

*ANNUAL FINANCIAL REPORT*

of the

**CITY OF  
BUNKER HILL VILLAGE, TEXAS**

**For the Year Ended  
December 31, 2020**

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## TABLE OF CONTENTS

December 31, 2020

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis (Required Supplementary Information)</b>	5
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	15
Statement of Activities	16
<b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	25
<b>Proprietary Fund Financial Statements</b>	
Statement of Net Position	27
Statement of Revenues, Expenses, and Changes in Net Position	29
Statement of Cash Flows	31
<b>Notes to Financial Statements</b>	33
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	61
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	62
Schedule of Contributions – Texas Municipal Retirement System	64
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System Supplemental Death Benefits Fund	67

# **CITY OF BUNKER HILL VILLAGE, TEXAS**

## ***TABLE OF CONTENTS***

**December 31, 2019**

### **COMBINING STATEMENTS AND SCHEDULES**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund:	71
Combining Balance Sheet – Nonmajor Governmental Funds	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	75
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Metro Fund	77
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Water/Wastewater Fund (Budgetary Basis)	79
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Solid Waste Fund (Budgetary Basis)	81



## ***INDEPENDENT AUDITORS' REPORT***

To the Honorable Mayor and  
City Council Members of the  
City of Bunker Hill Village, Texas:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bunker Hill Village, Texas (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
May 5, 2021

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

(This page intentionally left blank.)



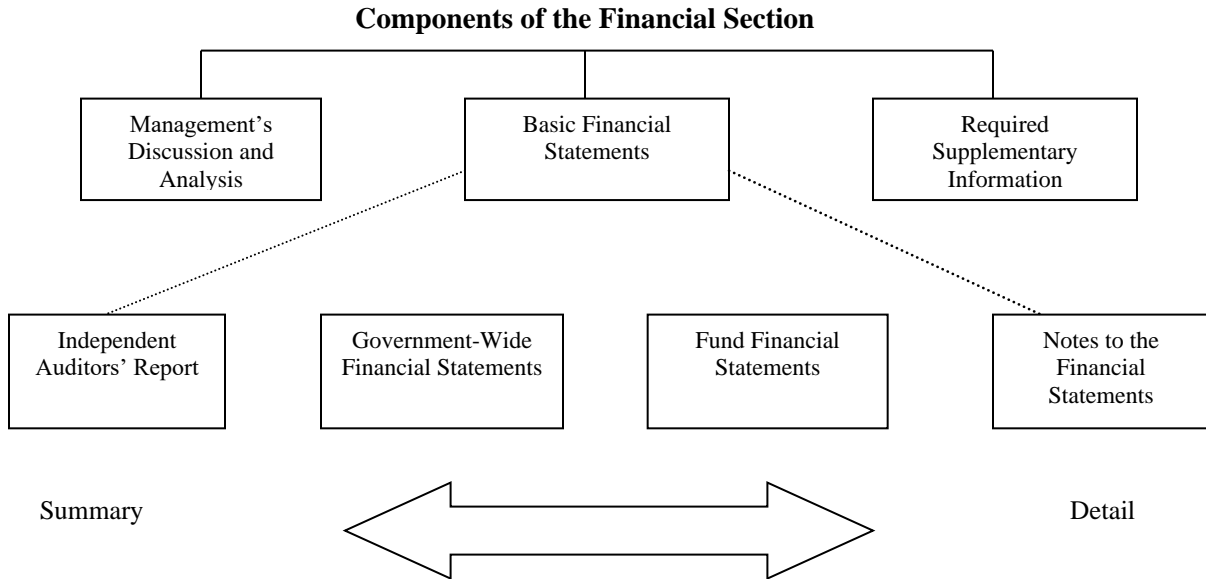
# CITY OF BUNKER HILL VILLAGE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2020

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Bunker Hill Village, Texas (the "City") for the year ended December 31, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

### THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2020**

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

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, including general government, public safety, and public works. Interest payments on the City's debt are also reported here. 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, wastewater, and solid waste operations.

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, debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes. The Metro fund, restricted court fund, and the fuel station fund are considered nonmajor funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, and the Metro fund. Budgetary comparison schedules have been provided for each of these funds to demonstrate compliance with these budgets.

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2020**

**Proprietary Funds**

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

**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 total other postemployment benefits (OPEB) 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. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$31,596,140 as of year end.

A portion of the City's net position, 72%, reflects its investment in capital assets (e.g., land, facilities, infrastructure), less any outstanding debt used to acquire those assets. 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 BUNKER HILL VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended December 31, 2020

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
Current and other assets	\$ 11,336,309	\$ 3,884,551	\$ 15,220,860	\$ 10,858,200	\$ 4,069,419	\$ 14,927,619
Noncurrent assets	22,727,627	7,320,374	30,048,001	22,392,187	7,088,720	29,480,907
<b>Total Assets</b>	34,063,936	11,204,925	45,268,861	33,250,387	11,158,139	44,408,526
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	22,758	-	22,758	33,579	-	33,579
Deferred outflows - pensions	49,140	70,629	119,769	113,996	163,764	277,760
Deferred outflows - OPEB	4,004	-	4,004	1,574	-	1,574
<b>Total Deferred Outflows of Resources</b>	75,902	70,629	146,531	149,149	163,764	312,913
<b>Liabilities</b>						
Long-term liabilities	7,170,985	8,190	7,179,175	8,171,534	124,021	8,295,555
Other liabilities	184,692	184,713	369,405	516,915	266,653	783,568
<b>Total Liabilities</b>	7,355,677	192,903	7,548,580	8,688,449	390,674	9,079,123
<b>Deferred Inflows of Resources</b>						
Deferred inflows - pensions	56,212	81,228	137,440	27,675	39,859	67,534
Deferred inflows - OPEB	7,132	-	7,132	9,557	-	9,557
Unavailable revenue - property taxes	6,126,100	-	6,126,100	6,230,835	-	6,230,835
<b>Total Deferred Inflows of Resources</b>	6,189,444	81,228	6,270,672	6,268,067	39,859	6,307,926
<b>Net Position</b>						
Net investment in capital assets	15,598,352	7,305,887	22,904,239	14,359,489	7,088,720	21,448,209
Restricted	821,632	-	821,632	832,932	-	832,932
Unrestricted	4,174,733	3,695,536	7,870,269	3,250,599	3,802,650	7,053,249
<b>Total Net Position</b>	\$ 20,594,717	\$ 11,001,423	\$ 31,596,140	\$ 18,443,020	\$ 10,891,370	\$ 29,334,390

A portion of the City's net position, \$821,632, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position, \$7,870,269, may be used to meet the City's ongoing obligation to citizens and creditors. Current assets increased from an increase in cash as a result of an operating surplus and accounts receivables increased from an increase in property taxes receivable and a receivable related to the Coronavirus Relief Fund grant. Long-term liabilities decreased due to scheduled principal payments made during the fiscal year. Other liabilities decreased due to retainage requirement released in the current year and also a decrease in accounts payable. Unavailable revenues decreased compared to the prior year due to a decrease in the assessed values of properties within the City and a decrease in the rate.

The City's total net position increased by \$2,261,750 or 7.16% during the current fiscal year.

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended December 31, 2020

**Statement of Activities**

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

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 473,127	\$ 3,607,590	\$ 4,080,717	\$ 631,895	\$ 3,471,840	\$ 4,103,735
Operating grants and contributions	328,408	-	328,408	134,000	-	134,000
Capital grants and contributions	-	135,000	135,000	-	-	-
General revenues:						
Property taxes	6,252,728	-	6,252,728	6,135,807	-	6,135,807
Sales taxes	202,178	-	202,178	171,465	-	171,465
Franchise fees and local taxes	246,368	-	246,368	285,858	-	285,858
Interest	64,047	-	64,047	61,621	11,629	73,250
Other	271,465	9,906	281,371	201,303	9,907	211,210
<b>Total Revenues</b>	<b>7,838,321</b>	<b>3,752,496</b>	<b>11,590,817</b>	<b>7,621,949</b>	<b>3,493,376</b>	<b>11,115,325</b>
<b>Expenses</b>						
General government	1,302,460	-	1,302,460	1,906,330	-	1,906,330
Public safety	3,345,855	-	3,345,855	3,202,353	-	3,202,353
Public works	1,290,694	-	1,290,694	1,106,933	-	1,106,933
Interest and fiscal charges	161,936	-	161,936	232,133	-	232,133
Water, wastewater, and solid waste	-	3,228,122	3,228,122	-	2,630,034	2,630,034
<b>Total Expenses</b>	<b>6,100,945</b>	<b>3,228,122</b>	<b>9,329,067</b>	<b>6,447,749</b>	<b>2,630,034</b>	<b>9,077,783</b>
<b>Increase in Net Position before Transfers</b>	<b>1,737,376</b>	<b>524,374</b>	<b>2,261,750</b>	<b>1,174,200</b>	<b>863,342</b>	<b>2,037,542</b>
Transfers	414,321	(414,321)	-	-	-	-
	414,321	(414,321)	-	-	-	-
<b>Change in Net Position</b>	<b>2,151,697</b>	<b>110,053</b>	<b>2,261,750</b>	<b>1,174,200</b>	<b>863,342</b>	<b>2,037,542</b>
Beginning net position	18,443,020	10,891,370	29,334,390	17,268,820	10,028,028	27,296,848
<b>Ending Net Position</b>	<b>\$ 20,594,717</b>	<b>\$ 11,001,423</b>	<b>\$ 31,596,140</b>	<b>\$ 18,443,020</b>	<b>\$ 10,891,370</b>	<b>\$ 29,334,390</b>

Revenues for the governmental activities increased \$216,372, or 3%, due to an increase in the assessed values of properties within the City and proceeds from the Coronavirus Relief Fund grant. Governmental expenses decreased by \$346,804, or 5%, compared to the prior year due to a decrease in expenses related to a decrease in pension/OPEB expenses, a decrease in non-capital projects and a decrease in amortization and fiscal charges.

Revenues for business-type activities increased by \$259,120, or 7%. In 2020, the rainfall data showed less than average which resulted in higher water consumption. Expenses increased \$598,088, or 23%, due to an increase in water purchased from the City of Houston and maintenance projects compared to the prior year.

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2020**

**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 \$4,923,196. Of this, \$4,340 is nonspendable for inventories, \$1,297 is nonspendable for prepaids, \$506,250 is restricted for Metro, \$289,601 is restricted for debt service, and \$25,781 is restricted for enabling legislation. The City has assigned \$898,100 for emergency purposes and \$567,572 for capital projects. The City has unassigned fund balance of \$2,630,255.

Overall, there was an increase in combined fund balance of \$885,064 in comparison to the prior year. The increase is primarily due to an increase in assessed property values in the City.

The general fund had revenues that exceeded expenditures by \$1,861,004. Revenues increased due to an increase in property tax revenues from an increase in the assessed values of properties. Expenditures increased due to an increase in personnel costs and fire and police department expenditures.

The debt service fund had a net decrease in fund balance for the year of \$41,304. The decrease is due to a decrease in property tax revenues related to a decrease in the debt service tax rate and an increase in bond principal payments.

The capital projects fund had an increase in fund balance of \$355,235 related to transfers from the general fund for various capital projects.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgeted revenues exceeded actual general fund revenues by \$8 during the year. This negative net variance is largely due to licenses and permits and other revenue being less than anticipated. General fund expenditures were more than the final budget by \$42.

**CAPITAL ASSETS**

At the end of the year, the City's governmental and business-type activities had invested \$30,022,256 in a variety of capital assets and infrastructure (net of accumulated depreciation).

Major capital asset events during the year included the following:

- Water well submersible pump - \$120,590
- Water well #1 repair - \$132,564
- Water well #5 site - \$135,000
- Construction in progress – asphalt rehabilitation - \$102,269

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

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2020**

**LONG-TERM DEBT**

At the end of the year, the City had a total of \$7,153,430 in long-term liabilities. This balance consists of outstanding bonds, net pension and total OPEB asset/liability, and compensated absences for governmental and business-type activities.

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**

In continuing the vision of Bunker Hill Village, the City plans to expand and improve quality infrastructure, facilities, and public services to meet current and future needs. The City continues to experience growth due to new construction and developments and will continue to focus on maintaining an even balance within City limits.

The City adopted a \$6,192,356 general fund budget for fiscal year 2021, which is a decrease of \$32,386 compared to the 2020 adopted budget.

**COVID-19**

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. When the stay-at-home order went into effect in the City's respective county, the City reduced office hours to the public to reduce exposure; however, phones were answered 8:00am to 4:00pm Monday through Thursday. Payments continued to be processed online, through credit card, check and bank draft. While the initial event occurred prior to year end, the City, subsequent to year end, continued to modify its operations to prevent the spread to customers, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customers and staff to wear masks, more frequent cleanings, updated the City's website to expand online services and numerous other changes. While such changes increased expenses, many were reimbursed through Harris County CARES Act. Such increases are nominal in comparison to the overall budget. The City is continuing to monitor exposure levels with customers, staff, and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with open doors, but the City is ready to modify its plans if necessary.

**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 Finance Manager, City of Bunker Hill Village, 11977 Memorial Drive, Houston, Texas, 77024.

(This page intentionally left blank.)



***BASIC FINANCIAL STATEMENTS***

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## STATEMENT OF NET POSITION

December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 7,102,287	\$ 3,230,387	\$ 10,332,674
Restricted cash and cash equivalents	-	15,100	15,100
Cash with agent	610,036	-	610,036
Inventories	4,340	-	4,340
Receivables, net	3,618,349	637,178	4,255,527
Prepaid expenses	1,297	1,886	3,183
	<u>11,336,309</u>	<u>3,884,551</u>	<u>15,220,860</u>
Noncurrent assets:			
Net pension asset	11,258	14,487	25,745
Nondepreciable capital assets	2,630,417	1,070,779	3,701,196
Net depreciable capital assets	20,085,952	6,235,108	26,321,060
	<u>22,727,627</u>	<u>7,320,374</u>	<u>30,048,001</u>
<b>Total Assets</b>	<u>34,063,936</u>	<u>11,204,925</u>	<u>45,268,861</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	22,758	-	22,758
Deferred outflows - pensions	49,140	70,629	119,769
Deferred outflows - OPEB	4,004	-	4,004
<b>Total Deferred Outflows of Resources</b>	<u>75,902</u>	<u>70,629</u>	<u>146,531</u>
<b><u>Liabilities</u></b>			
Accounts payable and other current liabilities	130,744	169,613	300,357
Accrued interest payable	53,948	-	53,948
Customer deposits	-	15,100	15,100
	<u>184,692</u>	<u>184,713</u>	<u>369,405</u>
Noncurrent liabilities:			
Long-term liabilities due within one year	913,015	7,371	920,386
Long-term liabilities due in more than one year	6,257,970	819	6,258,789
	<u>7,170,985</u>	<u>8,190</u>	<u>7,179,175</u>
<b>Total Liabilities</b>	<u>7,355,677</u>	<u>192,903</u>	<u>7,548,580</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred inflows - pensions	56,212	81,228	137,440
Deferred inflows - OPEB	7,132	-	7,132
Unavailable revenue - property taxes	6,126,100	-	6,126,100
<b>Total Deferred Inflows of Resources</b>	<u>6,189,444</u>	<u>81,228</u>	<u>6,270,672</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	15,598,352	7,305,887	22,904,239
Restricted for:			
Debt service	289,601	-	289,601
Metro	506,250	-	506,250
Enabling legislation	25,781	-	25,781
Unrestricted	4,174,733	3,695,536	7,870,269
<b>Total Net Position</b>	<u>\$ 20,594,717</u>	<u>\$ 11,001,423</u>	<u>\$ 31,596,140</u>

See Notes to Financial Statements.

# CITY OF BUNKER HILL VILLAGE, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
General government	\$ 1,302,460	\$ 457,143	\$ 119,060	\$ -
Public safety	3,345,855	15,984	75,348	-
Public works	1,290,694	-	134,000	-
Interest and fiscal charges	161,936	-	-	-
<b>Total Governmental Activities</b>	<b>6,100,945</b>	<b>473,127</b>	<b>328,408</b>	<b>-</b>
<b>Business-Type Activities</b>				
Water, wastewater, and solid waste	3,228,122	3,607,590	-	135,000
<b>Total Business-Type Activities</b>	<b>3,228,122</b>	<b>3,607,590</b>	<b>-</b>	<b>135,000</b>
<b>Total Primary Government</b>	<b>\$ 9,329,067</b>	<b>\$ 4,080,717</b>	<b>\$ 328,408</b>	<b>\$ 135,000</b>

**General Revenues:**

Taxes:

Property taxes

Sales taxes

Franchise fees and local taxes

Investment income

Other

Transfers in (out)

**Total General Revenues**

**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**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (726,257)	\$ -	\$ (726,257)
(3,254,523)	-	(3,254,523)
(1,156,694)	-	(1,156,694)
(161,936)	-	(161,936)
<u>(5,299,410)</u>	<u>-</u>	<u>(5,299,410)</u>
-	514,468	514,468
-	514,468	514,468
<u>(5,299,410)</u>	<u>514,468</u>	<u>(4,784,942)</u>
6,252,728	-	6,252,728
202,178	-	202,178
246,368	-	246,368
64,047	-	64,047
271,465	9,906	281,371
414,321	(414,321)	-
<u>7,451,107</u>	<u>(404,415)</u>	<u>7,046,692</u>
2,151,697	110,053	2,261,750
18,443,020	10,891,370	29,334,390
<u>\$ 20,594,717</u>	<u>\$ 11,001,423</u>	<u>\$ 31,596,140</u>

# CITY OF BUNKER HILL VILLAGE, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

December 31, 2020

	General	Debt Service	Capital Projects	Nonmajor Governmental
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 5,347,061	\$ 651,037	\$ 570,697	\$ 533,492
Cash with agent	508,553	101,483	-	-
Inventories	-	-	-	4,340
Receivables, net	2,996,123	606,671	-	15,555
Due from other funds	15,411	-	-	-
Prepays	1,297	-	-	-
<b>Total Assets</b>	<b>\$ 8,868,445</b>	<b>\$ 1,359,191</b>	<b>\$ 570,697</b>	<b>\$ 553,387</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 121,674	\$ -	\$ 3,125	\$ 5,945
Due to other funds	-	-	-	15,411
<b>Total Liabilities</b>	<b>121,674</b>	<b>-</b>	<b>3,125</b>	<b>21,356</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	5,212,779	1,069,590	-	-
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	-	-	-	4,340
Prepays	1,297	-	-	-
Restricted:				
Debt service	-	289,601	-	-
Metro	-	-	-	506,250
Enabling legislation	-	-	-	25,781
Assigned				
Capital projects	-	-	567,572	-
Emergency	898,100	-	-	-
Unassigned	2,634,595	-	-	(4,340)
<b>Total Fund Balances</b>	<b>3,533,992</b>	<b>289,601</b>	<b>567,572</b>	<b>532,031</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,868,445</b>	<b>\$ 1,359,191</b>	<b>\$ 570,697</b>	<b>\$ 553,387</b>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$ 7,102,287  
610,036  
4,340  
3,618,349  
15,411  
1,297  
\$ 11,351,720

\$ 130,744  
15,411  
146,155

6,282,369

4,340  
1,297

289,601  
506,250  
25,781

567,572  
898,100  
2,630,255  
4,923,196

\$ 11,351,720

(This page intentionally left blank.)



**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2020**

Total fund balances for the governmental funds		\$ 4,923,196
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Nondepreciable capital assets		2,630,417
Depreciable capital assets		28,866,909
Accumulated depreciation		(8,780,957)
Long-term liabilities and deferred outflows and inflows related to the net pension and total other postemployment benefits (OPEB) liability are not reported in the governmental funds.		
Net pension asset		11,258
Deferred outflows - pensions		49,140
Deferred inflows - pensions		(56,212)
Deferred outflows - OPEB		4,004
Deferred inflows - OPEB		(7,132)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Deferred revenue related to property taxes		156,269
Some liabilities, including bonds payable and accrued interest payable, are not reported as liabilities in the governmental funds.		
Accrued interest payable		(53,948)
Deferred charge on refunding		22,758
Long-term liabilities due within one year		(913,015)
Long-term liabilities due in more than one year		(6,257,970)
	<b>Net Position of Governmental Activities</b>	<b>\$ 20,594,717</b>

See Notes to Financial Statements.

# CITY OF BUNKER HILL VILLAGE, TEXAS

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

For the Year Ended December 31, 2020

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>
Property taxes	\$ 5,187,414	\$ 1,042,270	\$ -	\$ -
Sales taxes	202,178	-	-	-
Charges for services	15,984	-	-	-
Franchise fees and local taxes	246,368	-	-	-
Fines and forfeitures	76,854	-	-	8,366
Licenses and permits	371,923	-	-	-
Investment income	64,047	-	-	-
Intergovernmental	194,408	-	-	134,000
Other	188,539	-	-	82,926
<b>Total Revenues</b>	<u>6,547,715</u>	<u>1,042,270</u>	<u>-</u>	<u>225,292</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	938,595	-	-	-
Public safety	3,339,731	-	-	6,124
Public works	408,385	-	-	106,238
Miscellaneous	-	-	-	85,220
<b>Debt service:</b>				
Principal	-	940,000	-	-
Interest and fiscal charges	-	238,070	-	-
<b>Capital outlay</b>	-	-	1,376,667	-
<b>Total Expenditures</b>	<u>4,686,711</u>	<u>1,178,070</u>	<u>1,376,667</u>	<u>197,582</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,861,004</u>	<u>(135,800)</u>	<u>(1,376,667)</u>	<u>27,710</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Bond proceeds	-	5,225,000	-	-
Bond premiums	-	781,559	-	-
Payment to escrow agent	-	(5,912,063)	-	-
Transfers in	412,027	-	1,731,902	2,294
Transfers (out)	(1,731,902)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,319,875)</u>	<u>94,496</u>	<u>1,731,902</u>	<u>2,294</u>
<b>Net Change in Fund Balances</b>	541,129	(41,304)	355,235	30,004
Beginning fund balances	<u>2,992,863</u>	<u>330,905</u>	<u>212,337</u>	<u>502,027</u>
<b>Ending Fund Balances</b>	<u><u>\$ 3,533,992</u></u>	<u><u>\$ 289,601</u></u>	<u><u>\$ 567,572</u></u>	<u><u>\$ 532,031</u></u>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$ 6,229,684  
202,178  
15,984  
246,368  
85,220  
371,923  
64,047  
328,408  
271,465  

---

7,815,277

938,595  
3,345,855  
514,623  
85,220

940,000  
238,070  
1,376,667  

---

7,439,030

---

376,247

5,225,000  
781,559  
(5,912,063)  
2,146,223  
(1,731,902)  

---

508,817

885,064

---

4,038,132

\$ 4,923,196  

---

---

(This page intentionally left blank.)

**CITY OF BUNKER HILL 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 December 31, 2020**

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

Net changes in fund balances - total governmental funds	\$	885,064
---	----	---------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset acquisitions and retirements		1,041,151
Depreciation expense		(716,967)

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

Net change in deferred revenue		23,044
--------------------------------	--	--------

Net pension and other postemployment benefits (OPEB) liability and deferred outflows and inflows related to the net pension and OPEB liability are not reported in the governmental funds.

Net pension liability		87,186
Total OPEB liability		(4,925)
Deferred outflows - pensions		2,900
Deferred outflows - OPEB		2,430
Deferred inflows - pensions		(96,293)
Deferred inflows - OPEB		2,425

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal paid on long-term debt, net of refunding bonds issued		1,530,000
Amortization of premium		(604,498)
Amortization of deferred loss on refunding		(10,823)
Accrued interest expense		6,959

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		4,044
----------------------	--	-------

	<b>\$</b>	<b>2,151,697</b>
--	-----------	------------------

See Notes to Financial Statements.

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

December 31, 2020

	Business-Type Activities		
	Water/ Wastewater	Solid Waste	Total Enterprise
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 3,153,104	\$ 77,283	\$ 3,230,387
Restricted cash and cash equivalents	15,100	-	15,100
Receivables, net	541,350	95,828	637,178
Prepaid items	1,886	-	1,886
<b>Total Current Assets</b>	<b>3,711,440</b>	<b>173,111</b>	<b>3,884,551</b>
<b>Noncurrent Assets</b>			
Net pension asset	14,487	-	14,487
Capital assets:			-
Land	144,163	-	144,163
Construction in progress	926,616	-	926,616
Building	2,192,373	-	2,192,373
Infrastructure	11,774,376	-	11,774,376
Water rights	446,890	-	446,890
Machinery and equipment	389,656	-	389,656
Less accumulated depreciation	(8,568,187)	-	(8,568,187)
<b>Total Net Depreciable Assets</b>	<b>6,249,595</b>	<b>-</b>	<b>6,249,595</b>
<b>Total Noncurrent Assets</b>	<b>7,320,374</b>	<b>-</b>	<b>7,320,374</b>
<b>Total Assets</b>	<b>11,031,814</b>	<b>173,111</b>	<b>11,204,925</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	70,629	-	70,629
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	164,179	5,434	169,613
Customer deposits	15,100	-	15,100
Compensated absences	7,371	-	7,371
<b>Total Current Liabilities</b>	<b>186,650</b>	<b>5,434</b>	<b>192,084</b>
<b>Noncurrent Liabilities</b>			
Compensated absences	819	-	819
<b>Total Noncurrent Liabilities</b>	<b>819</b>	<b>-</b>	<b>819</b>
<b>Total Liabilities</b>	<b>187,469</b>	<b>5,434</b>	<b>192,903</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	81,228	-	81,228
<b>Net Position</b>			
Net investment in capital assets	7,305,887	-	7,305,887
Unrestricted	3,527,859	167,677	3,695,536
<b>Total Net Position</b>	<b>\$ 10,833,746</b>	<b>\$ 167,677</b>	<b>\$ 11,001,423</b>

See Notes to Financial Statements.

(This page intentionally left blank.)



# CITY OF BUNKER HILL VILLAGE, TEXAS

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

For the Year Ended December 31, 2020

	Business-Type Activities		
	Water/ Wastewater	Solid Waste	Total Enterprise
<b><u>Operating Revenues</u></b>			
Water and wastewater charges	\$ 3,134,683	\$ -	3,134,683
Solid waste fees	-	472,907	472,907
Other	9,906	-	9,906
<b>Total Operating Revenues</b>	3,144,589	472,907	3,617,496
<b><u>Operating Expenses</u></b>			
Water and wastewater	2,089,014	-	2,089,014
Sanitation	-	378,935	378,935
Depreciation	365,734	-	365,734
<b>Total Operating Expenses</b>	2,454,748	378,935	2,833,683
<b>Operating Income</b>	689,841	93,972	783,813
<b><u>Contributions and Transfers</u></b>			
(Loss) on sale of capital assets	(394,439)	-	(394,439)
Capital contributions	135,000	-	135,000
Transfers in	30,000	-	30,000
Transfers (out)	(414,321)	(30,000)	(444,321)
<b>Change in Net Position</b>	46,081	63,972	110,053
Beginning net position	10,787,665	103,705	10,891,370
<b>Ending Net Position</b>	\$ 10,833,746	\$ 167,677	11,001,423

See Notes to Financial Statements.

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

For the Year Ended December 31, 2020

	Business-Type Activities		
	Water/ Wastewater	Solid Waste	Total Enterprise
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 3,095,288	\$ 467,276	\$ 3,562,564
Payments to suppliers	(1,592,250)	(374,313)	(1,966,563)
Payments to employees	(569,242)	-	(569,242)
<b>Net Cash Provided by Operating Activities</b>	933,796	92,963	1,026,759
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers in	30,000	-	30,000
Transfers (out)	(414,321)	(30,000)	(444,321)
<b>Net Cash (Used) by Noncapital Financing Activities</b>	(384,321)	(30,000)	(414,321)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Acquisition and construction of capital assets	(977,340)	-	(977,340)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	(977,340)	-	(977,340)
<b>Net Decrease in Cash and Cash Equivalents</b>	(292,865)	62,963	(229,902)
Beginning cash and cash equivalents	3,461,069	14,320	3,475,389
<b>Ending Cash and Cash Equivalents</b>	\$ 3,168,204	\$ 77,283	\$ 3,245,487
<b>Ending Cash and Cash Equivalents:</b>			
Unrestricted cash and cash equivalents	\$ 3,153,104	\$ 77,283	\$ 3,230,387
Restricted cash and cash equivalents	15,100	-	15,100
	\$ 3,168,204	\$ 77,283	\$ 3,245,487
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income	\$ 689,841	\$ 93,972	\$ 783,813
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	365,734	-	365,734
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(38,824)	(5,631)	(44,455)
Prepaid items	(1,886)	-	(1,886)
Net pension asset	(14,487)	-	(14,487)
Deferred outflows - pensions	94,442	-	94,442
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	(85,991)	4,622	(81,369)
Customer deposits	(571)	-	(571)
Compensated absences	(4,751)	-	(4,751)
Net pension liability	(111,080)	-	(111,080)
Deferred inflows - pensions	41,369	-	41,369
<b>Net Cash Provided by Operating Activities</b>	\$ 933,796	\$ 92,963	\$ 1,026,759

See Notes to Financial Statements.

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The City of Bunker Hill Village, Texas (the “City”) was organized in 1954. The City operates under the general laws of the State of Texas (the “State”). The City Council is the principal legislative body of the City. The City Administrator is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Administrator is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services (through Memorial Villages Police Department and Village Fire Department); municipal court; public works to include streets and drainage, water, and wastewater services; solid waste collection and disposal; 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. No other entities have been included in the City’s 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.

The City participates in an interlocal cooperation agreement with other contracting cities to receive public safety services from the Village Fire Department and the Memorial Villages Police Department. The City has no significant influence over the administration or operation of these entities.

#### 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 of the nonfiduciary activities of the primary government. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### 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, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental funds 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 functions and various other functions of the City. Eliminations 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 general obligation bonds and other 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 *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for the expenditures of resources accumulated from the general fund and related interest earnings for capital improvement projects. The capital projects fund is considered a major fund for reporting purposes.

The City reports the following enterprise fund:

The *enterprise funds* are used to account for the operations that provide water and wastewater collection, wastewater treatment, and sanitation operations. 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 water/wastewater fund is considered a major fund for reporting purposes. The solid waste fund is considered a nonmajor fund for reporting purposes but the City has elected to present as major due to its significance.

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

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 preparation of the governmental-wide financial statements. Balances between the funds included in governmental activities 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. 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, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current 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 or 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.

# **CITY OF BUNKER HILL VILLAGE, TEXAS**

## ***NOTES TO THE FINANCIAL STATEMENTS (Continued)***

**For the Year Ended December 31, 2020**

### **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, 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.

#### **2. Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is 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 deposits, 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
- Fully collateralized certificates of deposit
- Money market accounts
- Statewide investment pools

#### **3. Inventories and 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 the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

#### **4. Capital Assets**

Capital assets, which include property, machinery, 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 for vehicles and equipment and \$25,000 for all other capital asset types and an estimated useful life in excess of one year. 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.



# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

Property, machinery, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20-50 years
Machinery and equipment	5-10 years
Vehicles	4-20 years
Water and wastewater system	20-65 years
Infrastructure	50-65 years

### 5. Deferred Outflows/Inflows of Resources

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

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.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- A deferred inflow of resources is recognized for unavailable revenue related to property taxes levied for the subsequent budget year.

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.

### 6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are

# **CITY OF BUNKER HILL VILLAGE, TEXAS**

## ***NOTES TO THE FINANCIAL STATEMENTS (Continued)***

**For the Year Ended December 31, 2020**

maintained separately and represent a reconciling item between the fund and government-wide presentations.

### **7. 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. Although a portion of the general obligation debt was directly related to the purchase of water and wastewater infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

### **8. 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.

### **9. 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.

### **10. 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).

# **CITY OF BUNKER HILL VILLAGE, TEXAS**

## ***NOTES TO THE FINANCIAL STATEMENTS (Continued)***

**For the Year Ended December 31, 2020**

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's policy is to maintain a minimum unassigned fund balance in the general fund of six months of current year operating expenditures and unrestricted net position in the enterprise fund of three months of current year operating expenses.

### **11. 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.

### **12. Pensions**

For the purposes of measuring the net pension liability/(asset), 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' 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.

### **13. 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 employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources,

# **CITY OF BUNKER HILL VILLAGE, TEXAS**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the Year Ended December 31, 2020**

deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

### **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 October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

#### **3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund 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 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 municipal code of general law is the object and purpose stated in the approved budget. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year.

## **III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

### **A. Deposits and Investments**

*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 investments mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term investments.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of December 31, 2020, fair market values of pledged securities and FDIC coverage exceeded bank balances.

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

### B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water/ Wastewater</u>	<u>Solid Waste</u>
Property taxes	\$ 2,892,944	\$ 606,671	\$ -	\$ -	\$ -
Sales taxes	44,294	-	-	-	-
Accounts	-	-	-	558,896	98,951
Franchise fees	20,585	-	-	-	-
Intergovernmental	38,300	-	-	-	-
Allowance	-	-	-	(17,546)	(3,123)
Miscellaneous	-	-	15,555	-	-
<b>Totals</b>	<u>\$ 2,996,123</u>	<u>\$ 606,671</u>	<u>\$ 15,555</u>	<u>\$ 541,350</u>	<u>\$ 95,828</u>

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### C. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 24,944	\$ -	\$ -	\$ 24,944
Construction in progress	1,728,099	980,014	(102,640)	2,605,473
<b>Total capital assets, not being depreciated</b>	<b>1,753,043</b>	<b>980,014</b>	<b>(102,640)</b>	<b>2,630,417</b>
Other capital assets:				
Infrastructure	28,136,703	125,489	-	28,262,192
Buildings	426,234	12,836	-	439,070
Vehicles and equipment	215,762	25,452	(75,567)	165,647
<b>Total other capital assets</b>	<b>28,778,699</b>	<b>163,777</b>	<b>(75,567)</b>	<b>28,866,909</b>
Less accumulated depreciation for:				
Infrastructure	(7,788,820)	(690,851)	-	(8,479,671)
Buildings	(164,210)	(11,281)	-	(175,491)
Vehicles and equipment	(186,525)	(14,835)	75,567	(125,795)
Total accumulated depreciation	<b>(8,139,555)</b>	<b>(716,967)</b>	<b>75,567</b>	<b>(8,780,957)</b>
Other capital assets, net	20,639,144	(553,190)	-	20,085,952
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 22,392,187</b>	<b>\$ 426,824</b>	<b>\$ (102,640)</b>	<b>22,716,369</b>
			Less associated debt	(7,140,775)
			Plus deferred loss on refunding	22,758
			<b>Net investment in Capital Assets</b>	<b>\$ 15,598,352</b>

Depreciation was charged to governmental functions as follows:

General government	\$ 26,116
Public works	690,851
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 716,967</b>

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

The following is a summary of changes in capital assets for business-type activities for the year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 9,163	\$ 135,000	\$ -	\$ 144,163
Construction in progress	420,039	803,048	(296,471)	926,616
<b>Total capital assets, not being depreciated</b>	<u>429,202</u>	<u>938,048</u>	<u>(296,471)</u>	<u>1,070,779</u>
Other capital assets:				
Buildings	2,192,373	-	-	2,192,373
Water rights	446,890	-	-	446,890
Machinery and equipment	474,565	39,293	(124,202)	389,656
Infrastructure	12,890,319	296,470	(1,412,414)	11,774,376
<b>Total other capital assets</b>	<u>16,004,147</u>	<u>335,763</u>	<u>(1,536,616)</u>	<u>14,803,295</u>
Less accumulated depreciation for:				
Buildings	(1,061,093)	(25,956)	-	(1,087,049)
Water rights	(446,890)	-	-	(446,890)
Machinery and equipment	(312,664)	(13,005)	101,299	(224,370)
Infrastructure	(7,523,982)	(326,773)	1,040,878	(6,809,878)
Total accumulated depreciation	<u>(9,344,629)</u>	<u>(365,734)</u>	<u>1,142,177</u>	<u>(8,568,187)</u>
Other capital assets, net	<u>6,659,518</u>	<u>(29,971)</u>	<u>(394,439)</u>	<u>6,235,108</u>
<b>Total Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 7,088,720</u>	<u>\$ 908,077</u>	<u>\$ (690,910)</u>	<u>\$ 7,305,887</u>

Depreciation was charged to business-type functions as follows:

Water and wastewater	\$ 365,734
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 365,734</u>

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year.

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 7,925,000	\$ 5,225,000	\$ (6,755,000)	\$ 6,395,000 *	\$ 910,000
Premium	141,277	781,559	(177,061)	745,775 *	-
Compensated absences	7,394	11,941	(15,985)	3,350	3,015
Net pension liability/(asset)	75,928	-	(87,186)	(11,258)	-
Total OPEB liability	21,935	4,925	-	26,860	-
<b>Total Governmental Activities</b>	\$ 8,171,534	\$ 6,023,425	\$ (7,035,232)	\$ 7,159,727	\$ 913,015
<b>Long-term debt due in more than one year</b>				\$ 6,246,712	
<b>*Debt associated with governmental activities capital assets</b>				\$ 7,140,775	
	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
<b>Business-Type Activities</b>					
Compensated absences	\$ 12,941	\$ 20,357	\$ (25,108)	\$ 8,190	\$ 7,371
Net pension liability/(asset)	111,080	-	(125,567)	(14,487)	-
<b>Total Business-Type Activities</b>	\$ 124,021	\$ 20,357	\$ (150,675)	\$ (6,297)	\$ 7,371
<b>Long-term debt due in more than one year</b>				\$ (13,668)	

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.

On March 17, 2020, the City issued \$5,225,000 in refunding bonds to refund outstanding principal obligations of \$4,980,000 from general obligations bonds, series 2011, and \$835,000 from general obligations refunding bonds, series 2012. The interest rate on the bonds are 2.65% to 4.00% and the bonds will mature on April 1, 2031. As a result, the refunded bonds in the amount of \$5,815,000 are considered to be defeased and the liability has been removed from the Statement of Net Position. This current refunding was undertaken to reduce total debt service payments over the next 11 years by \$729,146 and resulted in an economic gain of \$682,485.



# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

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

Description	Interest Rates	Balance
<b>Governmental Activities</b>		
<b>General Obligation Bonds</b>		
Series 2014	2.00-2.75%	\$ 1,170,000
Series 2020	3.00-4.00%	5,225,000
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 6,395,000</b>

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

Year Ending Dec 31	Governmental Activities		
	Principal	Interest	Total
2021	\$ 910,000	\$ 215,788	\$ 1,125,788
2022	945,000	182,338	1,127,338
2023	540,000	156,150	696,150
2024	565,000	137,213	702,213
2025	590,000	116,894	706,894
2026-2030	2,365,000	297,388	2,662,388
2031	480,000	7,200	487,200
<b>Total</b>	<b>\$ 6,395,000</b>	<b>\$ 1,112,971</b>	<b>\$ 7,507,971</b>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City also issued bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The City is not obligated in any manner for special assessment debt.

### **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 IRS rules and regulations.

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### E. Interfund Transactions

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

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>
General Fund	Capital Project Fund	\$ 1,731,902
Solid Waste	Water/Wastewater	30,000
Utility Fund	General Fund	412,027
Utility Fund	Nonmajor Governmental	2,294
		<u>\$ 2,176,223</u>

Amounts transferred between funds related to amounts collected by the general fund, solid waste fund, and utility fund for various capital projects.

The composition of interfund balances as of year end were as follows:

<u>Receivables Fund</u>	<u>Payables Fund</u>	<u>Amounts</u>
General Fund	Nonmajor Governmental	\$ 15,411

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

### F. Restricted Assets

As of December 31, 2020, the City held restricted cash and cash equivalents of \$15,100 in the enterprise fund for the customer deposits.

### G. Fund Equity

As of December 31, 2020, \$25,781 of the City's total fund balance is restricted by enabling legislation.

## 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 that exceeded coverage amounts for the past three years.

The City is a member of the Texas Municipal League Workers' Compensation Intergovernmental Risk Pool (the "TML Pool"), which is not intended to operate as an insurance company, but rather a contracting mechanism by which the City provides self-insurance benefits to its employees. The TML Pool contracts with a third-party administrator for administration, investigation, and adjustment services in the handling of claims. Premiums are based on the estimated City payroll by

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

risk factor and rates. The premiums are adjusted by the City's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool.

### B. Contingent Liabilities

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

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

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

It was determined some years ago that 105 addresses in the City were connected and being serviced by the City of Houston for wastewater. It was also determined at that time that 15 addresses in the City of Houston were connected and being serviced by the City. Both parties agreed to service said wastewater as subject to the terms and conditions outlined in the waste disposal contract dated April 10, 2002. At this time, the parties have not determined the financial ramifications of the situation described above.

### C. Pension Plan

#### Texas Municipal Retirement System

##### Plan Description

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

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

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### Benefits Provided

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

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

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

	2020	2019
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI	70% of CPI

### Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	5	
Inactive employees entitled to, but not yet receiving, benefits	5	
Active employees	8	
<b>Total</b>	18	

### Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.18 percent and 11.70 percent in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended December 31, 2020 were \$71,535, which were more than the required contributions of \$70,754. This overage will be applied as a credit towards the City's next payment.

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### Net Pension Liability/(Asset)

The City's Net Pension Liability/(Asset)/(NPL/(A)) was measured as of December 31, 2019 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

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

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
<b>Total</b>	<b>100.00%</b>	

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

### Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Changes for the year:			
Service cost	\$ 110,595	\$ -	\$ 110,595
Interest	219,295	-	219,295
Changes in benefit terms	-	-	-
Difference between expected and actual experience	43,428	-	43,428
Changes in assumptions	12,170	-	12,170
Contributions - employer	-	79,978	(79,978)
Contributions - employee	-	46,862	(46,862)
Net investment income	-	474,161	(474,161)
Benefit payments, including refunds of employee contributions	(122,390)	(122,390)	-
Administrative expense	-	(2,680)	2,680
Other changes	-	(80)	80
<b>Net Changes</b>	<b>263,098</b>	<b>475,851</b>	<b>(212,753)</b>
Balance at December 31, 2018	3,254,707	3,067,699	187,008
<b>Balance at December 31, 2019</b>	<b>\$ 3,517,805</b>	<b>\$ 3,543,550</b>	<b>\$ (25,745)</b>

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### Sensitivity of the NPL to Changes in the Discount Rate

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

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's Net Pension Liability/(Asset)	\$ 376,101	\$ (25,745)	\$ (366,926)

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

For the fiscal year ended December 31, 2020, the City recognized pension expense of \$85,879. At December 31, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual economic experience	\$ 39,602	\$ 30,015
Changes in actuarial assumptions	8,632	-
Net difference between projected and actual investment earnings	-	107,425
Contributions subsequent to the measurement date	71,535	-
<b>Total</b>	<b>\$ 119,769</b>	<b>\$ 137,440</b>

\$71,535 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending December 31, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Pension Expense</b>
2021	\$ (36,358)
2022	(15,108)
2023	15,677
2024	(53,417)
<b>Total</b>	<b>\$ (89,206)</b>

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### D. Other Postemployment Benefits

#### TMRS Supplemental Death Benefit

##### 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 TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

##### Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	8
<b>Total</b>	<b>11</b>

##### Total OPEB Liability

The City's total OPEB liability of \$26,860 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.



# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### Actuarial Assumptions and Other Inputs

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

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 1,205
Interest	829
Differences between expected and actual experiences	(446)
Changes of assumptions	3,739
Benefit payments*	(402)
<b>Net Changes</b>	4,925
Balance at December 31, 2018	21,935
<b>Balance at December 31, 2019</b>	<b>\$ 26,860</b>

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

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

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

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### 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:

	<b>1% Decrease in Discount Rate (1.75%)</b>	<b>Discount Rate (2.75%)</b>	<b>1% Increase in Discount Rate (3.75%)</b>
City's total OPEB liability	\$ 31,916	\$ 26,860	\$ 22,849

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$348.

The City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 3,726	\$ 796
Difference in expected and actual experience	-	6,336
Contributions subsequent to the measurement date	278	-
<b>Total</b>	<b>\$ 4,004</b>	<b>\$ 7,132</b>

\$278 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 total OPEB liability for the fiscal year ending December 31, 2021.

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

<b>Year Ended December 31</b>	<b>OPEB Expense Amount</b>
2021	(1,686)
2022	(1,960)
2023	(577)
2024	619
2025	198
<b>Total</b>	<b>\$ (3,406)</b>

### **E. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in

# **CITY OF BUNKER HILL VILLAGE, TEXAS**

## ***NOTES TO THE FINANCIAL STATEMENTS (Continued)***

**For the Year Ended December 31, 2020**

accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions. During the fiscal year, \$32,176 was contributed to the Plan. The Plan has an invested balance of \$121,519 as of December 31, 2020.

### **F. Agreement with Metro and Harris County**

On July 1, 1999, the City entered into a Congestion Mitigation/Traffic Management Agreement (the “Agreement”) with the Metropolitan Transit Authority of Harris County, Texas (Metro). As of December 31, 2020, Metro contributed \$134,000 to the City. Metro is to provide the City annual funding of \$134,000 for eligible transportation projects. In October 2019, the City approved Resolution 10-15-2019, supporting the Metronext Plan and extending the mobility payments through December 2040. This was contingent upon the Metro bond referendum passing, which passed in November 2019.

### **G. Interlocal Agreement for Water Conservation Credits**

In 1995, the City entered into an interlocal agreement (the “Agreement”) with the Harris-Galveston Coastal Subsidence District (the “District”) for the purpose of sponsoring the establishment of water conservation goals, guidelines, and plans to be used within the District. Under this Agreement, the District provides school curriculum kits and in-service training to teachers, as well as provides all support functions for the program to certain schools. The City pays the District \$34.50 for each student sponsored. The City receives a water conservation credit equal to 84,000 gallons of groundwater for each student sponsored. The City may hold, transfer, sell, or redeem the credits at any time. Groundwater credits earned through July 2001 have a lifespan of 40 years. Beginning with the 2001-2002 school year, the District issued a new series of groundwater certificates that will have a lifespan of 20 years and can only be applied to a maximum of 30 percent of a permittee’s total water demand.

### **H. Related Organizations and Joint Ventures**

#### Memorial Villages Police Department – Health Insurance Benefits

In November 2006, the City entered into an insurance agreement (the “Agreement”) by and between the Memorial Villages Police Department (the “Department”) and the City of Piney Point Village to collectively seek health and related ancillary benefits for each entity’s employees with the Department serving as the administrator. Under the terms of the Agreement, each party is responsible for the monthly premiums covering that entity’s employees.

#### Memorial Villages Water Authority

In July 1985, the City entered into a waste disposal agreement (the “Agreement”) with Memorial Villages Water Authority (the “Authority”). As part of this Agreement, the City paid 18.2 percent of the cost of construction for the wastewater treatment plant to the Authority.

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### Village Fire Department

The City has entered into an interlocal agreement (the “Agreement”) with the cities of Hunters Creek Village, Hedwig Village, Hilshire Village, Piney Point Village, and Spring Valley Village to create the Village Fire Department (VFD). The Agreement automatically renews for a period of five years unless terminated by at least one of the contracting cities. Under the terms of the Agreement, the City is liable for 19 percent of the VFD’s budget.

The VFD Agreement was amended in December 2019. Effective January 1, 2020, the City is no longer a participating member but considered a customer. As a customer, the City continues receiving fire protection and emergency services from the VFD. The City will remain responsible for 19% of the City assessments charged by the VFD. In addition, the City is to remain responsible for the 19% proportionate share of the VFD’s pension and employee post-retirement liabilities. Following the Agreement term, the City may become a participating member. The VFD reports a net position asset of \$117,325 and a total OPEB liability of \$168,209 as of their fiscal year ending December 31, 2020.

### Memorial Villages Police Department

The City has also entered into an interlocal agreement (the “Agreement”) with the cities of Piney Point Village and Hunters Creek Village to create the Memorial Villages Police Department (MVPD). Under the terms of the Agreement, the City is liable for 33 percent of the MVPD’s budget.

Consolidated financial information of the MVPD extracted from the its audited financial statements for the year ended December 31, 2019, on which their auditors expressed an unmodified opinion, is as follows:

	MVPD Total		City's Portion (33%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets and deferred outflows	\$ 2,808,594	\$ 633,480	\$ 926,836	\$ 209,048
Total liabilities and deferred inflows	4,198,055	408,603	1,385,358	134,839
<b>Total Participants' Equity</b>	<b>\$ (1,389,461)</b>	<b>\$ 224,877</b>	<b>\$ (458,522)</b>	<b>\$ 74,209</b>
	<b>Change in</b>	<b>Revenues and</b>	<b>Change in</b>	<b>Revenues and</b>
	<b>Net Position</b>	<b>Expenditures</b>	<b>Net Position</b>	<b>Expenditures</b>
Total revenues	\$ 5,216,661	\$ 5,216,661	\$ 1,721,498	\$ 1,721,498
Total expenditures/expenses	5,790,371	5,274,154	1,910,822	1,740,471
Revenues over expenditures/expenses	(573,710)	(57,493)	(189,324)	(18,973)
Beginning participants' equity	(815,751)	282,370	(269,198)	93,182
<b>Ending Participants' Equity</b>	<b>\$ (1,389,461)</b>	<b>\$ 224,877</b>	<b>\$ (458,522)</b>	<b>\$ 74,209</b>

# CITY OF BUNKER HILL VILLAGE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2020

### I. Restatement

The City split out the Solid Waste collections into it's own fund during the fiscal year. A restatement was needed in order to move that portion of net position to the correct fund.

	<u>Business-Type Funds</u>	
	<u>Water/ Wastewater</u>	<u>Solid Waste</u>
Prior year ending net position balance	\$ 10,891,370	\$ -
Balance reclassified to Solid Waste fund	(103,705)	103,705
<b>Beginning net position balance - restated</b>	<u><u>\$ 10,787,665</u></u>	<u><u>\$ 103,705</u></u>

### J. Subsequent Event

On March 23, 2021 the City issued series 2021 combination tax and revenue certificates of obligation (the "Certificates") in the amount of \$7,070,000. Proceeds from the sale of the certificates will be used for the construction and improvements to the City's water and drainage systems, including a new water well and transmission line, the construction of drainage and storm water detention improvements, the costs of professional services in connection therewith, and the costs of issuance of the certificates. The Certificates have an interest rate that ranges from 1.45% to 3.00%. The certificate for water matures on April 1, 2041. The certificate for drainage matures on April 1, 2031.

(This page intentionally left blank.)

***REQUIRED SUPPLEMENTARY INFORMATION***

(This page intentionally left blank.)



**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 5,204,082	\$ 5,187,414	\$ 5,187,414	\$ -
Sales taxes	160,000	202,178	202,178	-
Charges for services	15,000	15,984	15,984	-
Franchise fees and local taxes	310,000	246,369	246,368	(1)
Fines and forfeitures	112,660	76,857	76,854	(3)
Licenses and permits	304,000	371,924	371,923	(1)
Investment income	40,000	64,048	64,047	(1)
Intergovernmental	-	194,408	194,408	-
Other	79,000	188,541	188,539	(2)
<b>Total Revenues</b>	<u>6,224,742</u>	<u>6,547,723</u>	<u>6,547,715</u>	<u>(8)</u>
<b>Expenditures</b>				
General government	859,763	938,635	938,595	40
Public safety	3,224,827	3,339,731	3,339,731	-
Public works	334,500	408,387	408,385	2
<b>Total Expenditures</b>	<u>4,419,090</u>	<u>4,686,753</u>	<u>4,686,711</u>	<u>42</u>
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	<u>1,805,652</u>	<u>1,860,970</u>	<u>1,861,004</u>	<u>34</u>
<b>Other Financing (Uses)</b>				
Transfers in	-	412,028	412,027	(1)
Transfers (out)	(1,805,652)	(1,731,902)	(1,731,902)	-
<b>Total Other Financing (Uses)</b>	<u>(1,805,652)</u>	<u>(1,319,874)</u>	<u>(1,319,875)</u>	<u>(1)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 541,096</u>	<u>541,129</u>	<u>\$ 33</u>
Beginning fund balance			<u>2,992,863</u>	
		<b>Ending Fund Balance</b>	<u>\$ 3,533,992</u>	

Notes to Required Supplementary Information:

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

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended December 31, 2020**

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 96,882	\$ 101,270	\$ 102,034	\$ 104,237
Interest (on the total pension liability)	164,373	175,323	184,637	197,104
Difference between expected and actual experience	17,523	26,875	21,467	62,665
Changes in assumptions	-	51,452	-	-
Benefit payments, including refunds of employee contributions	(124,545)	(124,545)	(124,545)	(124,545)
<b>Net Change in Total Pension Liability</b>	<u>154,233</u>	<u>230,375</u>	<u>183,593</u>	<u>239,461</u>
Beginning total pension liability	<u>2,362,015</u>	<u>2,516,248</u>	<u>2,746,623</u>	<u>2,930,216</u>
<b>Ending Total Pension Liability</b>	<u><u>\$ 2,516,248</u></u>	<u><u>\$ 2,746,623</u></u>	<u><u>\$ 2,930,216</u></u>	<u><u>\$ 3,169,677</u></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 52,297	\$ 57,835	\$ 56,125	\$ 71,659
Contributions - employee	39,364	41,143	40,171	44,088
Net investment income	146,739	3,951	179,309	388,379
Benefit payments, including refunds of employee contributions	(124,545)	(124,545)	(124,545)	(124,545)
Administrative expense	(1,533)	(2,407)	(2,026)	(2,013)
Other	(126)	(119)	(109)	(102)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>112,196</u>	<u>(24,142)</u>	<u>148,925</u>	<u>377,466</u>
Beginning plan fiduciary net position	<u>2,565,939</u>	<u>2,678,135</u>	<u>2,653,993</u>	<u>2,802,918</u>
<b>Ending Plan Fiduciary Net Position</b>	<u><u>\$ 2,678,135</u></u>	<u><u>\$ 2,653,993</u></u>	<u><u>\$ 2,802,918</u></u>	<u><u>\$ 3,180,384</u></u>
<b>Net Pension Liability/(Asset)</b>	<u><u>\$ (161,887)</u></u>	<u><u>\$ 92,630</u></u>	<u><u>\$ 127,298</u></u>	<u><u>\$ (10,707)</u></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)</b>	106.43%	96.63%	95.66%	100.34%
<b>Covered Payroll</b>	\$ 562,339	\$ 587,753	\$ 573,870	\$ 629,828
<b>Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	-28.79%	15.76%	22.18%	-1.70%

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

**Measurement Year\***

<b>2018</b>		<b>2019</b>	
\$	107,199	\$	110,595
	213,174		219,295
	(105,053)		43,428
	-		12,170
	<u>(130,290)</u>		<u>(122,390)</u>
	85,030		263,098
	<u>3,169,677</u>		<u>3,254,707</u>
\$	<u>3,254,707</u>	\$	<u>3,517,805</u>

\$	69,773	\$	79,978
	45,015		46,862
	(95,245)		474,161
	(130,290)		(122,390)
	(1,841)		(2,680)
	<u>(97)</u>		<u>(80)</u>
	(112,685)		475,851
	<u>3,180,384</u>		<u>3,067,699</u>
\$	<u>3,067,699</u>	\$	<u>3,543,550</u>
\$	<u>187,008</u>	\$	<u>(25,745)</u>

94.25%                      100.73%

\$ 643,067                  \$ 669,464

29.08%                      -3.85%

# CITY OF BUNKER HILL VILLAGE, TEXAS

## SCHEDULE OF CONTRIBUTIONS TEXAS MUNICIPAL RETIREMENT SYSTEM For the Year Ended December 31, 2020

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 52,297	\$ 57,835	\$ 56,125	\$ 71,675
Contributions in relation to the actuarially determined contribution	52,297	57,835	56,125	71,675
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 562,337	\$ 587,754	\$ 573,874	\$ 629,832
Contributions as a percentage of covered payroll	9.30%	9.84%	9.78%	11.38%

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

### Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13 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.

3. Other Information:

There were no benefit changes during the year.

<b>Fiscal Year*</b>		
<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 69,773	\$ 78,352	\$ 70,754
<u>69,773</u>	<u>80,777</u>	<u>71,535</u>
<u>\$ -</u>	<u>\$ (2,425)</u>	<u>\$ (781)</u>
\$ 643,066	\$ 669,672	\$ 695,026
10.85%	12.06%	10.29%

(This page intentionally left blank.)

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SUPPLEMENTAL DEATH BENEFITS FUND (TMRS SDBF)**  
**For the Year Ended December 31, 2020**

	Measurement Year*		
	2017	2018	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 1,134	\$ 1,350	\$ 1,205
Interest (on the total OPEB liability)	1,079	1,082	829
Differences between expected and actual experience	-	(10,892)	(446)
Changes in assumptions	2,136	(1,452)	3,739
Benefit payments	(315)	(322)	(402)
<b>Net Change in Total OPEB Liability</b>	<u>4,034</u>	<u>(10,234)</u>	<u>4,925</u>
Beginning total OPEB liability	<u>28,135</u>	<u>32,169</u>	<u>21,935</u>
<b>Ending Total OPEB Liability</b>	<u><u>\$ 32,169</u></u>	<u><u>\$ 21,935</u></u>	<u><u>\$ 26,860</u></u>
<b>Covered Payroll</b>	\$ 629,828	\$ 643,067	\$ 669,464
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	5.11%	3.41%	4.01%

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

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

**Notes to Required Supplementary Information:**

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% 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.

Other Information:

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

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

There were no benefit changes during the year.

The only change of assumptions was the annual change in the municipal bond index rate. The discount rate used in the development of the total OPEB liability was 3.31% as of December 31, 2018 compared to 2.75% as of December 31, 2019.

(This page intentionally left blank.)



***COMBINING STATEMENTS AND SCHEDULES***

(This page intentionally left blank.)

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Year Ended December 31, 2020**

	<b>Original Budget</b>	<b>Budget as Amended</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Revenues</u></b>				
Property taxes	\$ 1,055,000	\$ 1,042,271	\$ 1,042,270	\$ (1)
<b>Total Revenues</b>	1,055,000	1,042,271	1,042,270	(1)
<b><u>Expenditures</u></b>				
<b>Debt Service:</b>				
Principal	940,000	940,000	940,000	-
Interest and fiscal charges	239,000	238,070	238,070	-
<b>Total Expenditures</b>	1,179,000	1,178,070	1,178,070	-
<b>(Deficit) Revenues (Under) Expenditures</b>	(124,000)	(135,799)	(135,800)	(1)
<b><u>Other Financing Sources (Uses)</u></b>				
Refunding bonds issued	-	5,225,000	5,225,000	-
Bond premiums	-	781,559	781,559	-
Payment to escrow agent	-	(5,912,063)	(5,912,063)	-
<b>Total Other Financing Sources</b>	-	94,496	94,496	-
<b>Net Change in Fund Balance</b>	\$ (124,000)	\$ (41,303)	(41,304)	\$ (1)
Beginning fund balance			330,905	
		<b>Ending Fund Balance</b>	\$ 289,601	

Notes to Required Supplementary Information:

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

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Special Revenue			Total Governmental Funds
	Metro	Restricted Court	Fuel Station	
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 507,569	\$ 25,923	\$ -	\$ 533,492
Inventories	-	-	4,340	4,340
Accounts receivable	-	-	15,555	15,555
<b>Total Assets</b>	<b>\$ 507,569</b>	<b>\$ 25,923</b>	<b>\$ 19,895</b>	<b>\$ 553,387</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 1,319	\$ 142	\$ 4,484	\$ 5,945
Due to other funds	-	-	15,411	15,411
<b>Total Liabilities</b>	<b>1,319</b>	<b>142</b>	<b>19,895</b>	<b>21,356</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	-	-	4,340	4,340
Restricted:				
Metro	506,250	-	-	506,250
Enabling legislation	-	25,781	-	25,781
Unassigned	-	-	(4,340)	(4,340)
<b>Total Fund Balances</b>	<b>506,250</b>	<b>25,781</b>	<b>-</b>	<b>532,031</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 507,569</b>	<b>\$ 25,923</b>	<b>\$ 19,895</b>	<b>\$ 553,387</b>

See Notes to Financial Statements.

(This page intentionally left blank.)

**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2020**

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>Metro</u>	<u>Restricted Court</u>	<u>Fuel Station</u>	
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ -	\$ 8,366	\$ -	\$ 8,366
Intergovernmental	134,000	-	-	134,000
Miscellaneous income	-	-	82,926	82,926
<b>Total Revenues</b>	<u>134,000</u>	<u>8,366</u>	<u>82,926</u>	<u>225,292</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	-	6,124	-	6,124
Public works	106,238	-	-	106,238
Miscellaneous	-	-	85,220	85,220
<b>Total Expenditures</b>	<u>106,238</u>	<u>6,124</u>	<u>85,220</u>	<u>197,582</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>27,762</u>	<u>2,242</u>	<u>(2,294)</u>	<u>27,710</u>
<b><u>Other Financing Sources</u></b>				
Transfer in	-	-	2,294	2,294
<b>Net Change in Fund Balances</b>	27,762	2,242	-	30,004
Beginning fund balances	478,488	23,539	-	502,027
<b>Ending Fund Balances</b>	<u>\$ 506,250</u>	<u>\$ 25,781</u>	<u>\$ -</u>	<u>\$ 532,031</u>

See Notes to Financial Statements.

(This page intentionally left blank.)



**CITY OF BUNKER HILL VILLAGE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**METRO FUND**

For the Year Ended December 31, 2020

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Revenues</u></b>				
Intergovernmental	\$ 134,000	\$ 134,000	\$ 134,000	\$ -
<b>Total Revenues</b>	134,000	134,000	134,000	-
<b><u>Expenditures</u></b>				
Public works	113,000	106,240	106,238	2
Capital outlay	15,000	-	-	-
<b>Total Expenditures</b>	128,000	106,240	106,238	2
<b>Excess of Revenues Over Expenditures</b>	6,000	27,760	27,762	2
<b>Net Change in Fund Balance</b>	\$ 6,000	\$ 27,760	27,762	\$ 2
Beginning fund balance			478,488	
		<b>Ending Fund Balance</b>	\$ 506,250	

Notes to Required Supplementary Information:

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

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES

### IN NET POSITION - BUDGET AND ACTUAL

#### WATER/WASTEWATER FUND (BUDGETARY BASIS)

For the Year Ended December 31, 2020

	Original Budget	Budget as Amended	Actual	Variance Positive (Negative)
<b><u>Operating Revenues</u></b>				
Water service	\$ 2,094,525	\$ 2,395,721	\$ 2,395,720	\$ (1)
Waste water service	705,780	738,963	738,963	-
Other/reserves	20,000	9,907	9,906	(1)
<b>Total Operating Revenues</b>	2,820,305	3,144,591	3,144,589	(2)
<b><u>Operating Expenses</u></b>				
Water and wastewater	2,066,666	2,089,014	2,089,014	-
Depreciation	-	365,734	365,734	-
<b>Total Operating Expenses</b>	2,066,666	2,454,748	2,454,748	-
<b>Operating Income (Loss)</b>	753,639	689,843	689,841	(2)
<b><u>Contributions and Transfers</u></b>				
(Loss) on sale of capital assets	-	(394,439)	(394,439)	-
Capital contributions	-	135,000	135,000	-
Transfers in	-	30,000	30,000	-
Transfers (out)	(753,639)	(414,321)	(414,321)	-
<b>Net Change in Net Position</b>	\$ -	\$ 46,083	46,081	\$ (2)
Beginning net position			10,787,665	
		<b>Ending Net Position</b>	\$ 10,833,746	

(This page intentionally left blank.)

# CITY OF BUNKER HILL VILLAGE, TEXAS

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES

### IN NET POSITION - BUDGET AND ACTUAL

#### SOLID WASTE FUND (BUDGETARY BASIS)

For the Year Ended December 31, 2020

	Original Budget	Budget as Amended	Actual	Variance Positive (Negative)
<b><u>Operating Revenues</u></b>				
Solid waste service	\$ 506,760	\$ 472,908	\$ 472,907	\$ (1)
<b>Total Operating Revenues</b>	506,760	472,908	472,907	(1)
<b><u>Operating Expenses</u></b>				
Sanitation	463,500	378,936	378,935	1
<b>Total Operating Expenses</b>	463,500	378,936	378,935	1
<b>Operating Income (Loss)</b>	43,260	93,972	93,972	-
<b><u>Contributions and Transfers</u></b>				
Transfers (out)	(30,000)	(30,000)	(30,000)	-
<b>Net Change in Net Position</b>	\$ 13,260	\$ 63,972	63,972	\$ -
Beginning net position			103,705	
		<b>Ending Net Position</b>	\$ 167,677	

(This page intentionally left blank.)