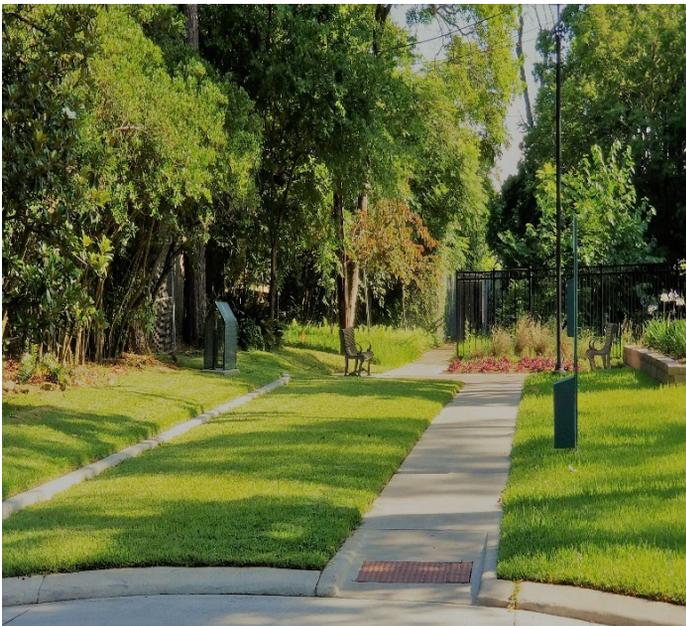




EST. 1955

SPRING VALLEY VILLAGE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2022



(This page intentionally left blank.)

*ANNUAL
COMPREHENSIVE
FINANCIAL REPORT*

of the

**CITY OF SPRING
VALLEY VILLAGE, TEXAS**

**For the Year Ended
September 30, 2022**

Prepared by:

**Zachery Meadows
Acting City Administrator**

**Brent Walker
City Treasurer**

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

TABLE OF CONTENTS

September 30, 2022

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	3
List of Elected Officials and Key Staff	7
Certificate of Achievement for Excellence in Financial Reporting	8
Organizational Chart	9
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis (Required Supplementary Information)	19
 <u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	28
Statement of Activities	30
 Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	39
Proprietary Funds Financial Statements	
Statement of Net Position – Proprietary Funds	41
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	43
Statement of Cash Flows – Proprietary Funds	45
 Notes to Financial Statements	47
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	75
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	76
Schedule of Contributions – Texas Municipal Retirement System	78
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System	80

CITY OF SPRING VALLEY VILLAGE, TEXAS

TABLE OF CONTENTS

September 30, 2022

SUPPLEMENTARY INFORMATION

	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	85

STATISTICAL SECTION

Net Position by Component	88
Changes in Net Position	90
Fund Balances, Governmental Funds	94
Changes in Fund Balances, Governmental Funds	96
Assessed Value and Estimated Actual Value of Taxable Property	98
Property Tax Rates – Direct and Overlapping Governments	100
Principal Property Taxpayers	103
Property Tax Levies and Collections	105
Ratios of Outstanding Debt by Type	106
Ratios of General Bonded Debt Outstanding	108
Direct and Overlapping Governmental Activities Debt	111
Legal Debt Margin Information	112
Pledged-Revenue Coverage	114
Demographic and Economic Statistics	117
Principal Employers	119
Full-Time Equivalent Employees by Function	121
Operating Indicators by Function	122
Capital Asset Statistics by Function	124

INTRODUCTORY SECTION

(This page intentionally left blank.)



EST. 1955

SPRING VALLEY VILLAGE

March 17, 2023

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, 2022. 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, 2022. 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, 2022, the City has a land area of 1.6 square miles and an estimated population of approximately 4,204. 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. City Ordinance also 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 which 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 4,204 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 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 completed in 2022.

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 2023. 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 2022, fiscal year 2023.

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

Major Initiatives

FY 2022 was a year of accomplishments for the City of Spring Valley Village. The list below highlights some of the significant City activities:

- Water Well #2 was completed and online as of May 2022.
- The Loeser, Traweek, Lone Star paving and utility improvement project was completed in June 2022.
- Ground Storage Tank #2 was replaced and put back online in August 2022.
- The Winningham, Cedarspur, and Burkhart (All East of Voss) paving and utility improvement project started in June 2022 and will be completed in the 2nd quarter of 2023.
- The Cedarspur (West of Bingle), Burkhart (East of Bingle), and Burkhart Road paving and utility improvement project will go out for bid in the first half of 2023. Construction will begin in 2023 and be completed in 2024.
- The Brighton Place paving and utility improvement project will complete the design phase in 2023 and will go out for bid in late 2023, early 2024.

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, Utility Fund, and Debt Service Fund are included in the annual operating 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

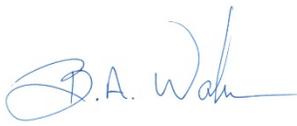
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Spring Valley Village for its annual comprehensive financial report for the fiscal year ending September 30, 2021. This was the eighth 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 blue ink that reads "B.A. Walker". The signature is written in a cursive style with a long horizontal stroke at the end.

Brent Walker
City Treasurer

CITY OF SPRING VALLEY VILLAGE, TEXAS

LIST OF ELECTED OFFICIALS AND KEY STAFF

September 30, 2022

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

Key Staff	Position
Zachary Meadows	Acting City Administrator Community Development Director
Jasmin Torres	City Secretary
Brent Walker	City Treasurer
Mark Schulze	Interim Chief of Police

CITY OF SPRING VALLEY VILLAGE, TEXAS
*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, 2021

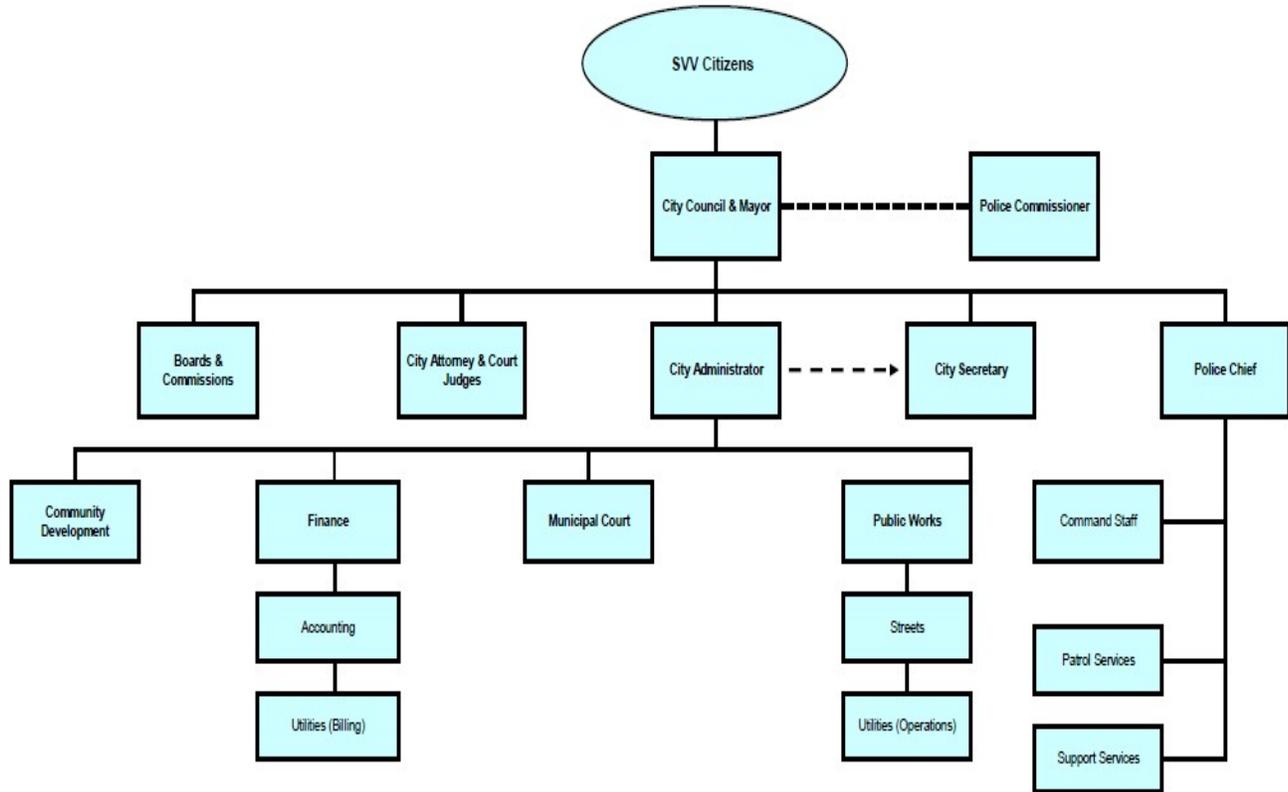
Christopher P. Morill

Executive Director/CEO

CITY OF SPRING VALLEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2022



(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total 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.

Supplementary 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 schedule listed as supplementary information on the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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.

Other Information

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 17, 2023

(This page intentionally left blank.)

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

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains five governmental funds. Information is presented in the governmental 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, 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, 2022

Proprietary Funds

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

The City also uses an Internal Service Fund to account for its equipment replacement program. The 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 \$48,359,847 as of September 30, 2022. The largest portion of the City's net position (72%) 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, 2022

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 25,134,357	\$ 1,762,192	\$ 26,896,549	\$ 26,093,077	\$ 1,647,003	\$ 27,740,080
Capital assets, net	42,050,985	10,399,411	52,450,396	41,591,395	10,406,137	51,997,532
Total Assets	67,185,342	12,161,603	79,346,945	67,684,472	12,053,140	79,737,612
Deferred outflows - pensions	174,173	28,759	202,932	215,326	36,321	251,647
Deferred outflows - OPEB	32,916	5,196	38,112	36,895	5,774	42,669
Total Deferred Outflows of Resources	207,089	33,955	241,044	252,221	42,095	294,316
Long-term liabilities	24,521,947	3,649,561	28,171,508	25,816,220	3,953,023	29,769,243
Other liabilities	1,887,976	320,249	2,208,225	1,970,851	661,032	2,631,883
Total Liabilities	26,409,923	3,969,810	30,379,733	27,787,071	4,614,055	32,401,126
Deferred inflows - pensions	741,968	99,800	841,768	317,192	39,430	356,622
Deferred inflows - OPEB	5,649	992	6,641	9,087	1,491	10,578
Total Deferred Inflows of of Resources	747,617	100,792	848,409	326,279	40,921	367,200
Net Position:						
Net investment in capital assets	28,167,543	6,789,411	34,956,954	27,370,964	6,643,637	34,014,601
Restricted	4,034,410	358,408	4,392,818	4,881,810	358,408	5,240,218
Unrestricted	8,032,938	977,137	9,010,075	7,570,569	438,214	8,008,783
Total Net Position	\$ 40,234,891	\$ 8,124,956	\$ 48,359,847	\$ 39,823,343	\$ 7,440,259	\$ 47,263,602

A portion of the City's net position, \$4,392,818, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$9,010,075, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$1,096,245. Total assets decreased \$390,667 with an increase of net capital assets of \$452,864 and a decrease in current and other assets of \$843,531 which was primarily due to funds spent on capital asset additions. Total liabilities decreased \$2,021,393 with a decrease in long-term liabilities of \$1,597,735 and a decrease in other liabilities of \$423,658. There was a decrease in long-term liabilities due mainly to principal debt payments. The decrease in other liabilities was primarily due to a decrease in payables related to capital improvements. Deferred outflows decreased \$53,272 primarily due to a decrease in deferred outflows from the differences between expected and actual economic experience related to the pension liability. Deferred inflows increased \$481,209 from prior year due mainly to the increase in the differences between projected and actual investment earnings related to the pension liability.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Statement of Activities

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

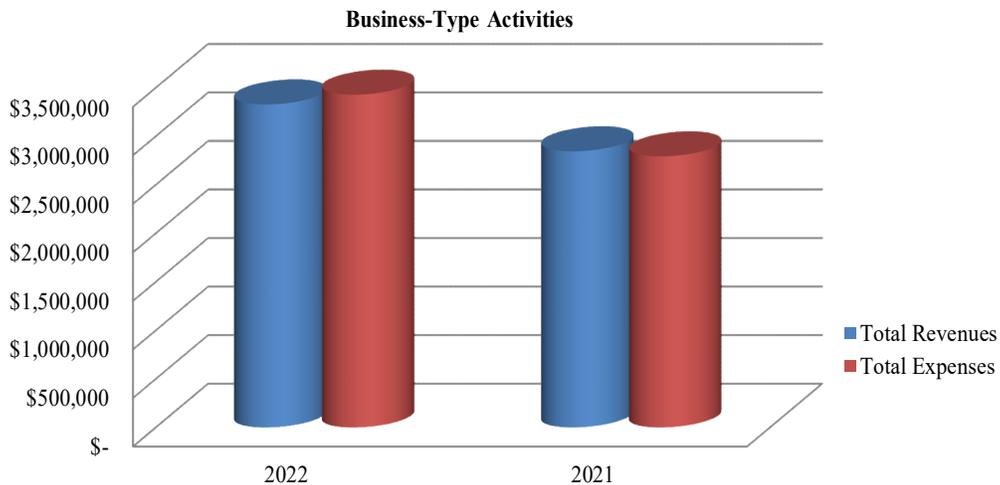
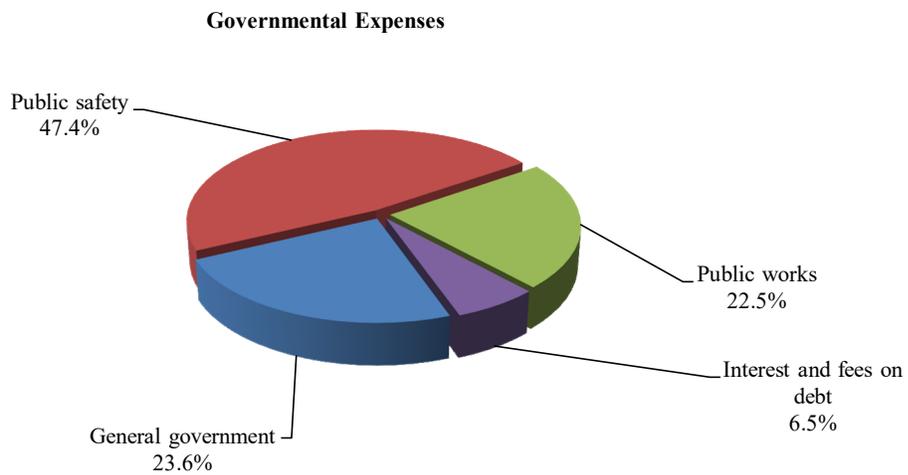
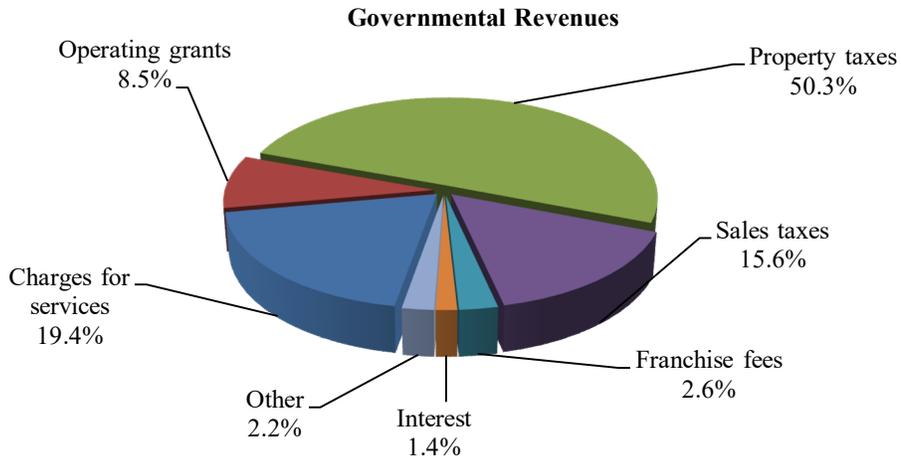
	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,169,412	\$ 3,330,052	\$ 5,499,464	\$ 2,153,616	\$ 2,847,372	\$ 5,000,988
Operating grants	945,930	-	945,930	787,015	-	787,015
General revenues:						
Property taxes	5,625,596	-	5,625,596	5,519,222	-	5,519,222
Sales taxes	1,748,586	-	1,748,586	1,598,465	-	1,598,465
Franchise fees	296,152	-	296,152	309,282	-	309,282
Interest	164,499	10,723	175,222	22,291	937	23,228
Other	243,591	67,236	310,827	176,230	33,180	209,410
Total Revenues	11,193,766	3,408,011	14,601,777	10,566,121	2,881,489	13,447,610
Expenses						
General government	2,373,042	-	2,373,042	2,444,681	-	2,444,681
Public safety	4,786,732	-	4,786,732	4,957,464	-	4,957,464
Public works	2,262,530	-	2,262,530	1,972,528	-	1,972,528
Interest and fees on debt	652,416	109,437	761,853	688,443	118,302	806,745
Water and sewer	-	3,321,375	3,321,375	-	2,676,740	2,676,740
Total Expenses	10,074,720	3,430,812	13,505,532	10,063,116	2,795,042	12,858,158
Increase (Decrease) in Net Position Before Transfers	1,119,046	(22,801)	1,096,245	503,005	86,447	589,452
Transfers in (out)	(707,498)	707,498	-	183,600	(183,600)	-
Change in Net Position	411,548	684,697	1,096,245	686,605	(97,153)	589,452
Beginning net position	39,823,343	7,440,259	47,263,602	39,136,738	7,537,412	46,674,150
Ending Net Position	\$ 40,234,891	\$ 8,124,956	\$ 48,359,847	\$ 39,823,343	\$ 7,440,259	\$ 47,263,602

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2022

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, 2022

Revenues for governmental activities increased \$627,645 or 6%. Sales tax revenue increased \$150,121 or 9% due to an increase in taxable sales within the City. Interest revenue increased \$142,208 or 638% due to increases in invested funds and interest rates. Total governmental expenditures increased \$11,604 or less than 1%.

Revenues for business-type activities increased \$526,522 or 18% from the prior year primarily due to the increase in water and sewer revenue due to customer consumption and an increase in rates. Business-type expenses increased by \$635,770 or 23% mainly due to an increase in groundwater 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 \$20,782,213. At the end of the current year, \$6,422,522 was unassigned, \$1,048,965 was assigned for capital outlay of equipment and capital improvements, and \$2,607,359 was assigned for 120 days' operating reserve. Total restricted fund balance includes \$10,323,220 for capital projects and \$378,086 for other various purposes, and \$2,061 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 \$6,422,522, while total fund balance reached \$9,668,504. 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 \$1,057,798. This increase includes excess revenues over expenditures of \$2,404,520 and transfers out to other funds of \$1,348,085.

The City's debt service fund had a fund balance of \$3,242, which was a decrease of \$13,834 due to debt service costs in excess of property tax collections.

Overall, there was a decrease of \$2,087,251 in fund balance for the capital improvements fund primarily due to ongoing construction. The fund balance was \$11,012,918 which is restricted or assigned to capital outlay and projects.

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 \$78,495, which was an increase of \$24,644 primarily due to an increase in donations received.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The City had planned an increase of \$640,066 in the general fund fund balance, but actually realized an increase of \$1,057,798. The activity resulted in a positive budget variance of \$417,732.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Actual general fund revenues exceeded budgeted revenues by \$44,433 during the year. This positive revenue budget variance is mostly due to fines and forfeitures revenues that were slightly higher than originally estimated.

Actual general fund expenditures were under the final budgeted expenditures by \$373,236. This positive expenditure budget variance is primarily due to positive variances of \$107,823 and \$105,652 for general government and the police department, respectively. These positive variances are a result of incurring less costs for general government and public safety than expected.

CAPITAL ASSETS

At the end of the year, the City's had invested \$52,450,396 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$459,590 from the prior year.

Major capital asset events during the year included the following:

- Construction of ground storage tank #2 for \$707,498
- 4 vehicles for the police department for \$298,236
- Continued pavement and utility improvement at Loeser, Trawek, and Lonestar for \$1,800,770
- Pavement and utility improvement at Cedarspur, Burkhart, and Winningham for \$447,670

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 \$27,025,000. Of this amount, \$9,735,000 was general obligation bonds, \$13,680,000 was certificates of obligation debt, and \$3,610,000 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 2022 tax year (fiscal year 2023) was \$0.405 per \$100 of property valuation representing a one cent reduction in the tax rate. The total budget for general fund expenditures was \$9.9 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 Brent Walker, 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, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>Assets</u>			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 22,964,134	\$ 1,563,465	\$ 24,527,599
Restricted	108,266	358,408	466,674
Investments	217,863	-	217,863
Receivables, net	309,557	531,809	841,366
Due from other funds	805,818	(805,818)	-
Prepaid items	2,061	-	2,061
	24,407,699	1,647,864	26,055,563
Noncurrent assets:			
Net pension asset	726,658	114,328	840,986
Nondepreciable capital assets	2,877,890	5,207	2,883,097
Net depreciable capital assets	39,173,095	10,394,204	49,567,299
	42,777,643	10,513,739	53,291,382
Total Assets	67,185,342	12,161,603	79,346,945
<u>Deferred Outflows of Resources</u>			
Deferred outflows - pensions	174,173	28,759	202,932
Deferred outflows - OPEB	32,916	5,196	38,112
Total Deferred Outflows of Resources	207,089	33,955	241,044
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	555,011	161,929	716,940
Accrued interest	85,141	8,186	93,327
Customer deposits	160,227	150,134	310,361
Unearned revenue	1,087,597	-	1,087,597
Long-term liabilities due within one year	1,349,154	329,137	1,678,291
	3,237,130	649,386	3,886,516
Noncurrent liabilities:			
Total OPEB liability	177,336	29,409	206,745
Long-term liabilities due in more than one year	22,995,457	3,291,015	26,286,472
	23,172,793	3,320,424	26,493,217
Total Liabilities	26,409,923	3,969,810	30,379,733

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Continued)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Deferred inflows - pensions	\$ 741,968	\$ 99,800	\$ 841,768
Deferred inflows - OPEB	5,649	992	6,641
Total Deferred Inflows of Resources	747,617	100,792	848,409
Net Position			
Net investment in capital assets	28,167,543	6,789,411	34,956,954
Restricted:			
Municipal court - child safety	93,095	-	93,095
Municipal court - security	115,866	-	115,866
Municipal court - technology	63,365	-	63,365
Harris County child safety	4,969	-	4,969
Debt service	3,242	358,408	361,650
Asset forfeitures	19,054	-	19,054
120 days' operating reserve	2,607,359	-	2,607,359
Capital outlay and projects	1,048,965	-	1,048,965
Legacy fund	78,495	-	78,495
Unrestricted	8,032,938	977,137	9,010,075
Total Net Position	\$ 40,234,891	\$ 8,124,956	\$ 48,359,847

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 2,373,042	\$ 840,943	\$ -
Public safety	4,786,732	1,328,469	-
Public works	2,262,530	-	945,930
Interest and other charges on long-term debt	652,416	-	-
Total Governmental Activities	10,074,720	2,169,412	945,930
Business-Type Activities			
Water and sewer	3,430,812	3,330,052	-
Total Business-Type Activities	3,430,812	3,330,052	-
Total Primary Government	\$ 13,505,532	\$ 5,499,464	\$ 945,930

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
\$ (1,532,099)	\$ -	\$ (1,532,099)
(3,458,263)	-	(3,458,263)
(1,316,600)	-	(1,316,600)
(652,416)	-	(652,416)
<u>(6,959,378)</u>	<u>-</u>	<u>(6,959,378)</u>
-	(100,760)	(100,760)
<u>-</u>	<u>(100,760)</u>	<u>(100,760)</u>
<u>(6,959,378)</u>	<u>(100,760)</u>	<u>(7,060,138)</u>
5,625,596	-	5,625,596
1,748,586	-	1,748,586
296,152	-	296,152
164,499	10,723	175,222
243,591	67,236	310,827
(707,498)	707,498	-
<u>7,370,926</u>	<u>785,457</u>	<u>8,156,383</u>
411,548	684,697	1,096,245
<u>39,823,343</u>	<u>7,440,259</u>	<u>47,263,602</u>
<u>\$ 40,234,891</u>	<u>\$ 8,124,956</u>	<u>\$ 48,359,847</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2022

	General	Debt Service	Capital Improvements	Asset Forfeiture
<u>Assets</u>				
Cash and cash equivalents	\$ 10,334,295	\$ 8,259	\$ 11,201,611	\$ 19,054
Investments	217,863	-	-	-
Receivables, net	304,948	4,609	-	-
Due from other funds	622,218	-	-	-
Prepaid items	2,061	-	-	-
Restricted cash	108,266	-	-	-
Total Assets	\$ 11,589,651	\$ 12,868	\$ 11,201,611	\$ 19,054
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 354,692	\$ 9,626	\$ 188,693	\$ -
Deposits	160,227	-	-	-
Due to other funds	300,000	-	-	-
Unearned revenue	1,087,597	-	-	-
Total Liabilities	1,902,516	9,626	188,693	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	18,631	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	2,061	-	-	-
Restricted:				
Municipal court - child safety	93,095	-	-	-
Municipal court - security	115,866	-	-	-
Municipal court - technology	63,365	-	-	-
Harris County child safety	4,969	-	-	-
Debt service	-	3,242	-	-
Asset forfeitures	-	-	-	19,054
Legacy fund	-	-	-	-
Capital projects	-	-	10,323,220	-
Assigned:				
120 days' operating reserve	2,607,359	-	-	-
Capital outlay and projects	359,267	-	689,698	-
Unassigned	6,422,522	-	-	-
Total Fund Balances	9,668,504	3,242	11,012,918	19,054
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,589,651	\$ 12,868	\$ 11,201,611	\$ 19,054

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ 78,495	\$ 21,641,714
-	217,863
-	309,557
-	622,218
-	2,061
-	108,266
<u>\$ 78,495</u>	<u>\$ 22,901,679</u>
\$ -	\$ 553,011
-	160,227
-	300,000
-	1,087,597
<u>-</u>	<u>2,100,835</u>
<u>-</u>	<u>18,631</u>
-	2,061
-	93,095
-	115,866
-	63,365
-	4,969
-	3,242
-	19,054
78,495	78,495
-	10,323,220
-	2,607,359
-	1,048,965
-	6,422,522
<u>78,495</u>	<u>20,782,213</u>
<u>\$ 78,495</u>	<u>\$ 22,901,679</u>

(This page intentionally left blank.)

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

September 30, 2022

Total fund balances for governmental funds	\$ 20,782,213
--	---------------

Amounts reported for governmental activities in the Statement of Net Position are different, because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Capital assets, nondepreciable	2,877,890
Capital assets, net depreciable	39,173,095

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	18,631
--	--------

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.	1,804,020
---	-----------

Deferred outflows and deferred inflows related to pension and other postemployment benefits (OPEB) activity are not reported in the governmental funds.	
Deferred outflows - pensions	174,173
Deferred outflows - OPEB	32,916
Deferred inflows - pensions	(741,968)
Deferred inflows - OPEB	(5,649)
Net pension asset	726,658
Total OPEB liability	(177,336)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(85,141)
Noncurrent liabilities due in one year	(1,349,154)
Noncurrent liabilities due in more than one year	(22,995,457)

Net Position of Governmental Activities	\$ 40,234,891
--	----------------------

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, 2022

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
Property taxes	\$ 4,731,301	\$ 894,434	\$ -	\$ -
Sales taxes	1,748,586	-	-	-
Franchise fees	296,152	-	-	-
Fines and forfeitures	770,327	-	-	-
Licenses and permits	501,273	-	-	-
Charges for services	339,670	-	-	-
Hilshire police contract	558,142	-	-	-
Investment income	76,715	-	87,784	-
Intergovernmental	945,930	-	-	-
Other	148,840	-	-	-
Total Revenues	10,116,936	894,434	87,784	-
<u>Expenditures</u>				
Current:				
General government	2,207,329	-	-	-
Public safety	4,953,973	-	-	-
Public works	504,726	-	-	-
Capital outlay	46,388	-	2,482,313	-
Debt service:				
Principal	-	1,180,000	-	-
Interest and fiscal charges	-	703,981	-	-
Total Expenditures	7,712,416	1,883,981	2,482,313	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,404,520	(989,547)	(2,394,529)	-
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	975,713	307,278	-
Transfers (out)	(1,348,085)	-	-	-
Sale of capital assets	1,363	-	-	-
Total Other Financing Sources (Uses)	(1,346,722)	975,713	307,278	-
Net Change in Fund Balances	1,057,798	(13,834)	(2,087,251)	-
Beginning fund balances	8,610,706	17,076	13,100,169	19,054
Ending Fund Balances	\$ 9,668,504	\$ 3,242	\$ 11,012,918	\$ 19,054

See Notes to Financial Statements.

Legacy	Total Governmental Funds
\$ -	\$ 5,625,735
-	1,748,586
-	296,152
-	770,327
-	501,273
-	339,670
-	558,142
-	164,499
-	945,930
<u>27,528</u>	<u>176,368</u>
<u>27,528</u>	<u>11,126,682</u>
-	2,207,329
2,884	4,956,857
-	504,726
-	2,528,701
-	1,180,000
-	703,981
<u>2,884</u>	<u>12,081,594</u>
<u>24,644</u>	<u>(954,912)</u>
-	1,282,991
-	(1,348,085)
-	1,363
<u>-</u>	<u>(63,731)</u>
24,644	(1,018,643)
<u>53,851</u>	<u>21,800,856</u>
<u>\$ 78,495</u>	<u>\$ 20,782,213</u>

(This page intentionally left blank.)

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, 2022

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

Net change in fund balances - total governmental funds	\$ (1,018,643)
--	----------------

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	2,821,557
Depreciation expense	(2,361,967)

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	(139)
--	-------

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	5,150
Premium on debt	46,415
Principal payment	1,180,000

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	80,058
Net pension asset	714,331
Total OPEB liability	(12,200)
Deferred outflows - pensions	(26,002)
Deferred outflows - OPEB	(3,979)
Deferred inflows - pensions	(439,927)
Deferred inflows - OPEB	3,438

The 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.

	(576,544)
--	-----------

	\$ 411,548
--	------------

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 1,563,465	\$ 1,322,420
Restricted cash	358,408	-
Receivables, net	531,809	-
Due from other funds	-	483,600
Total Current Assets	2,453,682	1,806,020
Noncurrent Assets		
Net pension asset	114,328	-
Capital assets:		
Nondepreciable capital assets	5,207	-
Net depreciable capital assets	10,394,204	-
Total Capital Assets Net of Depreciable Assets	10,399,411	-
Total Noncurrent Assets	10,513,739	-
Total Assets	12,967,421	1,806,020
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	28,759	-
Deferred outflows - OPEB	5,196	-
Total Deferred Outflows of Resources	33,955	-
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities	161,929	2,000
Due to other funds	805,818	-
Customer deposits	150,134	-
Accrued interest payable	8,186	-
Long-term liabilities due within one year	329,137	-
Total Current Liabilities	1,455,204	2,000
Noncurrent Liabilities		
Total OPEB liability	29,409	-
Long-term liabilities due in more than one year	3,291,015	-
Total Noncurrent Liabilities	3,320,424	-
Total Liabilities	4,775,628	2,000
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	99,800	-
Deferred inflows - OPEB	992	-
Total Deferred Inflows of Resources	100,792	-
<u>Net Position</u>		
Net investment in capital assets	6,789,411	-
Restricted for debt service	358,408	-
Unrestricted	977,137	1,804,020
Total Net Position	\$ 8,124,956	\$ 1,804,020

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

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

For the Year Ended September 30, 2022

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Operating Revenues</u>		
Water charges	\$ 1,853,170	\$ -
Sewer charges	1,476,882	-
Charges for services	-	113,713
Other	67,236	-
Total Operating Revenues	3,397,288	113,713
<u>Operating Expenses</u>		
General and administrative	777,267	764,485
Water	640,003	-
Sewer	1,108,004	-
Depreciation	796,101	-
Total Operating Expenses	3,321,375	764,485
Operating Income (Loss)	75,913	(650,772)
<u>Nonoperating Revenues (Expenses)</u>		
Investment earnings	10,723	9,134
Interest expense	(109,437)	-
Total Nonoperating Income (Expenses)	(98,714)	9,134
Income (Loss) Before Contributions and Transfers	(22,801)	(641,638)
Transfers in/(out)	-	65,094
Capital contributions	707,498	-
Total Contributions and Transfers	707,498	65,094
Change in Net Position	684,697	(576,544)
Beginning net position	7,440,259	2,380,564
Ending Net Position	\$ 8,124,956	\$ 1,804,020

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2022

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 3,307,754	\$ 113,713
Payments to suppliers	(2,168,270)	(778,954)
Payments to employees	(821,046)	-
Net Cash Provided (Used) by Operating Activities	318,438	(665,241)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers in	-	65,094
Net Cash Provided by Noncapital Financing Activities	-	65,094
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases net of disposals	(81,877)	-
Interest and fiscal agent fees paid	(109,437)	-
Debt payments	(310,000)	-
Net Cash (Used) by Capital and Related Financing Activities	(501,314)	-
<u>Cash Flows from Investing Activities</u>		
Interest on investments	10,723	9,134
Net Cash Provided by Investing Activities	10,723	9,134
Net (Decrease) in Cash and Cash Equivalents	(172,153)	(591,013)
Beginning cash and cash equivalents	2,094,026	1,913,433
Ending Cash and Cash Equivalents	\$ 1,921,873	\$ 1,322,420
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 1,563,465	\$ 1,322,420
Restricted cash and cash equivalents	358,408	-
	\$ 1,921,873	\$ 1,322,420
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 75,913	\$ (650,772)
Adjustments to reconcile operating income (loss) to net cash provided (Used) by operating activities:		
Depreciation	796,101	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(85,104)	-
Deferred outflows - pensions	7,562	-
Deferred outflows - OPEB	578	-
Net pension asset	(113,559)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(425,032)	(14,469)
Total OPEB liability	1,769	-
Deferred inflows - pensions	60,370	-
Deferred inflows - OPEB	(499)	-
Compensated absences	4,769	-
Customer deposits	(4,430)	-
Net Cash Provided (Used) by Operating Activities	\$ 318,438	\$ (665,241)
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 707,498	\$ -

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 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, 2022

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, 2022

The City reports the following enterprise fund:

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

Additionally, the City reports the following fund type:

The *Internal Service* fund is used to account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The 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 internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) 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, 2022

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, 2022

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*, represent a consumption of net assets 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*, represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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. Leases

The City is a lessee for noncancellable leases of equipment. The City would recognize a lease liability and an intangible, right-to-use asset (the "lease asset") in the government-wide financial statements. The City's leases are immaterial and not recognized as a lease liability or a lease asset.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

10. Net Position Flow Assumption

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

11. 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.

12. Fund Balance Policies

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

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

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

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

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

13. Estimates

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

14. 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.

15. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

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, 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, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 23,385,471	0.13
Certificates of deposit	<u>217,863</u>	0.21
Total Investments	\$ <u>23,603,334</u>	
Portfolio Weighted Average Maturity		0.15

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, 2022, 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.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

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

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	\$ 24,218	\$ 4,609	\$ -
Other taxes	267,707	-	-
Accounts	20,495	-	559,010
Less allowance	(7,472)	-	(27,201)
Total	<u>\$ 304,948</u>	<u>\$ 4,609</u>	<u>\$ 531,809</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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	3,302,670	2,379,453	(4,770,540)	911,583
Total Capital Assets Not Being Depreciated	5,268,977	2,379,453	(4,770,540)	2,877,890
Other capital assets:				
Infrastructure	58,267,832	4,752,340	-	63,020,172
Buildings	8,281,188	53,846	-	8,335,034
Furniture and fixtures	2,247,010	79,492	-	2,326,502
Machinery and equipment	797,318	-	-	797,318
Vehicles	1,513,842	326,966	(311,967)	1,528,841
Total Other Capital Assets	71,107,190	5,212,644	(311,967)	76,007,867
Less accumulated depreciation for:				
Infrastructure	(30,632,449)	(1,575,566)	-	(32,208,015)
Buildings	(1,042,134)	(207,936)	-	(1,250,070)
Furniture and fixtures	(1,384,494)	(306,604)	-	(1,691,098)
Machinery and equipment	(678,307)	(30,452)	-	(708,759)
Vehicles	(1,047,388)	(241,409)	311,967	(976,830)
Total Accumulated Depreciation	(34,784,772)	(2,361,967)	311,967	(36,834,772)
Other capital assets, net	36,322,418	2,850,677	-	39,173,095
Governmental Activities Capital Assets, Net	\$ 41,591,395	\$ 5,230,130	\$ (4,770,540)	42,050,985
			Less associated debt	(24,206,662)
			Unspent bond proceeds	10,323,220
			Net Investment in Capital Assets	\$ 28,167,543

Depreciation was charged to governmental functions as follows:

General government	\$ 344,306
Public safety	398,517
Public works	1,619,144
Total Governmental Activities Depreciation Expense	\$ 2,361,967

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

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	3,292,406	789,375	(4,081,781)	-
Total Capital Assets Not Being Depreciated	3,297,613	789,375	(4,081,781)	5,207
Other capital assets:				
Building	44,708	-	-	44,708
Infrastructure	26,892	-	-	26,892
Water system	10,593,149	4,081,781	-	14,674,930
Sewer system	5,753,776	-	-	5,753,776
Vehicles	45,895	-	-	45,895
Machinery and equipment	226,635	-	-	226,635
Total Other Capital Assets	16,691,055	4,081,781	-	20,772,836
Less accumulated depreciation for:				
Building	(34,747)	(639)	-	(35,386)
Infrastructure	(9,411)	(672)	-	(10,083)
Water system	(6,314,161)	(609,897)	-	(6,924,058)
Sewer system	(2,973,002)	(171,256)	-	(3,144,258)
Vehicles	(45,894)	-	-	(45,894)
Machinery and equipment	(205,316)	(13,637)	-	(218,953)
Total Accumulated Depreciation	(9,582,531)	(796,101)	-	(10,378,632)
Other capital assets, net	7,108,524	3,285,680	-	10,394,204
Business-Type Activities Capital Assets, Net	\$ 10,406,137	\$ 4,075,055	\$ (4,081,781)	10,399,411
			Less associated debt	(3,610,000)
			Net Investment in Capital Assets	\$ 6,789,411

Depreciation was charged to business-type functions as follows:

Water	\$ 611,208
Sewer	184,893
Total Business-Type Activities Depreciation Expense	\$ 796,101

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

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.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation bonds, series 2015	\$ 10,335,000	\$ -	\$ (600,000)	\$ 9,735,000	* \$ 620,000
Certificates of obligation, series 2019	6,130,000	-	(250,000)	5,880,000	*
Certificates of obligation, series 2020	8,130,000	-	(330,000)	7,800,000	*
Premiums	838,077	-	(46,415)	791,662	*
Net pension (asset)	(12,327)	-	(714,331)	(726,658)	-
Total OPEB liability	165,136	12,200	-	177,336	-
Compensated absences	218,007	109,112	(189,170)	137,949	124,154
Total Governmental Activities	\$ 25,803,893	\$ 121,312	\$ (2,129,916)	\$ 23,795,289	\$ 1,349,154
				Long-term liabilities due in more than one year	\$ 22,446,135
				* Debt associated with governmental activities capital assets	\$ 24,206,662

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Direct borrowings/placements:					
Revenue bonds, series 2014	\$ 1,740,000	\$ -	\$ (200,000)	\$ 1,540,000	* \$ 205,000
Revenue bonds, series 2018	2,180,000	-	(110,000)	2,070,000	*
Net pension (asset)	(769)	-	(113,559)	(114,328)	-
Total OPEB liability	27,640	1,769	-	29,409	-
Compensated absences	5,383	14,881	(10,112)	10,152	9,137
Total Business-Type Activities	\$ 3,952,254	\$ 16,650	\$ (433,671)	\$ 3,535,233	\$ 329,137
				Long-term liabilities due in more than one year	\$ 3,206,096
				* Debt associated with business-type activities capital assets	\$ 3,610,000

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, 2022

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

	<u>Amounts Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Interest Pmt. Dates</u>
General Obligation Bonds			
Series 2015	\$ 9,735,000	2.00% - 3.89%	Feb 15, Aug 15
Certificates of Obligation			
Series 2019	5,880,000	3.00% - 4.00%	Feb 15, Aug 15
Series 2020	7,800,000	2.00% - 4.00%	Feb 15, Aug 15
Total Bonds and Certificates of Obligation	<u>\$ 23,415,000</u>		

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

	<u>Amounts Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Interest Pmt. Dates</u>
Revenue Bonds			
Series 2014	\$ 1,540,000	2.63%	Feb 15, Aug 15
Series 2018	2,070,000	1.21% - 2.61%	Feb 15, Aug 15
Total Bonds	<u>\$ 3,610,000</u>		

Pledged Revenues

The net revenue of the enterprise fund is for the payment of interest and principal on the outstanding revenue bonds, series 2014 and series 2018 (the "Revenue Bonds"). 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, 2022:

<u>Gross Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue</u>	<u>Debt Service Requirement (3)</u>	<u>Revenue Bond Coverage (4)</u>
\$ 3,408,011	\$ 2,525,274	\$ 882,737	\$ 404,433	2.18

- (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, 2022

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

Fiscal Year Ending Sept. 30	Governmental Activities		
	General Obligation Bonds		
	Principal Due	Interest Due	Total Due
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	700,000	210,019	910,019
2028-2032	3,835,000	716,509	4,551,509
2033-2036	2,600,000	128,013	2,728,013
Total	\$ 9,735,000	\$ 2,095,617	\$ 11,830,617

Fiscal Year Ending Sept. 30	Governmental Activities		
	Certificates of Obligation		
	Principal Due	Interest Due	Total Due
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	685,000	282,013	967,013
2028-2032	3,785,000	1,078,815	4,863,815
2033-2037	4,295,000	573,701	4,868,701
2038-2040	2,385,000	74,456	2,459,456
Total	\$ 13,680,000	\$ 3,369,187	\$ 17,049,187

Fiscal Year Ending Sept. 30	Business-Type Activities		
	Revenue Bonds (Direct Borrowings/Placements)		
	Principal Due	Interest Due	Total Due
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	345,000	54,539	399,539
2028-2032	1,095,000	165,404	1,260,404
2033-2037	705,000	72,900	777,900
2038-2040	150,000	3,915	153,915
Total	\$ 3,610,000	\$ 590,862	\$ 4,200,862

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, 2022

Federal Arbitrage

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

E. Interfund Transactions

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Internal service fund	General fund	\$ 65,094
Capital improvements fund	General fund	307,278
Debt service fund	General fund	975,713
	Total	<u>\$ 1,348,085</u>

The transfers out from the general fund 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>
Internal service fund	General fund	\$ 300,000
General fund	Utility fund	622,218
Internal service fund	Utility fund	183,600
	Total	<u>\$ 1,105,818</u>

F. Fund Equity

Funds restricted by enabling legislation are \$272,326, which are related to municipal court security, child safety fees, and technology.

IV. OTHER INFORMATION

A. Risk Management

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

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.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 901 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 Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for municipal 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 (the "Board"); however, TMRS does not receive any funding from 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 member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member contributions and interest.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

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:

	2022	2021
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/yr 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to, but not yet receiving, benefits	33
Active employees	41
Total	111

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), 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 actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

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 6.67% and 6.33% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2022 were \$225,186 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, 2021 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, 2021 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, 2022

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 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.

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

Assets Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Hedge funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100.0%	

Discount Rate

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

CITY OF SPRING VALLEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Changes for the year:			
Service cost	\$ 461,920	\$ -	\$ 461,920
Interest	839,156	-	839,156
Changes in current period benefits	-	-	-
Difference between expected and actual experience	3,249	-	3,249
Changes in assumptions	-	-	-
Contributions - employer	-	244,896	(244,896)
Contributions - employee	-	257,030	(257,030)
Net investment income	-	1,637,818	(1,637,818)
Benefit payments, including refunds of employee contributions	(709,349)	(709,349)	-
Administrative expense	-	(7,581)	7,581
Other changes	-	52	(52)
Net Changes	594,976	1,422,866	(827,890)
Balance at December 31, 2020	12,555,660	12,568,756	(13,096)
Balance at December 31, 2021	\$ 13,150,636	\$ 13,991,622	\$ (840,986)

Sensitivity of the NPL(A) 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(A) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point 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)	\$ 754,132	\$ (840,986)	\$ (2,172,442)

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.tmrs.com.

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

For the fiscal year ended September 30, 2022, the City recognized pension income of \$68,859.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

At September 30, 2022, 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	\$ 27,293	\$ -
Changes in actuarial assumptions	11,982	-
Difference between projected and actual investment earnings	-	841,768
Contributions subsequent to the measurement date	163,657	-
Total	\$ 202,932	\$ 841,768

\$163,657 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, 2023. 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
2023	\$ (113,520)
2024	(353,929)
2025	(177,161)
2026	(157,883)
Thereafter	-
Total	\$ (802,493)

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 GASB 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.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

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, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to, but not yet receiving, benefits	9
Active employees	41
Total	<u>76</u>

Total OPEB Liability

The City's total OPEB liability of \$206,745 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 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*	1.84%
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, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 rates as determined in the December 31, 2021 actuarial valuation.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	6,977
Interest		3,889
Difference between expected and actual experience		496
Changes of assumptions		6,279
Benefit payments		<u>(3,672)</u>
Net Changes		13,969
Balance at December 31, 2020		<u>192,776</u>
Balance at December 31, 2021	\$	<u>206,745</u>

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

The discount rate decreased from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

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

	<u>1% Decrease (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase (2.84%)</u>
City's Total OPEB Liability	\$ 252,591	\$ 206,745	\$ 171,565

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2022

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$19,693. 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	\$ 849	\$ 4,285
Changes in actuarial assumptions	34,731	2,356
Contributions subsequent to the measurement date	2,532	-
Total	\$ 38,112	\$ 6,641

\$2,532 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, 2023.

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

Fiscal Year Ended September 30	OPEB Expense
2023	\$ 7,761
2024	8,765
2025	9,753
2026	2,340
2027	320
Thereafter	-
Total	\$ 28,939

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 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, 2022

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, 2021, on which the VFD's auditors expressed an unmodified opinion, is as follows:

	<u>VFD Total</u>		<u>City's Portion (16.25%)</u>	
	<u>Net Position</u>	<u>Balance Sheet</u>	<u>Net Position</u>	<u>Balance Sheet</u>
Total assets and deferred outflows	\$ 9,406,192	\$ 1,352,352	\$ 1,528,506	\$ 219,757
Total liabilities and deferred inflows	2,650,595	1,028,760	430,721	167,174
Total Participants' Equity	\$ 6,755,597	\$ 323,592	\$ 1,097,785	\$ 52,583
	<u>Change in Net Position</u>	<u>Revenues and Expenditures</u>	<u>Change in Net Position</u>	<u>Revenues and Expenditures</u>
Total revenues	\$ 7,256,985	\$ 7,254,685	\$ 1,179,260	\$ 1,178,886
Total expenditures/expenses	7,320,554	10,792,826	1,189,590	1,753,834
Revenues over expenditures/expenses	(63,569)	(3,538,141)	(10,330)	(574,948)
Other financing sources (uses)	-	2,300	-	374
Beginning participants' equity	6,819,166	3,859,433	1,108,115	627,157
Ending Participants' Equity	\$ 6,755,597	\$ 323,592	\$ 1,097,785	\$ 52,583

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 4,490,071	\$ 4,725,871	\$ 4,731,301	\$ 5,430
Sales taxes	1,481,000	1,718,000	1,748,586	30,586
Franchise fees	321,600	310,600	296,152	(14,448)
Fines and forfeitures	514,300	663,150	770,327	107,177
Licenses and permits	320,550	500,470	501,273	803
Charges for services	310,000	339,000	339,670	670
Hilshire police contract	558,142	558,142	558,142	-
Investment income	3,600	71,600	76,715	5,115
Intergovernmental	738,500	936,641	945,930	9,289
Other	169,232	249,029	148,840	(100,189)
Total Revenues	8,906,995	10,072,503	10,116,936	44,433
Expenditures				
General government				
Mayor and council	6,900	6,900	4,394	2,506
General government	1,070,793	1,088,764	980,941	107,823
Contractual and city-wide	829,664	853,764	817,052	36,712
Municipal court	353,775	374,775	337,331	37,444
Parks and recreation	90,128	75,628	67,611	8,017
Total general government	2,351,260	2,399,831	2,207,329	192,502
Public safety				
Police	3,723,832	3,756,332	3,650,680	105,652
Fire	1,194,525	1,303,321	1,303,293	28
Total public safety	4,918,357	5,059,653	4,953,973	105,680
Public works				
Streets and drainage	549,620	579,780	504,726	75,054
Capital outlay				
	46,388	46,388	46,388	-
Total Expenditures	7,865,625	8,085,652	7,712,416	373,236
Excess of Revenues Over Expenditures	1,041,370	1,986,851	2,404,520	417,669
Other Financing Sources (Uses)				
Transfers (out)	(1,348,085)	(1,348,085)	(1,348,085)	-
Sale of capital assets	-	1,300	1,363	63
Total Other Financing (Uses)	(1,348,085)	(1,346,785)	(1,346,722)	63
Net Change in Fund Balance	\$ (306,715)	\$ 640,066	1,057,798	\$ 417,732
Beginning fund balance			8,610,706	
Ending Fund Balance			\$ 9,668,504	

Notes to Required Supplementary Information:

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

CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2022

	Measurement Year*			
	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ 461,920	\$ 485,599	\$ 400,723	\$ 366,289
Interest (on the total pension liability)	839,156	800,516	758,269	730,507
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	3,249	13,241	69,979	(81,620)
Change of assumptions	-	-	44,082	-
Benefit payments, including refunds of employee contributions	(709,349)	(720,797)	(658,397)	(583,816)
Net Change in Total Pension Liability	<u>594,976</u>	<u>578,559</u>	<u>614,656</u>	<u>431,360</u>
Beginning total pension liability	<u>12,555,660</u>	<u>11,977,101</u>	<u>11,362,445</u>	<u>10,931,085</u>
Ending Total Pension Liability	<u><u>\$ 13,150,636</u></u>	<u><u>\$ 12,555,660</u></u>	<u><u>\$ 11,977,101</u></u>	<u><u>\$ 11,362,445</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 244,896	\$ 263,383	\$ 209,961	\$ 201,221
Contributions - employee	257,030	266,813	213,313	196,176
Net investment income	1,637,818	900,238	1,621,083	(329,801)
Benefit payments, including refunds of employee contributions	(709,349)	(720,797)	(658,397)	(583,816)
Administrative expense	(7,581)	(5,828)	(9,162)	(6,375)
Other	52	(229)	(276)	(333)
Net Change in Plan Fiduciary Net Position	<u>1,422,866</u>	<u>703,580</u>	<u>1,376,522</u>	<u>(522,928)</u>
Beginning plan fiduciary net position	<u>12,568,756</u>	<u>11,865,176</u>	<u>10,488,654</u>	<u>11,011,582</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 13,991,622</u></u>	<u><u>\$ 12,568,756</u></u>	<u><u>\$ 11,865,176</u></u>	<u><u>\$ 10,488,654</u></u>
Net Pension Liability/(Asset)	<u><u>\$ (840,986)</u></u>	<u><u>\$ (13,096)</u></u>	<u><u>\$ 111,925</u></u>	<u><u>\$ 873,791</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)	106.40%	100.10%	99.07%	92.31%
Covered Payroll	\$ 3,671,861	\$ 3,811,611	\$ 3,047,322	\$ 2,802,521
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(22.9%)	(0.34%)	3.67%	31.18%

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

Measurement Year*							
2017		2016		2015		2014	
\$	355,629	\$	345,789	\$	317,389	\$	262,594
	698,883		675,456		647,576		612,560
	-		-		-		-
	(10,553)		(69,514)		(239)		(49,336)
	-		-		275,713		-
	(577,758)		(641,405)		(356,533)		(349,425)
	<u>466,191</u>		<u>310,326</u>		<u>883,906</u>		<u>476,393</u>
	<u>10,464,894</u>		<u>10,154,568</u>		<u>9,270,662</u>		<u>8,794,269</u>
\$	<u>10,931,085</u>	\$	<u>10,464,894</u>	\$	<u>10,154,568</u>	\$	<u>9,270,662</u>
\$	201,756	\$	155,593	\$	164,572	\$	168,939
	188,306		179,431		175,076		161,113
	1,364,168		643,013		14,056		516,782
	(577,768)		(641,405)		(356,533)		(349,425)
	(7,070)		(7,261)		(8,561)		(5,396)
	(358)		(391)		(423)		(444)
	<u>1,169,034</u>		<u>328,980</u>		<u>(11,813)</u>		<u>491,569</u>
	<u>9,842,548</u>		<u>9,513,568</u>		<u>9,525,381</u>		<u>9,033,812</u>
\$	<u>11,011,582</u>	\$	<u>9,842,548</u>	\$	<u>9,513,568</u>	\$	<u>9,525,381</u>
\$	<u>(80,497)</u>	\$	<u>622,346</u>	\$	<u>641,000</u>	\$	<u>(254,719)</u>
	100.74%		94.05%		93.69%		102.75%
\$	2,690,083	\$	2,563,301	\$	2,501,093	\$	2,301,618
	(2.99%)		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, 2022

	Fiscal Year*			
	2022	2021	2020	2019
Actuarially determined contribution	\$ 225,186	\$ 246,762	\$ 248,998	\$ 209,511
Contributions in relation to the actuarially determined contribution	225,186	246,762	248,998	209,511
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
 Covered payroll	 \$ 3,454,916	 \$ 3,666,577	 \$ 3,605,526	 \$ 3,012,340
 Contributions as a percentage of covered payroll	 6.52%	 6.73%	 6.91%	 6.96%

*Only nine years of information is currently available. The City will build this schedule over the next one-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	24 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 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*				
2018	2017	2016	2015	2014
\$ 195,848	\$ 194,112	\$ 167,012	\$ 164,572	\$ 168,939
<u>195,848</u>	<u>194,112</u>	<u>167,012</u>	<u>164,572</u>	<u>168,939</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,711,205	\$ 2,691,643	\$ 2,690,588	\$ 2,501,093	\$ 2,301,618
7.22%	7.21%	6.21%	6.58%	7.34%

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, 2022

	Measurement Year*			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 6,977	\$ 6,861	\$ 5,180	\$ 5,325
Interest (on the total OPEB liability)	3,889	4,474	4,678	4,506
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	496	(2,720)	913	(9,783)
Change of assumptions	6,279	25,654	26,362	(8,848)
Benefit payments**	(3,672)	(1,525)	(1,219)	(1,121)
Net Change in Total OPEB Liability	<u>13,969</u>	<u>32,744</u>	<u>35,914</u>	<u>(9,921)</u>
Beginning total OPEB liability	192,776	160,032	124,118	134,039
Ending Total OPEB Liability	<u>\$ 206,745</u>	<u>\$ 192,776</u>	<u>\$ 160,032</u>	<u>\$ 124,118</u>
Covered-Employee Payroll	\$ 3,671,861	\$ 3,811,611	\$ 3,047,322	\$ 2,802,521
Total OPEB Liability as a Percentage of Covered-Employee Payroll	5.63%	5.06%	5.25%	4.43%

* Only five years of information is currently available. The City will build this schedule over the next five-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	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%
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, 2021.

There were no benefit changes during the year.

**Measurement
Year***
2017

\$ 4,573
4,429
-

-
10,568
(807)
18,763

115,276
\$ 134,039

\$ 2,690,083

4.98%

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

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, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 911,069	\$ 893,769	\$ 894,434	\$ 665
Total Revenues	911,069	893,769	894,434	665
<u>Expenditures</u>				
Principal	1,180,000	1,180,000	1,180,000	-
Interest and fiscal charges	706,731	713,781	703,981	9,800
Total Expenditures	1,886,731	1,893,781	1,883,981	9,800
(Deficiency) of Revenues (Under) Expenditures	(975,662)	(1,000,012)	(989,547)	(10,465)
<u>Other Financing Sources (Uses)</u>				
Transfers in	975,713	975,713	975,713	-
Total Other Financing Sources	975,713	975,713	975,713	-
Net Change in Fund Balance	\$ 51	\$ (24,299)	(13,834)	\$ (10,465)
Beginning fund balance			17,076	
Ending Fund Balance			\$ 3,242	

(This page intentionally left blank)

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	88
<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	98
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	106
<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	117
<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	121
<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			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 25,437,372	\$ 24,859,774	\$ 25,354,855	\$ 26,621,889
Restricted	121,848	150,437	154,588	160,271
Unrestricted	5,065,577	7,973,362	9,970,921	9,662,867
Total Governmental Activities Net Position	\$ 30,624,797	\$ 32,983,573	\$ 35,480,364	\$ 36,445,027
 Business-Type Activities				
Net investment in capital assets	\$ 7,201,090	\$ 7,484,141	\$ 6,429,975	\$ 6,446,443
Restricted	-	1,612,394	1,004,614	965,480
Unrestricted	(259,161)	(2,241,483)	(963,461)	(1,042,151)
Total Business-Type Activities Net Position	\$ 6,941,929	\$ 6,855,052	\$ 6,471,128	\$ 6,369,772
 Primary Government				
Net investment in capital assets	\$ 32,638,462	\$ 32,343,915	\$ 31,784,830	\$ 33,068,332
Restricted	121,848	150,437	1,159,202	1,125,751
Unrestricted	4,806,416	5,731,879	9,007,460	8,620,716
Total Primary Government Net Position	\$ 37,566,726	\$ 38,226,231	\$ 41,951,492	\$ 42,814,799

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 28,189,939	\$ 28,879,559	\$ 28,275,487	\$ 27,155,714	\$ 27,370,964	\$ 28,167,543
4,924,112	4,371,682	4,468,641	5,317,098	4,881,810	4,034,410
4,707,722	5,985,685	6,357,435	6,663,926	7,570,569	8,032,938
<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>	<u>\$ 40,234,891</u>
\$ 5,764,333	\$ 5,057,352	\$ 8,641,742	\$ 7,974,574	\$ 6,643,637	\$ 6,789,411
871,778	331,411	443,928	358,408	358,408	358,408
(328,932)	1,213,688	(1,599,244)	(795,570)	438,214	977,137
<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>	<u>\$ 8,124,956</u>
\$ 33,954,272	\$ 33,936,911	\$ 36,917,229	\$ 35,130,288	\$ 34,014,601	\$ 34,956,954
5,795,890	4,703,093	4,912,569	5,675,506	5,240,218	4,392,818
4,378,790	6,157,050	4,758,191	5,868,356	8,008,783	9,010,075
<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>	<u>\$ 48,359,847</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 1,590,735	\$ 1,320,245	\$ 1,247,843	\$ 800,723
Public safety	2,648,646	2,738,631	3,036,137	3,880,246
Public works	1,153,278	1,278,240	1,354,685	1,906,985
Interest and fiscal agent fees	-	-	337,430	432,200
Total Governmental Activities Expenses	<u>5,392,659</u>	<u>5,337,116</u>	<u>5,976,095</u>	<u>7,020,154</u>
Business-Type activities				
Water and sewer	2,675,934	2,658,992	2,614,157	2,848,278
Total Business-Type Activities Expenses	<u>2,675,934</u>	<u>2,658,992</u>	<u>2,614,157</u>	<u>2,848,278</u>
Total Expenses	<u>\$ 8,068,593</u>	<u>\$ 7,996,108</u>	<u>\$ 8,590,252</u>	<u>\$ 9,868,432</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 236,953	\$ 214,713	\$ 397,023	\$ 265,706
Public safety	800,772	1,127,801	1,133,967	938,409
Operating grants and contributions	154,000	154,000	438,493	661,046
Total Governmental Activities				
Program Revenues	<u>1,191,725</u>	<u>1,496,514</u>	<u>1,969,483</u>	<u>1,865,161</u>
Business-Type activities				
Charges for services				
Water and sewer	2,859,499	2,730,542	2,708,075	2,720,856
Total Business-Type Activities				
Program Revenues	<u>2,859,499</u>	<u>2,730,542</u>	<u>2,708,075</u>	<u>2,720,856</u>
Total Program Revenues	<u>\$ 4,051,224</u>	<u>\$ 4,227,056</u>	<u>\$ 4,677,558</u>	<u>\$ 4,586,017</u>
Net (Expense)/Revenue				
Governmental activities	\$ (4,200,934)	\$ (3,840,602)	\$ (4,006,612)	\$ (5,154,993)
Business-type activities	183,565	71,550	93,918	(127,422)
Total Net Expense	<u>\$ (4,017,369)</u>	<u>\$ (3,769,052)</u>	<u>\$ (3,912,694)</u>	<u>\$ (5,282,415)</u>

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	903,011	\$ 1,726,894	\$ 2,144,920	\$ 2,449,914	\$ 2,449,914	\$ 2,373,042
	3,922,109	3,992,287	4,880,263	5,159,269	5,159,269	4,786,732
	1,818,890	1,730,944	1,846,313	1,912,521	1,912,521	2,262,530
	307,683	350,842	590,374	656,102	656,102	652,416
	<u>6,951,693</u>	<u>7,800,967</u>	<u>9,461,870</u>	<u>10,177,806</u>	<u>10,177,806</u>	<u>10,074,720</u>
	3,058,370	2,795,072	2,982,655	3,121,559	3,121,559	3,430,812
	<u>3,058,370</u>	<u>2,795,072</u>	<u>2,982,655</u>	<u>3,121,559</u>	<u>3,121,559</u>	<u>3,430,812</u>
\$	<u>10,010,063</u>	<u>\$ 10,596,039</u>	<u>\$ 12,444,525</u>	<u>\$ 13,299,365</u>	<u>\$ 13,299,365</u>	<u>\$ 13,505,532</u>
\$	260,442	\$ 196,591	\$ 680,365	\$ 613,189	\$ 613,189	\$ 840,943
	880,102	1,193,648	1,086,534	830,901	830,901	1,328,469
	<u>620,005</u>	<u>702,846</u>	<u>746,199</u>	<u>754,729</u>	<u>754,729</u>	<u>945,930</u>
	<u>1,760,549</u>	<u>2,093,085</u>	<u>2,513,098</u>	<u>2,198,819</u>	<u>2,198,819</u>	<u>3,115,342</u>
	2,940,857	3,069,771	2,676,454	2,966,158	2,966,158	3,330,052
	<u>2,940,857</u>	<u>3,069,771</u>	<u>2,676,454</u>	<u>2,966,158</u>	<u>2,966,158</u>	<u>3,330,052</u>
\$	<u>4,701,406</u>	<u>\$ 5,162,856</u>	<u>\$ 5,189,552</u>	<u>\$ 5,164,977</u>	<u>\$ 5,164,977</u>	<u>\$ 6,445,394</u>
\$	(5,191,144)	\$ (5,707,882)	\$ (6,948,772)	\$ (7,978,987)	\$ (7,978,987)	\$ (6,959,378)
	(117,512)	274,699	(306,201)	(155,401)	(155,401)	(100,760)
\$	<u>(5,308,657)</u>	<u>\$ (5,433,183)</u>	<u>\$ (7,254,973)</u>	<u>\$ (8,134,388)</u>	<u>\$ (8,134,388)</u>	<u>\$ (7,060,138)</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,812,544	\$ 3,904,606	\$ 4,245,518	\$ 4,402,210
Sales taxes	1,082,352	1,106,384	1,191,356	1,197,292
Franchise fees	357,602	331,764	339,321	353,381
Investment income	19,163	19,659	21,502	30,566
Other	111,057	132,760	136,451	136,207
Transfers	315,000	676,025	75,000	-
Total Governmental Activities	<u>5,697,718</u>	<u>6,171,198</u>	<u>6,009,148</u>	<u>6,119,656</u>
Business-type activities				
Other	21,285	23,343	89	26,066
Transfers	(315,000)	(676,025)	(75,000)	-
Total Business-Type Activities	<u>(293,715)</u>	<u>(652,682)</u>	<u>(74,911)</u>	<u>26,066</u>
Total Primary Government	<u>\$ 5,404,003</u>	<u>\$ 5,518,516</u>	<u>\$ 5,934,237</u>	<u>\$ 6,145,722</u>
Change in Net Position				
Governmental activities	\$ 1,496,784	\$ 2,330,596	\$ 2,002,536	\$ 964,663
Business-type activities	(110,150)	(581,132)	19,007	(101,356)
Total Change in Net Position	<u>\$ 1,386,634</u>	<u>\$ 1,749,464</u>	<u>\$ 2,021,543</u>	<u>\$ 863,307</u>

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	4,693,922	\$ 5,142,514	\$ 5,171,426	\$ 5,569,072	\$ 5,519,222	\$ 5,625,596
	1,262,647	1,430,561	1,535,394	1,482,145	1,598,465	1,748,586
	339,607	326,582	370,171	323,537	309,282	296,152
	57,565	124,225	320,856	147,746	22,291	164,499
	214,149	196,729	272,109	641,662	176,230	243,591
	-	-	(1,095,543)	(150,000)	183,600	(707,498)
	<u>6,567,890</u>	<u>7,220,611</u>	<u>6,574,413</u>	<u>8,014,162</u>	<u>7,809,090</u>	<u>7,370,926</u>
	54,920	32,694	55,498	56,387	34,117	77,959
	-	-	1,095,543	150,000	(183,600)	707,498
	<u>54,920</u>	<u>32,694</u>	<u>1,151,041</u>	<u>206,387</u>	<u>(149,483)</u>	<u>785,457</u>
\$	<u><u>6,622,810</u></u>	<u><u>7,253,305</u></u>	<u><u>7,725,454</u></u>	<u><u>8,220,549</u></u>	<u><u>7,659,607</u></u>	<u><u>8,156,383</u></u>
\$	1,376,746	\$ 1,512,729	\$ (374,359)	\$ 35,175	\$ 686,605	\$ 411,548
	(62,593)	307,393	844,840	50,986	(97,153)	684,697
\$	<u><u>1,314,153</u></u>	<u><u>1,820,122</u></u>	<u><u>470,481</u></u>	<u><u>86,161</u></u>	<u><u>589,452</u></u>	<u><u>1,096,245</u></u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 385	\$ 870	\$ 870	\$ 870
Restricted	121,848	122,257	121,659	124,264
Assigned	359,267	359,267	359,267	359,267
Unassigned	3,550,699	4,004,162	4,926,770	5,619,702
Total General Fund	\$ 4,032,199	\$ 4,486,556	\$ 5,408,566	\$ 6,104,103
All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ 13,135,970	\$ 9,132,618
Assigned	1,321,366	-	3,112,942	2,093,010
Unassigned	-	-	-	(882)
Total All Other Governmental Funds	\$ 1,321,366	\$ -	\$ 16,248,912	\$ 11,224,746

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 1,203	\$ 11,938	\$ 13,570	\$ 14,928	\$ 13,991	\$ 2,061
128,097	137,075	148,524	156,369	272,811	277,295
359,267	359,267	359,267	359,267	359,267	2,966,626
6,524,412	6,957,672	7,585,594	7,334,255	7,964,637	6,422,522
<u>\$ 7,012,979</u>	<u>\$ 7,465,952</u>	<u>\$ 8,106,955</u>	<u>\$ 7,864,819</u>	<u>\$ 8,610,706</u>	<u>\$ 9,668,504</u>
\$ 16,105	\$ 22,733	\$ 5,798,882	\$ 13,086,398	\$ 11,302,627	\$ 10,424,011
527,158	1,580,379	1,647,478	2,458,467	1,887,523	689,698
177,707	4,792	(25,842)	-	-	-
<u>\$ 720,970</u>	<u>\$ 1,607,904</u>	<u>\$ 7,420,518</u>	<u>\$ 15,544,865</u>	<u>\$ 13,190,150</u>	<u>\$ 11,113,709</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Property taxes	\$ 3,792,043	\$ 3,936,160	\$ 4,159,264	\$ 4,508,707
Sales taxes	1,082,352	1,106,384	1,191,356	1,197,292
Franchise fees	357,602	331,764	339,321	353,381
Fines and forfeitures	470,225	772,834	752,084	540,494
Licenses and permits	236,953	214,713	397,023	265,706
Charges for services	-	-	-	-
Hilshire police contract	330,547	354,967	381,883	397,915
Investment income	19,163	19,659	21,502	30,566
Intergovernmental	154,000	154,000	438,493	661,046
Other	111,057	132,760	132,090	136,439
Total Revenues	6,553,942	7,023,241	7,813,016	8,091,546
Expenditures				
General government	1,262,101	1,355,108	1,337,875	1,287,658
Public safety	2,886,525	3,002,128	3,201,065	3,397,221
Public works	181,440	262,499	286,142	393,737
Capital outlay	3,269,594	439,623	2,114,494	6,288,546
Debt service:				
Bond issuance costs	-	-	104,614	-
Principal	-	-	-	400,000
Interest	-	-	-	524,336
Total Expenditures	7,599,660	5,059,358	7,044,190	12,291,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,045,718)	1,963,883	768,826	(4,199,952)
Other Financing Sources (Uses)				
Issuance of debt	-	-	13,475,000	-
Premium on debt	-	-	134,363	-
Sale of capital assets	-	84,352	5,310	4,320
Transfers in	2,065,000	1,930,766	2,217,000	1,250,000
Transfers out	(1,750,000)	(2,161,767)	(2,142,000)	(1,382,997)
Total Other Financing Sources (Uses)	315,000	(146,649)	13,689,673	(128,677)
Net Change in Fund Balances	\$ (730,718)	\$ 1,817,234	\$ 14,458,499	\$ (4,328,629)
Debt service as a percentage of noncapital expenditures	-	-	-	15.01%

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	4,690,696	\$ 5,128,547	\$ 5,152,045	\$ 5,583,501	\$ 5,539,717	\$ 5,625,735
	1,262,647	1,430,561	1,535,394	1,482,145	1,598,465	1,748,586
	339,607	326,582	370,171	323,537	309,282	296,152
	460,809	745,884	615,636	329,056	724,302	770,327
	260,442	196,591	355,933	291,765	583,611	501,273
	-	-	324,432	321,424	323,673	339,670
	419,293	447,764	470,898	501,845	522,030	558,142
	57,565	124,225	320,856	147,746	22,291	164,499
	620,005	702,846	746,199	754,729	787,015	945,930
	231,811	108,408	136,900	525,754	204,326	176,368
	<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>	<u>11,126,682</u>
	1,427,121	1,509,517	1,849,486	2,076,786	2,082,839	2,207,329
	3,405,232	3,653,799	4,199,438	4,773,027	4,881,359	4,956,857
	305,642	314,546	426,402	427,879	482,352	504,726
	11,414,618	2,060,288	2,117,640	1,673,865	3,142,816	2,528,701
	-	-	-	-	-	-
	510,000	530,000	550,000	795,000	825,000	1,180,000
	399,819	379,019	581,801	675,582	744,246	703,981
	<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>	<u>12,081,594</u>
	(9,119,557)	764,239	303,697	(160,637)	(1,543,900)	(954,912)
	-	-	6,600,000	8,130,000	-	-
	-	-	248,176	592,176	-	-
	751	35,093	7,200	-	-	1,363
	2,335,849	1,524,042	988,432	1,565,022	1,245,622	1,282,991
	<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>(1,348,085)</u>
	<u>144,589</u>	<u>(44,264)</u>	<u>5,910,924</u>	<u>8,042,848</u>	<u>(64,928)</u>	<u>(63,731)</u>
\$	<u><u>(8,974,968)</u></u>	<u><u>719,975</u></u>	<u><u>6,214,621</u></u>	<u><u>7,882,211</u></u>	<u><u>(1,608,828)</u></u>	<u><u>(1,018,643)</u></u>
	16.96%	13.06%	14.65%	16.83%	17.82%	20.35%

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

	Fiscal Year			
	2013	2014	2015	2016
Residential	\$ 749,621,556	\$ 816,582,662	\$ 938,839,232	\$ 1,057,666,553
Vacant	16,340,891	16,982,310	23,119,734	22,897,005
Commercial and industrial	50,298,328	54,623,908	71,949,422	69,321,629
Utilities	10,776,364	10,542,288	4,250,555	10,289,952
Real properties	23,043,294	23,360,586	8,625	25,945,101
Governmental and charities	114,503,217	117,469,367	138,803,675	147,694,988
Total assessed value (1)	964,583,650	1,039,561,121	1,176,971,243	1,333,815,228
Less: Tax exempt property	(261,606,047)	(280,032,062)	(312,592,100)	(355,139,172)
Total Taxable Assessed Valuation	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056
Taxable value as a percentage of assessed value	73%	73%	73%	73%
Total tax rate	\$ 0.512843	\$ 0.487843	\$ 0.450000	\$ 0.433500

Source: Tax department of the Spring Branch ISD.

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

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,147,232,344	\$ 1,234,212,313	\$ 1,286,137,521	\$ 1,350,215,949	\$ 1,358,399,591	\$ 1,413,884,368
20,219,114	26,911,668	20,302,787	18,605,776	17,435,331	22,323,694
104,087,202	127,616,169	120,709,222	149,066,674	144,410,918	143,156,737
11,484,003	11,433,668	11,602,774	12,076,421	11,973,084	8,864,324
23,553,054	22,199,610	25,674,830	38,620,266	32,374,130	40,480,943
151,935,233	155,927,423	159,391,800	165,193,713	164,423,885	164,062,405
<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>1,792,772,471</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>(437,601,841)</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>	<u>\$ 1,355,170,630</u>
74%	75%	75%	76%	75%	76%
\$ 0.433500	\$ 0.430000	\$ 0.430000	\$ 0.425000	\$ 0.425000	\$ 0.415000

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

	Fiscal Year			
	2013	2014	2015	2016
City of Spring Valley Village:				
Operating tax rate	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.356160
Debt service tax rate	-	-	-	0.093840
Total Direct Rates	<u>\$ 0.539760</u>	<u>\$ 0.512843</u>	<u>\$ 0.487843</u>	<u>\$ 0.450000</u>
Spring Branch Independent School District	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500
Harris County	0.414550	0.414550	0.417310	0.419230
Harris County Flood Control	0.028270	0.028270	0.027360	0.027330
Port of Houston Authority	0.017160	0.017160	0.015310	0.013420
Harris County Hospital District	0.170000	0.170000	0.170000	0.170000
Harris County Education Department	0.006360	0.006358	0.005999	0.005422
Total Overlapping Rates	<u>\$ 2.030840</u>	<u>\$ 2.030838</u>	<u>\$ 2.030479</u>	<u>\$ 2.029902</u>
Total Direct and Overlapping Rates	<u>\$ 2.570600</u>	<u>\$ 2.543681</u>	<u>\$ 2.518322</u>	<u>\$ 2.479902</u>

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

Source: Tax department records of the various governments.

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 0.350711	\$ 0.354641	\$ 0.356274	\$ 0.3558890	\$ 0.3557150	\$ 0.3490080
0.082789	0.078859	0.073726	0.0691110	0.0692850	0.0659920
<u>\$ 0.433500</u>	<u>\$ 0.433500</u>	<u>\$ 0.430000</u>	<u>\$ 0.4250000</u>	<u>\$ 0.4250000</u>	<u>\$ 0.4150000</u>
\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.307300	\$ 1.307300	\$ 1.268800
0.416560	0.418010	0.418580	0.391160	0.391160	0.343730
0.028290	0.028290	0.028770	0.031420	0.031420	0.030550
0.013340	0.013340	0.011550	0.009910	0.009100	0.007990
0.171790	0.171900	0.171080	0.166710	0.166710	0.148310
0.005200	0.005200	0.005190	0.004199	0.004993	0.004900
<u>\$ 2.029680</u>	<u>\$ 2.031240</u>	<u>\$ 2.029670</u>	<u>\$ 1.910699</u>	<u>\$ 1.910683</u>	<u>\$ 1.804280</u>
<u>\$ 2.463180</u>	<u>\$ 2.464740</u>	<u>\$ 2.459670</u>	<u>\$ 2.335699</u>	<u>\$ 2.335683</u>	<u>\$ 2.219280</u>

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2022			2013		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
SV Physician Properties I LP	\$ 33,728,660	1	2.49%	\$ -	-	-
Campbell Project Partners LLC	27,786,066	2	2.05%	-	-	-
HD Development Properties	23,209,803	3	1.71%	13,358,139	2	16.89%
Ten Voss Ltd	18,557,495	4	1.37%	29,854,588	1	37.75%
Spring Valley One Center Ltd	16,257,162	5	1.20%	-	-	-
Memorial Design Center Ltd	13,299,375	6	0.98%	-	-	-
Managed Rehabilitation Inc	8,283,433	7	0.61%	6,294,392	5	7.96%
Stream Wellington MOB LLC	6,667,560	8	0.49%	4,410,450	6	5.58%
Home Depot	5,812,669	9	0.43%	-	-	-
Southwestern Bell	5,392,102	10	0.40%	8,280,703	3	10.47%
Audrey Baker Friedman Trust	-	-	-	8,003,194	4	10.12%
Campbell I10 Ltd	-	-	-	3,125,008	7	3.95%
Spring Valley Memorial Realty	-	-	-	2,100,000	8	2.66%
Katy Freeway 9234 Ltd	-	-	-	2,015,310	9	2.55%
Baker O N	-	-	-	1,634,730	10	2.07%
Subtotal	158,994,325		11.73%	79,076,514		11.25%
Other Taxpayers	1,196,176,305		88.27%	623,901,089		88.75%
Total ⁽¹⁾	\$ 1,355,170,630		100.00%	\$ 702,977,603		100.00%

Source: Tax department of the Spring Branch ISD.

(1) Net of exemptions and abatements

(This page intentionally left blank.)

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
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%
2022	2021	\$ 0.415000	\$ 5,658,344	\$ 5,646,933	99.80%	\$ (40,931)	\$ 5,606,002	99.07%

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			
	2013	2014	2015	2016
Governmental Activities:				
General obligation bonds	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567
Certificates of obligation	-	-	-	-
Issuance discounts/premiums	-	-	376,141	369,743
Subtotal	<u>-</u>	<u>-</u>	<u>13,979,106</u>	<u>13,566,310</u>
Business-Type Activities:				
Revenue bonds	-	3,000,000	2,835,000	2,665,000
Subtotal	<u>-</u>	<u>3,000,000</u>	<u>2,835,000</u>	<u>2,665,000</u>
Government-Wide:				
Revenue bonds	-	3,000,000	2,835,000	2,665,000
General obligation bonds	-	-	13,602,965	13,196,567
Certificates of obligation	-	-	-	-
Total Government-Wide	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 16,437,965</u>	<u>\$ 15,861,567</u>
Estimated Full Property Value	\$ 964,583,650	\$ 1,039,561,121	\$ 1,176,971,243	\$ 1,333,815,228
Percentage of Full Property Value:				
Government-wide	-	-	-	1.19%
Population	3,852	4,013	4,142	4,191
Debt Per Capita:				
Governmental activities	\$ -	\$ -	\$ 3,290	\$ 3,149
Government-wide	\$ -	\$ 748	\$ 3,975	\$ 3,785

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 12,680,169	\$ 12,143,771	\$ 11,485,000	\$ 10,920,000	\$ 10,335,000	\$ 9,735,000
-	-	6,600,000	14,500,000	14,260,000	13,680,000
363,345	356,947	338,731	884,492	838,077	791,662
<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>	<u>24,206,662</u>
2,490,000	2,310,000	4,525,000	4,225,000	3,920,000	3,610,000
<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>	<u>3,610,000</u>
2,490,000	2,310,000	4,525,000	4,225,000	3,920,000	3,610,000
12,680,169	12,143,771	11,485,000	10,920,000	10,335,000	9,735,000
-	-	6,600,000	14,500,000	14,260,000	13,680,000
<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>	<u>\$ 27,025,000</u>
\$ 1,458,510,950	\$ 1,578,300,851	\$ 1,623,818,934	\$ 1,733,778,799	\$ 1,729,016,939	\$ 1,792,772,471
1.04%	0.92%	1.39%	1.71%	1.65%	1.51%
4,328	4,336	4,333	4,239	4,282	4,204
\$ 2,930	\$ 2,801	\$ 4,174	\$ 6,205	\$ 6,015	\$ 5,758
\$ 3,505	\$ 3,333	\$ 5,218	\$ 6,993	\$ 6,744	\$ 6,428

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Estimated Actual Taxable Value of Property	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056
Net Bonded Debt				
Gross bonded debt	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567
Total	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567
Percentage of Estimated Actual Taxable Value of Property	-	-	-	1.35%
Population	3,852	4,013	4,142	4,191
Per Capita	\$ -	\$ -	\$ -	\$ 3,149

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
<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>	<u>\$ 1,355,170,630</u>
<u>\$ 12,680,169</u>	<u>\$ 12,143,771</u>	<u>\$ 18,085,000</u>	<u>\$ 25,420,000</u>	<u>\$ 24,595,000</u>	<u>\$ 23,415,000</u>
<u>\$ 12,680,169</u>	<u>\$ 12,143,771</u>	<u>\$ 18,085,000</u>	<u>\$ 25,420,000</u>	<u>\$ 24,595,000</u>	<u>\$ 23,415,000</u>
1.17%	1.02%	1.48%	1.94%	1.89%	1.73%
4,328	4,336	4,333	4,239	4,282	4,204
\$ 2,930	\$ 2,801	\$ 4,174	\$ 5,997	\$ 5,744	\$ 5,570

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2022

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Spring Branch Independent School District	\$ 795,815,000	3.92%	\$ 32,628,415
Harris County	\$ 1,863,542,125	0.27%	5,590,626
Harris County Flood Control District	\$ 807,875,000	0.27%	2,423,625
Harris County Hospital District	\$ 76,385,000	0.27%	229,155
Harris County Department of Education	\$ 20,185,000	0.27%	60,555
Port of Houston Authority	\$ 469,434,397	0.27%	1,408,303
Subtotal, overlapping debt			42,340,679
City Direct Debt	\$ 23,415,000	100.00%	23,415,000
Total Direct and Overlapping Debt			\$ 65,755,679

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			
	2013	2014	2015	2016
Debt limit ⁽¹⁾	\$ 70,297,760	\$ 75,952,906	\$ 86,437,914	\$ 97,867,606
Total net debt applicable to limit	-	-	13,598,216	13,196,567
Legal debt margin	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	13.48%
Legal Debt Margin Calculation				
Assessed value	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056
Debt limit (10% of assessed value)	70,297,760	75,952,906	86,437,914	97,867,606
Debt applicable to limit:				
Gross bonded debt	-	-	13,602,965	13,196,567
General obligation debt	-	-	-	-
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>13,602,965</u>	<u>13,196,567</u>
Legal debt margin	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,834,949</u>	<u>\$ 84,671,039</u>

(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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 108,462,209	\$ 118,585,101	\$ 121,947,309	\$ 131,353,925	\$ 130,474,490	\$ 135,517,063
12,680,169	12,138,979	18,085,000	25,420,000	24,595,000	23,415,000
<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>	<u>\$ 112,102,063</u>
11.69%	10.24%	14.83%	19.35%	18.85%	17.28%
\$ 1,084,622,094	\$ 1,185,850,999	\$ 1,219,473,094	\$ 1,313,539,247	\$ 1,304,744,903	\$ 1,355,170,630
108,462,209	118,585,100	121,947,309	131,353,925	130,474,490	135,517,063
12,680,169	12,143,771	18,085,000	25,420,000	24,595,000	23,415,000
-	4,792	-	-	-	-
<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>23,415,000</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>	<u>\$ 112,102,063</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

PLEGGED-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.

Fiscal Year				
2018	2019	2020	2021	2022
\$ 3,102,465	\$ 2,731,952	\$ 3,022,545	\$ 2,881,489	\$ 3,408,011
<u>2,173,587</u>	<u>2,263,747</u>	<u>2,383,381</u>	<u>2,052,556</u>	<u>2,525,274</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>	<u><u>\$ 882,737</u></u>
\$ 185,000	\$ 300,000	\$ 305,000	\$ 310,000	\$ 320,000
60,753	104,339	97,912	91,277	84,433
<u>\$ 245,753</u>	<u>\$ 404,339</u>	<u>\$ 402,912</u>	<u>\$ 401,277</u>	<u>\$ 404,433</u>
3.78	1.16	1.59	2.07	2.18

(This page intentionally left blank.)

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⁾
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%	78.0%
2015	4,142	\$ 266,584	\$ 68,839	43.0	910	4.7%	79.0%
2016	4,191	\$ 201,496	\$ 75,372	42.0	280	1.2%	78.0%
2017	4,328	\$ 242,866	\$ 88,899	42.0	905	1.2%	77.9%
2018	4,336	\$ 241,139	\$ 88,258	43.0	908	1.2%	78.0%
2019	4,333	\$ 239,996	\$ 99,286	40.6	915	1.2%	82.0%
2020	4,239	\$ 205,100	\$ 91,202	40.0	691	3.3%	84.0%
2021	4,282	\$ 206,654	\$ 84,654	41.0	842	0.1%	84.0%
2022	4,204	\$ 224,722	\$ 78,201	40.0	808	1.5%	89.0%

Data sources:

(1) Colliers International Estimate

(2) Spring Branch ISD

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS Current Year and Eight Years Ago

Employer	2022			2014		
	Employees	Employment	Rank	Employees	Employment	Rank
Spring Branch Independent School District	223	28.77%	1	185	30.08%	1
Home Depot	120	15.48%	2	140	22.76%	2
Kelsey Seybold	117	15.10%	3	n/a	n/a	n/a
Stoller Group	69	8.90%	4	n/a	n/a	n/a
East West Bank	60	7.74%	5	n/a	n/a	n/a
Spring Branch Presbyterian Church	45	5.81%	6	40	6.50%	4
AOK Emergency Clinic	45	5.81%	7	35	5.69%	7
Jonathan's the Rub	40	5.16%	8	n/a	n/a	n/a
Starbucks Corporation	34	4.39%	9	35	5.69%	6
Specs	22	2.84%	10	29	4.72%	8
DTK	n/a	n/a	n/a	75	12.20%	3
Pueblo Viejo	n/a	n/a	n/a	36	5.85%	5
SSI	n/a	n/a	n/a	25	4.07%	9
Premier Technology Group	22	2.84%	n/a	15	2.44%	10
	<u>797</u>	<u>100.00%</u>		<u>615</u>	<u>100.00%</u>	

Source: Human Resource Department of each company

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

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

(This page intentionally left blank.)

CITY OF SPRING VALLEY VILLAGE, TEXAS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Governmental Activities:</u>										
General government	8	8	8	8	8	8	8	9	10	10
Public safety	23	23	24	24	24	24	24	24	25	25
Public works	3	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	5	5
 Total City Positions	<u>38</u>	<u>38</u>	<u>39</u>	<u>39</u>	<u>39</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>43</u>	<u>43</u>

Source: City Finance Department

CITY OF SPRING VALLEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
City of Spring Valley Village				
Budgeted full-time employees	38	39	39	39
Function				
Police				
Arrests	508	719	697	460
Accident reports	155	160	165	157
Citations	5,190	8,043	8,061	4,417
Offense reports	1,183	1,530	1,094	962
Calls for service	19,560	36,254	36,638	33,351
Municipal court				
Traffic violations	9,585	12,352	8,519	5,147
Non-traffic violations	302	1,472	1,442	528
Community Development				
Residential building permits issued	38	19	29	37
Commercial building permits issued	15	9	12	30
Water				
Average daily gallons pumped-combined water (millions of gallons)	0.79	0.71	0.68	0.72
Average daily gallons pumped-surface water (millions of gallons)	0.05	-	0.05	0.40
Average daily gallons pumped-well water (millions of gallons)	0.75	0.71	0.68	0.32
Number of connections	2,130	2,135	2,137	2,204

Source: Various City departments

Fiscal Year					
2017	2018	2019	2020	2021	2022
39	40	40	40	42	42
300	205	130	47	72	85
208	192	108	112	122	139
5,487	5,689	7,437	6,332	8,887	6,362
913	1,070	717	487	492	481
29,068	23,307	21,150	19,629	32,262	41,410
6,442	4,884	5,226	2,986	16,156	8,993
963	373	456	319	1410	4002
37	44	17	47	88	55
2	5	12	7	13	8
0.72	0.75	0.74	0.76	0.71	0.75
0.44	0.34	0.33	0.36	0.36	0.37
0.60	0.57	0.59	0.59	0.60	0.62
2,138	2,138	2,139	2,139	2,441	2,441

CITY OF SPRING VALLEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function	Fiscal Year			
	2013	2014	2015	2016
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	20.01
Community services				
Parks	-	1	1	1
Pavilions	-	1	1	1
Park acreage developed	-	2.62	2.62	2.62
Water				
Water wells	1	1	1	1
Ground/elevated storage tanks	-	3	3	3
Water mains (miles)	-	25.67	25.67	25.67
Fire hydrants	157	157	157	206
Wastewater				
Sanitary sewers (miles)	-	16.36	16.36	16.36
Sewer manholes	-	389	389	389

Source: Various City departments

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
20.01	20.01	20.01	20.01	20.01	20.01	20.01
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2.62	2.62	2.62	2.62	2.62	2.62	2.62
1	1	1	1	1	1	1
3	3	3	3	3	3	3
25.67	25.67	25.67	25.67	25.67	25.67	25.67
206	206	206	206	206	206	206
16.36	16.36	16.36	16.36	16.36	16.36	16.36
389	389	389	389	389	389	389

(This page intentionally left blank.)