401	402,401
2027-2031	1,310,000	195,791	1,505,791
2032-2036	685,000	89,357	774,357
2037-2040	300,000	11,608	311,608
Total	\$ 3,920,000	\$ 682,137	\$ 4,602,137

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds is 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, 2021

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>
Capital replacement fund	General fund	\$ 64,928
Capital improvements fund	General fund	583,920
Debt service fund	General fund	661,702
Internal service fund	Utility fund	183,600
	Total	<u><u>\$ 1,494,150</u></u>

The transfers out within the general and utility funds are made to the capital replacement fund and capital improvements fund for capital replacement purchases and improvements. Transfers into the debt service fund from the general fund is for supplemental funds to assist with debt service payments.

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>
Capital replacement fund	General fund	\$ 300,000
General fund	Utility fund	710,897
Internal service fund	Utility fund	183,600
	Total	<u><u>\$ 1,194,497</u></u>

F. Fund Equity

Funds restricted by enabling legislation are \$210,059, 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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

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.

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmr.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, 2021

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:

	2021	2020
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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to, but not yet receiving, benefits	25
Active employees	39
Total	100

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 rates for the City were 6.91% and 6.67% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$246,762 and were equal to the required contributions.

Net Pension Liability (Asset)

The City's Net Pension Liability/(Asset) (NPL/(A)) was measured as of December 31, 2020 and the Total Pension Liability (TPL) used to calculate the NPL/(A) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% 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, 2021

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	<u>100.0%</u>	

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 TMRS 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, 2021

Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 485,599	\$ -	\$ 485,599
Interest	800,516	-	800,516
Changes in current period benefits	-	-	-
Difference between expected and actual experience	13,241	-	13,241
Changes in assumptions	-	-	-
Contributions - employer	-	263,383	(263,383)
Contributions - employee	-	266,813	(266,813)
Net investment income	-	900,238	(900,238)
Benefit payments, including refunds of employee contributions	(720,797)	(720,797)	-
Administrative expense	-	(5,828)	5,828
Other changes	-	(229)	229
Net Changes	578,559	703,580	(125,021)
Balance at December 31, 2019	11,977,101	11,865,176	111,925
Balance at December 31, 2020	\$ 12,555,660	\$ 12,568,756	\$ (13,096)

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL/(A) 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)	\$ 1,511,568	\$ (13,096)	\$ (1,286,765)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$104,149.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

At September 30, 2021, 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	\$ 45,582	\$ 18,565
Changes in actuarial assumptions	22,682	-
Difference between projected and actual investment earnings	-	338,057
Contributions subsequent to the measurement date	183,383	-
Total	\$ 251,647	\$ 356,622

\$183,383 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a decrease to the NPL/(A) for the fiscal year ending September 30, 2022. 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
2022	\$ (115,043)
2023	43,480
2024	(196,929)
2025	(19,866)
Thereafter	-
Total	\$ (288,358)

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, 2021

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, 2020 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to, but not yet receiving, benefits	7
Active employees	39
Total	70

Total OPEB Liability

The City's total OPEB liability of \$192,776 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 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*	2.00%
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 3.0% 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, 2020.

The actuarial assumptions used in the December 31, 2020 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, 2021

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	6,861
Interest		4,474
Difference between expected and actual experience		(2,720)
Changes of assumptions		25,654
Benefit payments		(1,525)
	Net Changes	<u>32,744</u>
Balance at December 31, 2019		<u>160,032</u>
Balance at December 31, 2020	\$	<u>192,776</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.

There were no 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 (1.00%)</u>	<u>Discount Rate (2.00%)</u>	<u>1% Increase (3.00%)</u>
City's Total OPEB Liability	\$ 236,096	\$ 192,776	\$ 159,694

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2021

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$18,871. 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	\$ 603	\$ 6,599
Changes in actuarial assumptions	40,966	3,979
Contributions subsequent to the measurement date	1,100	-
Total	\$ 42,669	\$ 10,578

\$1,100 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, 2022.

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
2022	\$ 7,536
2023	6,470
2024	7,474
2025	8,462
2026	1,049
Thereafter	-
Total	\$ 30,991

E. Revenue Allocation Agreement

Effective October 1, 2014, the City entered into an amended Congestion Mitigation/Traffic Management Agreement (the “Agreement”) with Metropolitan Transit Authority of Harris County, Texas (METRO), 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, 2021

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, 2020, 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	\$ 8,581,916	\$ 4,505,112	\$ 1,394,561	\$ 732,079
Total liabilities and deferred inflows	1,762,750	645,679	286,446	104,922
Total Participants' Equity	\$ 6,819,166	\$ 3,859,433	\$ 1,108,115	\$ 627,157
	Change in Net Position	Revenues and Expenditures	Change in Net Position	Revenues and Expenditures
Total revenues	\$ 8,750,463	\$ 8,750,463	\$ 1,421,950	\$ 1,421,950
Total expenditures/expenses	6,158,092	8,879,749	1,000,690	1,442,959
Revenues over expenditures/expenses	2,592,371	(129,286)	421,260	(21,009)
Other financing sources (uses)	(79,405)	67,395	(12,903)	10,952
Beginning participants' equity	4,306,200	3,921,324	699,758	637,214
Ending Participants' Equity	\$ 6,819,166	\$ 3,859,433	\$ 1,108,115	\$ 627,157

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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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 4,649,388	\$ 4,663,782	\$ 4,636,711	\$ (27,071)
Sales taxes	1,350,000	1,584,615	1,598,465	13,850
Franchise fees	325,600	325,600	309,282	(16,318)
Fines and forfeitures	254,200	621,665	724,302	102,637
Licenses and permits	303,150	603,150	583,611	(19,539)
Charges for services	310,000	310,000	323,673	13,673
Hilshire police contract	522,030	522,030	522,030	-
Investment income	18,000	18,000	10,413	(7,587)
Intergovernmental	675,000	1,079,163	787,015	(292,148)
Other	95,896	163,896	172,771	8,875
Total Revenues	<u>8,503,264</u>	<u>9,891,901</u>	<u>9,668,273</u>	<u>(223,628)</u>
Expenditures				
General government				
Mayor and council	6,900	4,900	4,201	699
General government	962,728	1,033,155	954,927	78,228
Contractual and city-wide	847,766	796,545	779,720	16,825
Municipal court	272,080	287,224	267,867	19,357
Parks and recreation	89,728	78,578	76,124	2,454
Total general government	<u>2,179,202</u>	<u>2,200,402</u>	<u>2,082,839</u>	<u>117,563</u>
Public safety				
Police	3,280,115	3,884,047	3,764,347	119,700
Fire	1,116,458	1,116,458	1,116,458	-
Total public safety	<u>4,396,573</u>	<u>5,000,505</u>	<u>4,880,805</u>	<u>119,700</u>
Public works				
Streets and drainage	527,391	540,807	482,352	58,455
Total Expenditures	<u>7,103,166</u>	<u>7,741,714</u>	<u>7,445,996</u>	<u>295,718</u>
Capital outlay				
	143,500	175,500	165,840	9,660
Excess of Revenues Over Expenditures	1,400,098	2,150,187	2,388,117	72,090
Other Financing Sources (Uses)				
Transfers (out)	(1,245,622)	(1,310,550)	(1,310,550)	-
Total Other Financing (Uses)	<u>(1,245,622)</u>	<u>(1,310,550)</u>	<u>(1,310,550)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 10,976</u>	<u>\$ 664,137</u>	<u>745,887</u>	<u>\$ 81,750</u>
Beginning fund balance			<u>7,864,819</u>	
Ending Fund Balance			<u>\$ 8,610,706</u>	

Notes to Required Supplementary Information:

- 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, 2021

	Measurement Year*			
	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 485,599	\$ 400,723	\$ 366,289	\$ 355,629
Interest (on the total pension liability)	800,516	758,269	730,507	698,883
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	13,241	69,979	(81,620)	(10,553)
Change of assumptions	-	44,082	-	-
Benefit payments, including refunds of employee contributions	(720,797)	(658,397)	(583,816)	(577,758)
Net Change in Total Pension Liability	<u>578,559</u>	<u>614,656</u>	<u>431,360</u>	<u>466,191</u>
Beginning total pension liability	<u>11,977,101</u>	<u>11,362,445</u>	<u>10,931,085</u>	<u>10,464,894</u>
Ending Total Pension Liability	<u><u>\$ 12,555,660</u></u>	<u><u>\$ 11,977,101</u></u>	<u><u>\$ 11,362,445</u></u>	<u><u>\$ 10,931,085</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 263,383	\$ 209,961	\$ 201,221	\$ 201,756
Contributions - employee	266,813	213,313	196,176	188,306
Net investment income	900,238	1,621,083	(329,801)	1,364,168
Benefit payments, including refunds of employee contributions	(720,797)	(658,397)	(583,816)	(577,768)
Administrative expense	(5,828)	(9,162)	(6,375)	(7,070)
Other	(229)	(276)	(333)	(358)
Net Change in Plan Fiduciary Net Position	<u>703,580</u>	<u>1,376,522</u>	<u>(522,928)</u>	<u>1,169,034</u>
Beginning plan fiduciary net position	<u>11,865,176</u>	<u>10,488,654</u>	<u>11,011,582</u>	<u>9,842,548</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 12,568,756</u></u>	<u><u>\$ 11,865,176</u></u>	<u><u>\$ 10,488,654</u></u>	<u><u>\$ 11,011,582</u></u>
Net Pension Liability/(Asset)	<u><u>\$ (13,096)</u></u>	<u><u>\$ 111,925</u></u>	<u><u>\$ 873,791</u></u>	<u><u>\$ (80,497)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)	100.10%	99.07%	92.31%	100.74%
Covered Payroll	\$ 3,811,611	\$ 3,047,322	\$ 2,802,521	\$ 2,690,083
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(0.34%)	3.67%	31.18%	(2.99%)

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

Measurement Year*		
2016	2015	2014
\$ 345,789	\$ 317,389	\$ 262,594
675,456	647,576	612,560
-	-	-
(69,514)	(239)	(49,336)
-	275,713	-
(641,405)	(356,533)	(349,425)
<u>310,326</u>	<u>883,906</u>	<u>476,393</u>
10,154,568	9,270,662	8,794,269
<u>\$ 10,464,894</u>	<u>\$ 10,154,568</u>	<u>\$ 9,270,662</u>
\$ 155,593	\$ 164,572	\$ 168,939
179,431	175,076	161,113
643,013	14,056	516,782
(641,405)	(356,533)	(349,425)
(7,261)	(8,561)	(5,396)
(391)	(423)	(444)
<u>328,980</u>	<u>(11,813)</u>	<u>491,569</u>
9,513,568	9,525,381	9,033,812
<u>\$ 9,842,548</u>	<u>\$ 9,513,568</u>	<u>\$ 9,525,381</u>
<u>\$ 622,346</u>	<u>\$ 641,000</u>	<u>\$ (254,719)</u>
94.05%	93.69%	102.75%
\$ 2,563,301	\$ 2,501,093	\$ 2,301,618
24.28%	25.63%	(11.07%)

CITY OF SPRING VALLEY VILLAGE, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2021

	Fiscal Year*			
	2021	2020	2019	2018
Actuarially determined contribution	\$ 246,762	\$ 248,998	\$ 209,511	\$ 195,848
Contributions in relation to the actuarially determined contribution	246,762	248,998	209,511	195,848
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,666,577	\$ 3,605,526	\$ 3,012,340	\$ 2,711,205
Contributions as a percentage of covered payroll	6.73%	6.91%	6.96%	7.22%

*Only eight years of information is currently available. The City will build this schedule over the next two-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	25 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*

2017	2016	2015	2014
\$ 194,112	\$ 167,012	\$ 164,572	\$ 168,939
194,112	167,012	164,572	168,939
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,691,643	\$ 2,690,588	\$ 2,501,093	\$ 2,301,618
7.21%	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, 2021

	Measurement Year*			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 6,861	\$ 5,180	\$ 5,325	\$ 4,573
Interest (on the total OPEB liability)	4,474	4,678	4,506	4,429
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(2,720)	913	(9,783)	-
Change of assumptions	25,654	26,362	(8,848)	10,568
Benefit payments**	(1,525)	(1,219)	(1,121)	(807)
Net Change in Total OPEB Liability	32,744	35,914	(9,921)	18,763
Beginning total OPEB liability	160,032	124,118	134,039	115,276
Ending Total OPEB Liability	\$ 192,776	\$ 160,032	\$ 124,118	\$ 134,039
Covered Payroll	\$ 3,811,611	\$ 3,047,322	\$ 2,802,521	\$ 2,690,083
Total OPEB Liability as a Percentage of Covered Payroll	5.06%	5.25%	4.43%	4.98%

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

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
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.00%
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 3.0% 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.

3. 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.

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, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 915,000	\$ 915,000	\$ 903,006	\$ (11,994)
Total Revenues	915,000	915,000	903,006	(11,994)
<u>Expenditures</u>				
Principal	825,000	825,000	825,000	-
Interest and fiscal charges	737,196	744,246	744,246	-
Total Expenditures	1,562,196	1,569,246	1,569,246	-
(Deficiency) of Revenues (Under) Expenditures	(647,196)	(654,246)	(666,240)	11,994
<u>Other Financing Sources (Uses)</u>				
Transfers in	661,702	661,702	661,702	-
Total Other Financing Sources	661,702	661,702	661,702	-
Net Change in Fund Balance	\$ 14,506	\$ 7,456	(4,538)	\$ 11,994
Beginning fund balance			21,614	
Ending Fund Balance			\$ 17,076	

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STATISTICAL SECTION

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

Contents	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			
	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 23,227,286	\$ 25,437,372	\$ 24,859,774	\$ 25,354,855
Restricted	75,118	121,848	150,437	154,588
Unrestricted	5,825,609	5,065,577	7,973,362	9,970,921
Total Governmental Activities Net Position	\$ 29,128,013	\$ 30,624,797	\$ 32,983,573	\$ 35,480,364
 Business-Type Activities				
Net investment in capital assets	\$ 7,416,956	\$ 7,201,090	\$ 7,484,141	\$ 6,429,975
Restricted	-	-	1,612,394	1,004,614
Unrestricted	(364,877)	(259,161)	(2,241,483)	(963,461)
Total Business-Type Activities Net Position	\$ 7,052,079	\$ 6,941,929	\$ 6,855,052	\$ 6,471,128
 Primary Government				
Net investment in capital assets	\$ 30,644,242	\$ 32,638,462	\$ 32,343,915	\$ 31,784,830
Restricted	75,118	121,848	150,437	1,159,202
Unrestricted	5,460,732	4,806,416	5,731,879	9,007,460
Total Primary Government Net Position	\$ 36,180,092	\$ 37,566,726	\$ 38,226,231	\$ 41,951,492

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 26,621,889	\$ 28,189,939	\$ 28,879,559	\$ 28,275,487	\$ 27,155,714	\$ 27,370,964
160,271	4,924,112	4,371,682	4,468,641	5,317,098	4,881,810
9,662,867	4,707,722	5,985,685	6,357,435	6,663,926	7,570,569
<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>	<u>\$ 39,823,343</u>
\$ 6,446,443	\$ 5,764,333	\$ 5,057,352	\$ 8,641,742	\$ 7,974,574	\$ 8,823,637
965,480	871,778	331,411	443,928	358,408	358,408
(1,042,151)	(328,932)	1,213,688	(1,599,244)	(795,570)	(1,741,786)
<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>	<u>\$ 7,440,259</u>
\$ 33,068,332	\$ 33,954,272	\$ 33,936,911	\$ 36,917,229	\$ 35,130,288	\$ 36,194,601
1,125,751	5,795,890	4,703,093	4,912,569	5,675,506	5,240,218
8,620,716	4,378,790	6,157,050	4,758,191	5,868,356	5,828,783
<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>	<u>\$ 47,263,602</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities				
General government	\$ 1,229,504	\$ 1,590,735	\$ 1,320,245	\$ 1,247,843
Public safety	2,786,639	2,648,646	2,738,631	3,036,137
Public works	1,324,918	1,153,278	1,278,240	1,354,685
Interest and fiscal agent fees	-	-	-	337,430
Total Governmental Activities Expenses	<u>5,341,061</u>	<u>5,392,659</u>	<u>5,337,116</u>	<u>5,976,095</u>
Business-Type Activities				
Water and sewer	2,442,239	2,675,934	2,658,992	2,614,157
Total Business-Type Activities Expenses	<u>2,442,239</u>	<u>2,675,934</u>	<u>2,658,992</u>	<u>2,614,157</u>
Total Expenses	<u>\$ 7,783,300</u>	<u>\$ 8,068,593</u>	<u>\$ 7,996,108</u>	<u>\$ 8,590,252</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 219,074	\$ 236,953	\$ 214,713	\$ 397,023
Public safety	814,509	800,772	1,127,801	1,133,967
Operating grants and contributions	154,000	154,000	154,000	438,493
Total Governmental Activities Program Revenues	<u>1,187,583</u>	<u>1,191,725</u>	<u>1,496,514</u>	<u>1,969,483</u>
Business-Type Activities				
Charges for services				
Water and sewer	2,709,775	2,859,499	2,730,542	2,708,075
Total Business-Type Activities Program Revenues	<u>2,709,775</u>	<u>2,859,499</u>	<u>2,730,542</u>	<u>2,708,075</u>
Total Program Revenues	<u>\$ 3,897,358</u>	<u>\$ 4,051,224</u>	<u>\$ 4,227,056</u>	<u>\$ 4,677,558</u>
Net (Expense)/Revenue				
Governmental activities	\$ (4,153,478)	\$ (4,200,934)	\$ (3,840,602)	\$ (4,006,612)
Business-type activities	267,536	183,565	71,550	93,918
Total Net Expense	<u>\$ (3,885,942)</u>	<u>\$ (4,017,369)</u>	<u>\$ (3,769,052)</u>	<u>\$ (3,912,694)</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 800,723	\$ 903,011	\$ 1,726,894	\$ 2,144,920	\$ 2,449,914	\$ 2,444,681
3,880,246	3,922,109	3,992,287	4,880,263	5,159,269	4,957,464
1,906,985	1,818,890	1,730,944	1,846,313	1,912,521	1,972,528
432,200	307,683	350,842	590,374	656,102	688,443
<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>10,063,116</u>
2,848,278	3,058,370	2,795,072	2,982,655	3,121,559	2,795,042
<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>2,795,042</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>	<u>\$ 12,858,158</u>
\$ 265,706	\$ 260,442	\$ 196,591	\$ 680,365	\$ 613,189	\$ 907,284
938,409	880,102	1,193,648	1,086,534	830,901	1,246,332
661,046	620,005	702,846	746,199	754,729	787,015
<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>2,940,631</u>
2,720,856	2,940,857	3,069,771	2,676,454	2,966,158	2,847,372
<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>2,847,372</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>	<u>\$ 5,788,003</u>
\$ (5,154,993)	\$ (5,191,144)	\$ (5,707,882)	\$ (6,948,772)	\$ (7,978,987)	\$ (7,122,485)
(127,422)	(117,512)	274,699	(306,201)	(155,401)	52,330
<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>	<u>\$ (7,070,155)</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,685,289	\$ 3,812,544	\$ 3,904,606	\$ 4,245,518
Sales taxes	934,790	1,082,352	1,106,384	1,191,356
Franchise fees	332,619	357,602	331,764	339,321
Investment income	25,176	19,163	19,659	21,502
Other	124,179	111,057	132,760	136,451
Transfers	313,000	315,000	676,025	75,000
Total Governmental Activities	<u>5,415,053</u>	<u>5,697,718</u>	<u>6,171,198</u>	<u>6,009,148</u>
Business-type activities				
Other	19,508	21,285	23,343	89
Transfers	(313,000)	(315,000)	(676,025)	(75,000)
Total Business-Type Activities	<u>(293,492)</u>	<u>(293,715)</u>	<u>(652,682)</u>	<u>(74,911)</u>
Total Primary Government	<u>\$ 5,121,561</u>	<u>\$ 5,404,003</u>	<u>\$ 5,518,516</u>	<u>\$ 5,934,237</u>
Change in Net Position				
Governmental activities	\$ 1,261,575	\$ 1,496,784	\$ 2,330,596	\$ 2,002,536
Business-type activities	(25,956)	(110,150)	(581,132)	19,007
Total Change in Net Position	<u>\$ 1,235,619</u>	<u>\$ 1,386,634</u>	<u>\$ 1,749,464</u>	<u>\$ 2,021,543</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 4,402,210	\$ 4,693,922	\$ 5,142,514	\$ 5,171,426	\$ 5,569,072	\$ 5,519,222
1,197,292	1,262,647	1,430,561	1,535,394	1,482,145	1,598,465
353,381	339,607	326,582	370,171	323,537	309,282
30,566	57,565	124,225	320,856	147,746	22,291
136,207	214,149	196,729	272,109	641,662	176,230
-	-	-	(1,095,543)	(150,000)	183,600
6,119,656	6,567,890	7,220,611	6,574,413	8,014,162	7,809,090
26,066	54,920	32,694	55,498	56,387	34,117
-	-	-	1,095,543	150,000	(183,600)
26,066	54,920	32,694	1,151,041	206,387	(149,483)
\$ 6,145,722	\$ 6,622,810	\$ 7,253,305	\$ 7,725,454	\$ 8,220,549	\$ 7,659,607
\$ 964,663	\$ 1,376,746	\$ 1,512,729	\$ (374,359)	\$ 35,175	\$ 686,605
(101,356)	(62,593)	307,393	844,840	50,986	(97,153)
\$ 863,307	\$ 1,314,153	\$ 1,820,122	\$ 470,481	\$ 86,161	\$ 589,452

CITY OF SPRING VALLEY VILLAGE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ -	\$ 385	\$ 870	\$ 870
Committed	3,817,458	-	-	-
Restricted	75,118	121,848	122,257	121,659
Assigned	-	359,267	359,267	359,267
Unassigned	2,191,707	3,550,699	4,004,162	4,926,770
Total General Fund	\$ 6,084,283	\$ 4,032,199	\$ 4,486,556	\$ 5,408,566
All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ -	\$ 13,135,970
Assigned	-	1,321,366	-	3,112,942
Unassigned	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ 1,321,366	\$ -	\$ 16,248,912

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 870	\$ 1,203	\$ 11,938	\$ 13,570	\$ 14,928	\$ 13,991
-	-	-	-	-	-
124,264	128,097	137,075	148,524	156,369	210,059
359,267	359,267	359,267	359,267	359,267	359,267
5,619,702	6,524,412	6,957,672	7,585,594	7,334,255	7,964,637
<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>	<u>\$ 8,547,954</u>
\$ 9,132,618	\$ 16,105	\$ 22,733	\$ 5,798,882	\$ 13,086,398	\$ 11,365,379
2,093,010	527,158	1,580,379	1,647,478	2,458,467	1,887,523
(882)	177,707	4,792	(25,842)	-	-
<u>\$ 11,224,746</u>	<u>\$ 720,970</u>	<u>\$ 1,607,904</u>	<u>\$ 7,420,518</u>	<u>\$ 15,544,865</u>	<u>\$ 13,252,902</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Property taxes	\$ 3,715,316	\$ 3,792,043	\$ 3,936,160	\$ 4,159,264
Sales taxes	934,790	1,082,352	1,106,384	1,191,356
Franchise fees	332,619	357,602	331,764	339,321
Fines and forfeitures	506,233	470,225	772,834	752,084
Licenses and permits	219,074	236,953	214,713	397,023
Charges for services	-	-	-	-
Hilshire police contract	308,276	330,547	354,967	381,883
Investment income	25,176	19,163	19,659	21,502
Intergovernmental	154,000	154,000	154,000	438,493
Other	121,604	111,057	132,760	132,090
Total Revenues	6,317,088	6,553,942	7,023,241	7,813,016
Expenditures				
General government	1,188,587	1,262,101	1,355,108	1,337,875
Public safety	2,786,166	2,886,525	3,002,128	3,201,065
Public works	4,028,166	181,440	262,499	286,142
Capital outlay	-	3,269,594	439,623	2,114,494
Debt service:				
Bond issuance costs	-	-	-	104,614
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	8,002,919	7,599,660	5,059,358	7,044,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,685,831)	(1,045,718)	1,963,883	768,826
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	13,475,000
Premium on debt	-	-	-	134,363
Sale of capital assets	2,575	-	84,352	5,310
Transfers in	313,000	2,065,000	1,930,766	2,217,000
Transfers out	-	(1,750,000)	(2,161,767)	(2,142,000)
Total Other Financing Sources (Uses)	315,575	315,000	(146,649)	13,689,673
Net Change in Fund Balances	\$ (1,370,256)	\$ (730,718)	\$ 1,817,234	\$ 14,458,499
Debt service as a percentage of noncapital expenditures	-	-	-	-

Fiscal Year

	2016	2017	2018	2019	2020	2021
\$	4,508,707	\$ 4,690,696	\$ 5,128,547	\$ 5,152,045	\$ 5,583,501	\$ 5,539,717
	1,197,292	1,262,647	1,430,561	1,535,394	1,482,145	1,598,465
	353,381	339,607	326,582	370,171	323,537	309,282
	540,494	460,809	745,884	615,636	329,056	724,302
	265,706	260,442	196,591	355,933	291,765	583,611
	-	-	-	324,432	321,424	323,673
	397,915	419,293	447,764	470,898	501,845	522,030
	30,566	57,565	124,225	320,856	147,746	22,291
	661,046	620,005	702,846	746,199	754,729	787,015
	136,439	231,811	108,408	136,900	525,754	204,326
	<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>	<u>10,614,712</u>
	1,287,658	1,427,121	1,509,517	1,849,486	2,076,786	2,082,839
	3,397,221	3,405,232	3,653,799	4,199,438	4,773,027	4,881,359
	393,737	305,642	314,546	426,402	427,879	482,352
	6,288,546	11,414,618	2,060,288	2,117,640	1,673,865	3,142,816
	-	-	-	-	-	-
	400,000	510,000	530,000	550,000	795,000	825,000
	524,336	399,819	379,019	581,801	675,582	744,246
	<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>	<u>12,158,612</u>
	(4,199,952)	(9,119,557)	764,239	303,697	(160,637)	(1,543,900)
	-	-	-	6,600,000	8,130,000	-
	-	-	-	248,176	592,176	-
	4,320	751	35,093	7,200	-	-
	1,250,000	2,335,849	1,524,042	988,432	1,565,022	1,245,622
	<u>(1,382,997)</u>	<u>(2,192,011)</u>	<u>(1,603,399)</u>	<u>(1,932,884)</u>	<u>(2,244,350)</u>	<u>(1,310,550)</u>
	<u>(128,677)</u>	<u>144,589</u>	<u>(44,264)</u>	<u>5,910,924</u>	<u>8,042,848</u>	<u>(64,928)</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>	<u>(1,608,828)</u>
	15.01%	16.96%	13.06%	14.65%	16.83%	17.82%

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

	Fiscal Year			
	2012	2013	2014	2015
Residential	\$ 727,362,843	\$ 749,621,556	\$ 816,582,662	\$ 938,839,232
Vacant	16,467,688	16,340,891	16,982,310	23,119,734
Commercial and industrial	48,724,472	50,298,328	54,623,908	71,949,422
Utilities	11,291,453	10,776,364	10,542,288	4,250,555
Real properties	22,184,491	23,043,294	23,360,586	8,625
Governmental and charities	114,230,914	114,503,217	117,469,367	138,803,675
Total assessed value (1)	940,261,861	964,583,650	1,039,561,121	1,176,971,243
Less: Tax exempt property	(258,228,448)	(261,606,047)	(280,032,062)	(312,592,100)
Total Taxable Assessed Valuation	\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143
Taxable value as a percentage of assessed value	73%	73%	73%	73%
Total tax rate	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.450000

Source: Tax department of the Spring Branch ISD.

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

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 1,057,666,553	\$ 1,147,232,344	\$ 1,234,212,313	\$ 1,286,137,521	\$ 1,350,215,949	\$ 1,358,399,591
22,897,005	20,219,114	26,911,668	20,302,787	18,605,776	17,435,331
69,321,629	104,087,202	127,616,169	120,709,222	149,066,674	144,410,918
10,289,952	11,484,003	11,433,668	11,602,774	12,076,421	11,973,084
25,945,101	23,553,054	22,199,610	25,674,830	38,620,266	32,374,130
147,694,988	151,935,233	155,927,423	159,391,800	165,193,713	164,423,885
<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>1,729,016,939</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>(424,272,036)</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>	<u>\$ 1,304,744,903</u>
73%	74%	75%	75%	76%	75%
\$ 0.433500	\$ 0.433500	\$ 0.430000	\$ 0.430000	\$ 0.425000	\$ 0.425000

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

	Fiscal Year			
	2012	2013	2014	2015
City of Spring Valley Village:				
Operating tax rate	\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843
Debt service tax rate	-	-	-	-
Total Direct Rates	\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843
Spring Branch Independent School District	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500
Harris County	0.400210	0.414550	0.414550	0.417310
Harris County Flood Control	0.028090	0.028270	0.028270	0.027360
Port of Houston Authority	0.019520	0.017160	0.017160	0.015310
Harris County Hospital District	0.182160	0.170000	0.170000	0.170000
Harris County Education Department	0.006620	0.006360	0.006358	0.005999
Total Overlapping Rates	\$ 2.031100	\$ 2.030840	\$ 2.030838	\$ 2.030479
Total Direct and Overlapping Rates	\$ 2.570860	\$ 2.570600	\$ 2.543681	\$ 2.518322

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

Source: Tax department records of the various governments.

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 0.356160	\$ 0.350711	\$ 0.354641	\$ 0.356274	\$ 0.3558890	\$ 0.3557150
0.093840	0.082789	0.078859	0.073726	0.0691110	0.0692850
<u>\$ 0.450000</u>	<u>\$ 0.433500</u>	<u>\$ 0.433500</u>	<u>\$ 0.430000</u>	<u>\$ 0.4250000</u>	<u>\$ 0.4250000</u>
\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.307300	\$ 1.307300
0.419230	0.416560	0.418010	0.418580	0.391160	0.391160
0.027330	0.028290	0.028290	0.028770	0.031420	0.314200
0.013420	0.013340	0.013340	0.011550	0.009910	0.009100
0.170000	0.171790	0.171900	0.171080	0.166710	0.166710
0.005422	0.005200	0.005200	0.005190	0.004199	0.004993
<u>\$ 2.029902</u>	<u>\$ 2.029680</u>	<u>\$ 2.031240</u>	<u>\$ 2.029670</u>	<u>\$ 1.910699</u>	<u>\$ 2.193463</u>
<u>\$ 2.479902</u>	<u>\$ 2.463180</u>	<u>\$ 2.464740</u>	<u>\$ 2.459670</u>	<u>\$ 2.335699</u>	<u>\$ 2.618463</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2021			2012		
	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	2.56%	\$ -	-	-
Campbell Project Partners LLC	28,222,334	2	2.16%	-	-	-
Ten Voss Ltd	25,073,481	3	1.92%	26,460,054	1	3.88%
HD Development Properties	22,017,660	4	1.69%	13,057,210	2	1.91%
Spring Valley One Center Ltd	16,075,278	5	1.23%	-	-	1.35%
Memorial Design Center Ltd	13,267,092	6	1.02%	-	-	-
Southwestern Bell	8,586,792	7	0.66%	9,200,209	3	0.84%
Managed Rehabilitation Inc	8,219,506	8	0.63%	5,751,776	4	0.77%
Stream Wellington MOB LLC	5,556,300	9	0.43%	-	-	-
Ten Voss	3,389,422	10	0.26%	-	-	-
Baker O N	-	-	-	5,267,710	5	0.55%
Wellington Fidelis Campbell I LP	-	-	-	3,750,000	6	0.00%
Campbell I10 Ltd	-	-	-	3,676,480	7	0.54%
Marek Sondock Ltd	-	-	-	2,350,000	8	0.34%
Spring Valley Memorial Real	-	-	-	2,109,934	9	0.31%
Specs Inc	-	-	-	1,489,364	10	0.22%
Subtotal	163,849,945		12.56%	73,112,737		10.72%
Other Taxpayers	1,140,771,201		87.44%	608,920,676		89.28%
Total ⁽¹⁾	\$ 1,304,621,146		100.00%	\$ 682,033,413		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
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%
2021	2020	\$ 0.425000	\$ 5,531,366	\$ 5,517,117	99.74%	\$ (6,482)	\$ 5,510,635	99.63%

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			
	2012	2013	2014	2015
Governmental Activities:				
General obligation bonds	\$ -	\$ -	\$ -	\$ 13,602,965
Certificates of obligation	-	-	-	-
Issuance discounts/premiums	-	-	-	376,141
Subtotal	-	-	-	13,979,106
Business-Type Activities:				
Revenue bonds	-	-	3,000,000	2,835,000
Subtotal	-	-	3,000,000	2,835,000
Government-Wide:				
Revenue bonds	-	-	3,000,000	2,835,000
General obligation bonds	-	-	-	13,602,965
Certificates of obligation	-	-	-	-
Total Government-Wide	\$ -	\$ -	\$ 3,000,000	\$ 16,437,965
Estimated Full Property Value	\$ 940,261,861	\$ 964,583,650	\$ 1,039,561,121	\$ 1,176,971,243
Percentage of Full Property Value:				
Government-wide	-	-	-	-
Population	3,941	3,852	4,013	4,135
Debt Per Capita:				
Governmental activities	\$ -	\$ -	\$ -	\$ 3,290
Government-wide	\$ -	\$ -	\$ 748	\$ 3,975

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

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 13,196,567	\$ 12,680,169	\$ 12,143,771	\$ 11,485,000	\$ 10,920,000	\$ 10,335,000	
-	-	-	6,600,000	14,500,000	14,260,000	
369,743	363,345	356,947	338,731	884,492	838,077	
<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>	<u>25,433,077</u>	
2,665,000	2,490,000	2,310,000	4,525,000	4,225,000	3,920,000	
<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>	<u>3,920,000</u>	
2,665,000	2,490,000	2,310,000	4,525,000	4,225,000	3,920,000	
13,196,567	12,680,169	12,143,771	11,485,000	10,920,000	10,335,000	
-	-	-	6,600,000	14,500,000	14,260,000	
<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>	<u>\$ 28,515,000</u>	
\$ 1,333,815,228	\$ 1,458,510,950	\$ 1,578,300,851	\$ 1,623,818,934	\$ 1,733,778,799	\$ 1,729,016,939	
1.19%	1.04%	0.92%	1.39%	1.71%	1.65%	
4,191	4,328	4,336	4,333	4,239	4,228	
\$ 3,149	\$ 2,930	\$ 2,801	\$ 4,174	\$ 6,205	\$ 6,015	
\$ 3,785	\$ 3,505	\$ 3,333	\$ 5,218	\$ 6,993	\$ 6,744	

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	Fiscal Year			
	2012	2013	2014	2015
Estimated Actual Taxable Value of Property	\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143
Net Bonded Debt				
Gross bonded debt	\$ -	\$ -	\$ -	\$ 13,602,965
Total	\$ -	\$ -	\$ -	\$ 13,602,965
Percentage of Estimated Actual Taxable Value of Property	-	-	-	0
Population	3,941	3,852	4,013	4,135
Per Capita	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 978,676,056	\$ 1,084,622,094	\$ 1,185,850,999	\$ 1,219,473,094	\$ 1,313,539,247	\$ 1,304,744,903
\$ 13,196,567	\$ 12,680,169	\$ 12,143,771	\$ 18,085,000	\$ 25,420,000	\$ 24,595,000
\$ 13,196,567	\$ 12,680,169	\$ 12,143,771	\$ 18,085,000	\$ 25,420,000	\$ 24,595,000
1.35%	1.17%	1.02%	1.48%	1.94%	1.89%
4,191	4,328	4,336	4,333	4,239	4,282
\$ 3,149	\$ 2,930	\$ 2,801	\$ 4,174	\$ 5,997	\$ 5,744

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CITY OF SPRING VALLEY VILLAGE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2021

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Spring Branch Independent School District	\$ 867,150,000	3.920%	\$ 33,992,280
Harris County	\$ 1,723,192,125	0.270%	4,652,619
Harris County Flood Control District	\$ 590,725,000	0.270%	1,594,958
Harris County Hospital District	\$ 8,150,000	0.270%	220,158
Harris County Department of Education	\$ 20,185,000	0.270%	54,500
Port of Houston Authority	\$ 492,439,397	0.270%	1,329,586
Subtotal, overlapping debt			41,844,100
City Direct Debt	\$ 25,433,077	100.00%	<u>25,433,077</u>
Total Direct and Overlapping Debt			<u>\$ 67,277,177</u>

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			
	2012	2013	2014	2015
Debt limit ⁽¹⁾	\$ 68,203,341	\$ 70,297,760	\$ 75,952,906	\$ 86,437,914
Total net debt applicable to limit	-	-	-	13,598,216
Legal debt margin	\$ 68,203,341	\$ 70,297,760	\$ 75,952,906	\$ 72,839,698
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-
 Legal Debt Margin Calculation				
Assessed value	\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143
Debt limit (10% of assessed value)	68,203,341	70,297,760	75,952,906	86,437,914
Debt applicable to limit:				
Gross bonded debt	-	-	-	13,602,965
General obligation debt	-	-	-	-
Total net debt applicable to limit	-	-	-	13,602,965
Legal debt margin	\$ 68,203,341	\$ 70,297,760	\$ 75,952,906	\$ 72,834,949

(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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 97,867,606	\$ 108,462,209	\$ 118,585,101	\$ 121,947,309	\$ 131,353,925	\$ 130,474,490
13,196,567	12,680,169	12,138,979	18,085,000	25,420,000	24,595,000
<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>	<u>\$ 105,879,490</u>
13.48%	11.69%	10.24%	14.83%	19.35%	18.85%
\$ 978,676,056	\$ 1,084,622,094	\$ 1,185,850,999	\$ 1,219,473,094	\$ 1,313,539,247	\$ 1,304,744,903
97,867,606	108,462,209	118,585,100	121,947,309	131,353,925	130,474,490
13,196,567	12,680,169	12,143,771	18,085,000	25,420,000	24,595,000
-	-	4,792	-	-	-
<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>24,595,000</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>	<u>\$ 105,879,490</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

PLEGDED-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	2021
\$ 3,102,465	\$ 2,731,952	\$ 3,022,545	\$ 2,881,489
<u>2,173,587</u>	<u>2,263,747</u>	<u>2,383,381</u>	<u>2,052,556</u>
<u><u>\$ 928,878</u></u>	<u><u>\$ 468,205</u></u>	<u><u>\$ 639,164</u></u>	<u><u>\$ 828,933</u></u>
\$ 185,000	\$ 300,000	\$ 305,000	\$ 310,000
60,753	104,339	97,912	91,277
<u>\$ 245,753</u>	<u>\$ 404,339</u>	<u>\$ 402,912</u>	<u>\$ 401,277</u>
3.78	1.16	1.59	2.07

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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⁾
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%
2021	4,282	\$ 206,654	\$ 84,654	41.0	842	0.1%	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	2021			2015		
	Employees	Employment⁽¹⁾	Rank	Employees	Employment⁽¹⁾	Rank
Spring Branch Independent School District	246	34.02%	1	281	37.72%	1
Home Depot	172	23.79%	2	154	20.67%	2
Jonathan's the Rub	65	8.99%	3	n/a	n/a	n/a
East West Bank	60	8.30%	4	63	8.46%	3
Spring Branch Presbyterian Church	45	6.22%	5	39	5.23%	5
Stoller Group	37	5.12%	6	36	4.83%	6
Starbucks Corporation	35	4.84%	7	35	4.70%	7
AOK Emergency Room	25	3.46%	8	n/a	n/a	n/a
Specs	25	3.46%	9	28	3.76%	10
Premier Technology Group	13	1.80%	10	n/a	n/a	n/a
DTK	n/a	n/a	n/a	40	5.37%	4
Houston Plastic & Craniofacial Surgeons	n/a	n/a	n/a	34	4.56%	9
SSI	n/a	n/a	n/a	35	4.70%	8
	<u>723</u>	<u>100.00%</u>		<u>745</u>	<u>100.00%</u>	

Source: Human Resource Department of each company
 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Governmental Activities:</u>										
General government	8	8	8	8	8	8	8	8	9	10
Public safety	21	23	23	24	24	24	24	24	24	25
Public works	2	3	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	5
Total City Positions	35	38	38	39	39	39	39	39	40	43

Source: City Finance Department

CITY OF SPRING VALLEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2012	2013	2014	2015
City of Spring Valley Village				
Budgeted full-time employees	35	38	39	39
Function				
Police				
Arrests	293	508	719	697
Accident reports	134	155	160	165
Citations	4,137	5,190	8,043	8,061
Offense reports	988	1,183	1,530	1,094
Calls for service	22,587	19,560	36,254	36,638
Municipal court				
Traffic violations	3,725	9,585	12,352	8,519
Non-traffic violations	484	302	1,472	1,442
Community Development				
Residential building permits issued	23	38	19	29
Commercial building permits issued	12	15	9	12
Water				
Average daily gallons pumped-combined water (millions of gallons)	0.78	0.79	0.71	0.68
Average daily gallons pumped-surface water (millions of gallons)	-	0.05	-	0.05
Average daily gallons pumped-well water (millions of gallons)	0.78	0.75	0.71	0.68
Number of connections	2,045	2,130	2,135	2,137

Source: Various City departments

Fiscal Year						
2016	2017	2018	2019	2020	2021	
39	39	40	40	40	42	
460	300	205	130	47	72	
157	208	192	108	112	122	
4,417	5,487	5,689	7,437	6,332	8,887	
962	913	1,070	717	487	492	
33,351	29,068	23,307	21,150	19,629	32,262	
5,147	6,442	4,884	5,226	2,986	16,156	
528	963	373	456	319	1410	
37	37	44	17	47	88	
30	2	5	12	7	13	
0.72	0.72	0.75	0.74	0.76	0.71	
0.40	0.44	0.34	0.33	0.36	0.36	
0.32	0.60	0.57	0.59	0.59	0.60	
2,204	2,138	2,138	2,139	2,139	2,441	

CITY OF SPRING VALLEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function	Fiscal Year			
	2012	2013	2014	2015
General government				
Municipal buildings	1	1	1	1
Public safety				
Police protection				
Stations	1	1	1	1
Public works				
Streets (lane miles)	-	-	20.01	20.01
Community services				
Parks	-	-	1	1
Pavilions	-	-	1	1
Park acreage developed	-	-	2.62	2.62
Water				
Water wells	1	1	1	1
Ground/elevated storage tanks	-	-	3	3
Water mains (miles)	-	-	26	26
Fire hydrants	157	157	157	157
Wastewater				
Sanitary sewers (miles)	-	-	16	16
Sewer manholes	-	-	389	389

Source: Various City departments

Fiscal Year						
2016	2017	2018	2019	2020	2021	
1	1	1	1	1	1	
1	1	1	1	1	1	
20.01	20.01	20.01	20.01	20.01	20.01	
1	1	1	1	1	1	
1	1	1	1	1	1	
2.62	2.62	2.62	2.62	2.62	2.62	
1	1	1	1	1	1	
3	3	3	3	3	3	
26	26	26	26	26	26	
206	206	206	206	206	206	
16	16	16	16	16	16	
389	389	389	389	389	389	

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