

# CITY OF HILL COUNTRY VILLAGE, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2021

**abip**

CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



# CITY OF HILL COUNTRY VILLAGE, TEXAS

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**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**CITY OFFICIALS**

**Year ended September 30, 2021**

MAYOR

GABRIEL DURAND-HOLLIS

CITY COUNCIL:

PLACE 1

CARL REGISTER

PLACE 2

MATTHEW ACOCK

PLACE 3

THOMAS DOYLE

PLACE 4

NEAL LEONARD

MAYOR PRO TEMPORE/PLACE 5

ALLISON FRANCIS



## **FINANCIAL SECTION**



**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hill Country Village, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

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

**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 auditor's 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 entity'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 entity'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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hill Country Village, Texas, as of September 30, 2021 and the respective changes in financial position 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, and Texas Municipal Retirement System Net Pension Liability and Other Postemployment Benefits Liability required schedules on pages 3 through 9, pages 45-46, and pages 47-49, respectively, 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 of Hill Country Village, Texas's basic financial statements. The combining and individual non-major fund financial statements and schedules and additional information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

ABIP, PC

San Antonio, Texas  
March 17, 2022

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2021**

This section of the City of Hill Country Village, Texas, (City) annual audit is a discussion and analysis of the City's financial activities for the fiscal year ending September 30, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the accompanying basic financial statements.

This discussion and analysis is designed to:

- assist the reader in focusing on significant financial issues,
- provide an overview of the City's financial activity,
- identify changes in the City's financial position (its ability to address the next and subsequent year challenges),
- identify any material deviations from the financial plan (approved budget), and
- identify individual fund issues or concerns.

**FINANCIAL HIGHLIGHTS**

The City's net position is \$5,912,435 for the fiscal year reported. This compares to the previous year's net position of \$5,888,018.

1. Net investment in capital assets of \$2,896,487 are capital assets net of related debt and include all property and equipment, net of accumulated depreciation.
2. Net position of \$175,183 is restricted by constraints imposed by internal and external sources such as grantors, laws, and regulations.
3. Unrestricted net position of \$2,840,765 represents the portion available to maintain the City's ongoing obligations to citizens and creditors.

The City's governmental funds reported combined ending fund balances of \$10,458,630, an increase of \$7,744,971 over the September 30, 2020 fund balance of \$2,713,659.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,521,507 or 90% of the total general fund expenditures.

The City issued General Obligation Bonds, Series 2020 in the amount of \$7,785,000 during the fiscal year. These proceeds will fund on-going street, curb, and drainage improvements throughout the City.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts:

- Management's discussion and analysis,
- The basic financial statements,
- Required supplementary information, and
- Additional section that presents combining statements for non-major governmental funds.

The basic financial statements, as represented by figure A-1 below, include two types of statements that present different views of the City, government-wide financial statements and fund financial statements.

### Government-Wide Financial Statements

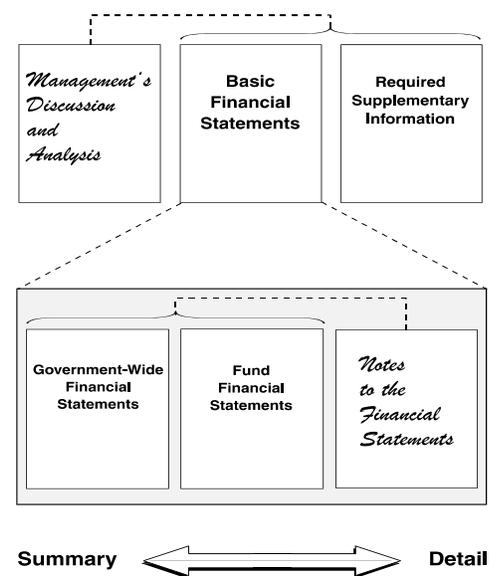
These statements provide both long-term and short-term information about the City’s overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these two government-wide statements is the **statement of net position**. This is the City-wide statement of financial position presenting information that includes all of the government’s assets and liabilities, with the difference between the two reported as net position.

The second government-wide statement is the **statement of activities**, which reports how the City’s net position changed during the current fiscal year. All of the current year’s revenue and expenses are accounted for in this statement regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and inter-governmental revenues (governmental activities) from the City’s component unit. The governmental activities of the City of Hill Country Village include public safety, public works and general and administrative services. The government-wide financial statements can be found on pages 13 and 14 of this report.

Figure A-1, Required Components of the City’s Annual Financial Report



### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hill Country Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Hill Country Village are considered governmental funds.

Governmental funds are reported in the fund financial statements and contain essentially the same functions as governmental activities in the government-wide financial statements. These statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the schedules immediately following the governmental funds statements that explain the relationship or differences between them. The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

### Notes to the Financial Statements

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 38 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules for the general fund, road maintenance fund and grants special revenue fund. These schedules demonstrate compliance with the City's adopted and final amended budgets, and can be found on pages 41 through 44 of this report. In addition, trend information for the TMRS pension and OPEB are presented as required supplementary information.

Combining statements of the City's non-major governmental funds and their related schedules of budgetary activity are presented immediately following the required supplementary information. Combining and individual fund statements and budget schedules can be found on pages 53 through 68 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position at fiscal year end is \$5,991,327. This is a \$24,543 increase over last year's net position of \$5,966,784. The following table provides a summary of the City's net position at September 30:

**Table 1 – Summary of Net Position**

	Governmental Activities		Component Unit (EDC)		Total		Amount Change	% Change
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020		
<b>Assets</b>								
Current and other assets	\$ 10,972,873	\$ 3,171,100	\$ 78,892	\$ 78,766	\$ 11,051,765	\$ 3,249,866	\$ 7,801,899	240.07
Noncurrent assets	3,855,734	3,113,166	-	-	3,855,734	3,113,166	742,568	23.85
Total assets	14,828,607	6,284,266	78,892	78,766	14,907,499	6,363,032	8,544,467	134.28
<b>Deferred outflows of resources</b>								
resources - TMRS	33,685	34,619	-	-	33,685	34,619	(934)	-2.70
resources - OPEB	15,334	10,043	-	-	15,334	10,043	5,291	52.68
Total deferred outflows of resources	49,019	44,662	-	-	49,019	44,662	4,357	9.76
<b>Liabilities</b>								
Current liabilities	697,049	265,012	-	-	697,049	265,012	432,037	163.03
Noncurrent liabilities	8,180,012	96,202	-	-	8,180,012	96,202	8,083,810	8,402.95
Total liabilities	8,877,061	361,214	-	-	8,877,061	361,214	8,515,847	2,357.56
<b>Deferred inflows of resources</b>								
resources - TMRS	85,155	76,966	-	-	85,155	76,966	8,189	10.64
resources - OPEB	2,975	2,730	-	-	2,975	2,730	245	8.97
Total deferred inflows of resources	88,130	79,696	-	-	88,130	79,696	8,434	10.58
<b>Net position</b>								
Net investment in capital assets	2,896,487	2,995,048	-	-	2,896,487	2,995,048	(98,561)	-3.29
Restricted	175,183	160,617	-	-	175,183	160,617	14,566	9.07
Unassigned	2,840,765	2,732,353	78,892	78,766	2,919,657	2,811,119	108,538	3.86
Total net position	\$ 5,912,435	\$ 5,888,018	\$ 78,892	\$ 78,766	\$ 5,991,327	\$ 5,966,784	\$ 24,543	0.41

At the end of the current fiscal year, the City of Hill Country Village is able to report positive balances in net position for the government activities and for its component unit (Hill Country Village Economic Development Corporation's) activities.

A large portion of the City’s net position is restricted as to the purpose they can be used for or are invested in capital assets (land, buildings, streets, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. There are four basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

1. Net results of activities will impact (increase/decrease) current assets and unrestricted net position.
2. Spending of non-borrowed current assets on new capital will reduce current assets, increase capital assets, reduce unrestricted net position, and increase net investment in capital assets.
3. Principal payment on debt will reduce current assets, reduce long-term debt, reduce unrestricted net position, and increase net investment in capital assets.
4. Reduction of capital assets through depreciation will reduce capital assets and net investment in capital assets.

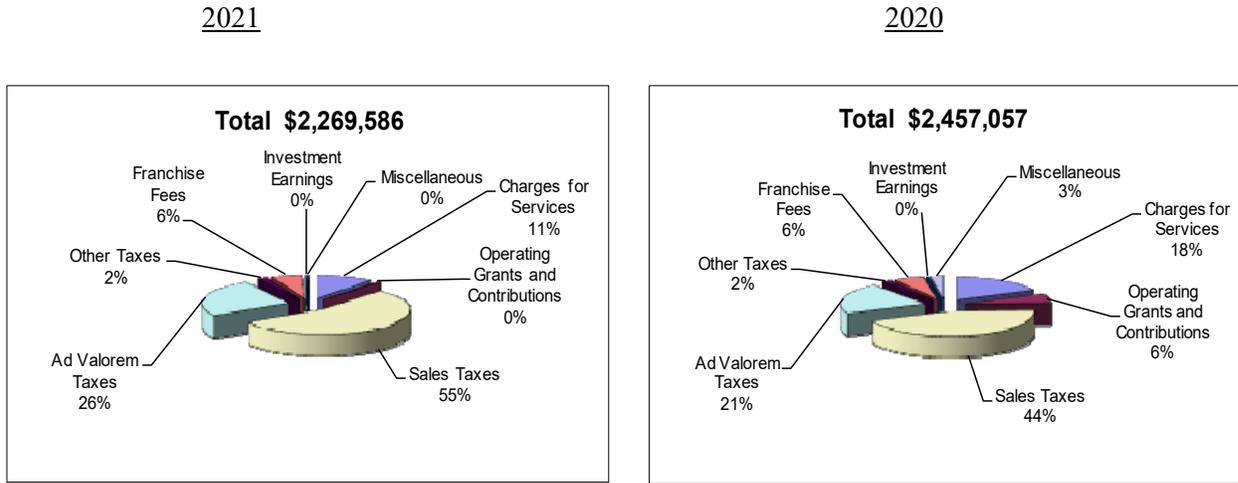
The City had a combined decrease in governmental revenues of (\$293,911) or (11.46%), and combined expenses increased a total of \$143,326 or 6.82%. The following provides a summary of the City’s changes in net position for the year ended September 30:

**Table 2 - Summary of Changes in Net Position**

	Governmental Activities		Component Unit (EDC)		Total		Amount Change	% Change
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020		
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 246,997	\$ 442,049	\$ -	\$ -	\$ 246,997	\$ 442,049	\$ (195,052)	-44.12 %
Operating grants and contributions	11,226	158,482	-	5,000	11,226	163,482	(152,256)	-93.13
Taxes:								
Sales	1,246,839	1,080,462	-	101,453	1,246,839	1,181,915	64,924	5.49
Ad valorem	579,862	520,219	-	-	579,862	520,219	59,643	11.46
Venue tax	29,727	31,680	-	-	29,727	31,680	(1,953)	-6.16
Liquor tax	12,342	11,068	-	-	12,342	11,068	1,274	11.51
Franchise fees	130,164	140,204	-	-	130,164	140,204	(10,040)	7.16
Investment earnings	8,345	11,051	126	113	8,471	11,164	(2,693)	-24.12
Miscellaneous	4,253	61,842	-	-	4,253	61,842	(57,589)	-93.12
Loss on disposals	(169)	-	-	-	(169)	-	(169)	0.00
Total revenues	<u>2,269,586</u>	<u>2,457,057</u>	<u>126</u>	<u>106,566</u>	<u>2,269,712</u>	<u>2,563,623</u>	<u>(293,911)</u>	-11.46
<b>Expenses:</b>								
General government	425,138	425,497	-	-	425,138	425,497	(359)	-0.08
Fire department services	265,000	265,000	-	-	265,000	265,000	-	0.00
Public works	172,916	214,521	-	-	172,916	214,521	(41,605)	-19.39
Police department	1,024,759	1,040,296	-	-	1,024,759	1,040,296	(15,537)	-1.49
Interest and other fees	357,356	514	-	-	357,356	514	356,842	69,424.51
Component unit	-	-	-	156,015	-	156,015	(156,015)	-100.00
Total expenses	<u>2,245,169</u>	<u>1,945,828</u>	<u>-</u>	<u>156,015</u>	<u>2,245,169</u>	<u>2,101,843</u>	<u>143,326</u>	6.82
Change in net position	24,417	511,229	126	(49,449)	24,543	461,780	(437,237)	-94.69
Beginning net position	<u>5,888,018</u>	<u>5,376,789</u>	<u>78,766</u>	<u>128,215</u>	<u>5,966,784</u>	<u>5,505,004</u>	<u>461,780</u>	8.39
Ending net position	<u>\$ 5,912,435</u>	<u>\$ 5,888,018</u>	<u>\$ 78,892</u>	<u>\$ 78,766</u>	<u>\$ 5,991,327</u>	<u>\$ 5,966,784</u>	<u>\$ 24,543</u>	0.41

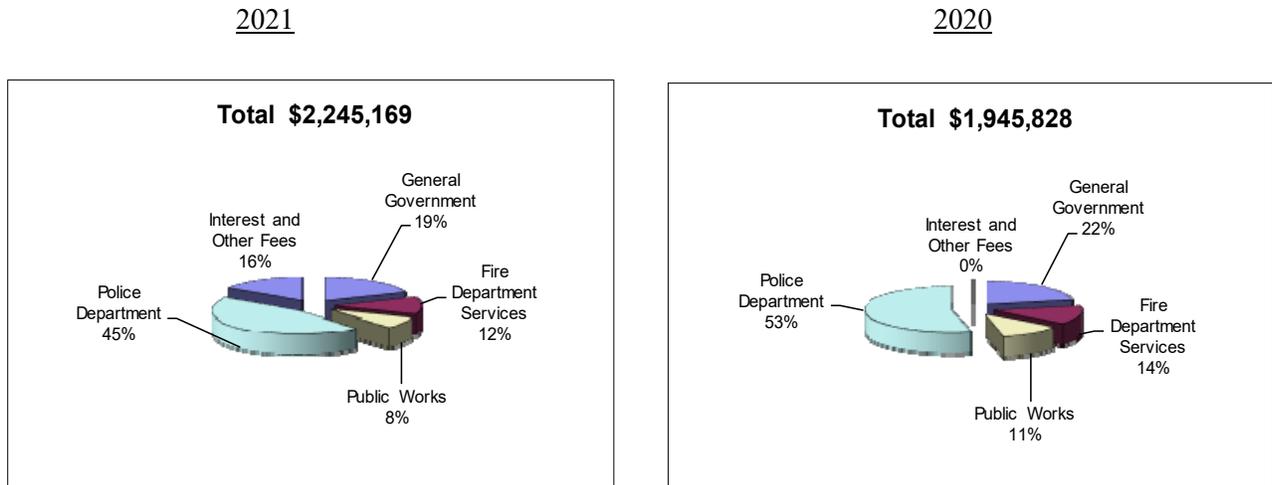
Graphic presentations of selected data from the summary table above follow to assist in the analysis of the City's activities for fiscal years 2021 and 2020.

### Governmental Revenues



As shown in the summary data on the previous page, the City is heavily reliant on various taxes and franchise fees to support governmental operations. Taxes accounted for 82% and 67% of the City's total governmental revenues in fiscal years 2021 and 2020, respectively. The majority of franchise fees are received from CPS Energy, Time Warner Cable/Spectrum, and AT&T.

### Governmental Functional Expenses



The largest portion of the City's expenses continues to be for public safety.

### FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2021, the City's governmental funds reported combined fund balances of \$10,458,630. Of this year end total, approximately \$1,521,507 is unassigned, indicating availability for continuing City service requirements. Restricted fund balance is \$7,787,258 and is restricted for special revenue funds such as court security and court technology, for the use of Public Education Grant receipts, debt service and capital project funds. Committed fund balances include: \$1,026,837 for road maintenance and \$123,028 committed to the replacement of vehicles.

The total ending fund balance of governmental funds shows an increase of \$7,744,971 over last year's combined fund balance of \$2,713,659. This increase is primarily the result of unspent bond proceeds for drainage projects in the capital projects fund.

### Major Governmental Funds

The general fund is the City's primary operating fund. This fund is primarily funded through sales tax and ad valorem (property) tax. Other notable revenue sources include user fees (permit fees, court fees, sewer use fees, and franchise fees) and interest income. The general fund supports police, fire, ambulance, municipal court, finance, administrative support for the City Council and its boards and commissions, as well as building and health inspections.

The road maintenance fund is funded by sales taxes and ad valorem taxes which are then used to repair and reconstruct existing roads within the City's limits.

The capital projects fund is funded by the issuance of the General Obligations Bonds, Series 2020 for the acquisition and construction of major capital improvements.

The grants fund is funded by proceeds from various grant programs the City has been awarded to be used strictly for purposes outlined in the grants.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City of Hill Country Village's investment in capital assets for its governmental type activities as of September 30, 2021, totaled \$3,694,673, net of accumulated depreciation. Investments in capital assets include land, buildings, machinery and equipment, streets and signs, and automobiles.

**Table 3—Capital Assets, Net of Accumulated Depreciation**

	Fiscal Year		Amount Change	% Change
	2020-2021	2019-2020		
Land	\$ 829,875	\$ 829,875	\$ -	0.00 %
Construction in progress	1,506,044	614,087	891,957	59.23
Streets	1,247,153	1,382,803	(135,650)	-10.88
Signs	899	2,660	(1,761)	-195.88
Buildings	22,054	27,568	(5,514)	-25.00
Automobiles	59,453	99,648	(40,195)	-67.61
Machinery and equipment	29,195	38,407	(9,212)	-31.55
Totals	<u>\$ 3,694,673</u>	<u>\$ 2,995,048</u>	<u>\$ 699,625</u>	18.94

During the fiscal year 2020-2021 the City's capital asset carrying value increased a net amount of \$699,625. This amount includes depreciation expense of \$192,163, additional costs for road improvements of \$891,957, and the disposals of equipment of \$29,287. See note 4 for more information.

**Long-Term Debt**

The City of Hill Country Village issues bonds to fund needed capital improvement projects such as road construction and rehabilitation projects. These projects are budgeted in the capital projects fund. The budgeted amounts in the debt service fund reflect the actual principal and interest payments on all outstanding debt. The outstanding principal and interest payments scheduled to be paid out through fiscal year ended September 30, 2040. See note 6 for more information.

**Table 4—Long-Term Debt Outstanding**

	Fiscal Year		Amount Change	% Change
	2020-2021	2019-2020		
General obligation bonds - principal	\$ 7,540,000	\$ -	\$ 7,540,000	(100.00) %
General obligation bonds - interest	<u>2,485,850</u>	<u>-</u>	<u>2,485,850</u>	(100.00)
Totals	<u>\$ 10,025,850</u>	<u>\$ -</u>	<u>\$ 10,025,850</u>	(100.00)

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

As in years past, the City set money aside in the vehicle replacement fund for the future purchase of police vehicles. For fiscal year 2016 and forward, the citizens of the City of Hill Country Village approved an increase of \$0.05 in property taxes to be maintained in the road maintenance fund to be committed to future capital projects. For fiscal year 2022, the City budgeted general fund revenues of \$1,814,498 or an 5.34% increase from fiscal year 2021 budget. Additionally, for fiscal year 2022, the City budgeted general fund expenditures of \$1,802,261 or an increase of 4.82% from fiscal year 2021 budget.

**REQUESTS FOR INFORMATION**

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact City Officials at the City Offices located at 116 Aspen Lane, San Antonio, Texas 78232, (210) 494-3671.



## **BASIC FINANCIAL STATEMENTS**



**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**STATEMENT OF NET POSITION**

**September 30, 2021**

	Governmental Activities	Component Unit	Total Reporting Entity
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 10,717,582	\$ 78,892	\$ 10,796,474
Receivables:			
Taxes, net	6,878	-	6,878
Accounts and other	248,413	-	248,413
Total current assets	<u>10,972,873</u>	<u>78,892</u>	<u>11,051,765</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land	829,875	-	829,875
Construction in progress	1,506,044	-	1,506,044
Streets	3,307,142	-	3,307,142
Signs	17,952	-	17,952
Improvements other than buildings	32,617	-	32,617
Buildings	220,553	-	220,553
Automobiles	203,278	-	203,278
Software	35,449	-	35,449
Machinery and equipment	94,343	-	94,343
Accumulated depreciation	(2,552,580)	-	(2,552,580)
Net pension asset - TMRS	161,061	-	161,061
Total noncurrent assets	<u>3,855,734</u>	<u>-</u>	<u>3,855,734</u>
Total assets	<u>14,828,607</u>	<u>78,892</u>	<u>14,907,499</u>
<b>Deferred outflows of resources:</b>			
Deferred outflows of resources - TMRS pension	33,685	-	33,685
Deferred outflows of resources - TMRS OPEB	15,334	-	15,334
Total deferred outflows of resources	<u>49,019</u>	<u>-</u>	<u>49,019</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	158,557	-	158,557
Accrued salaries and benefits	26,355	-	26,355
Compensated absences	63,878	-	63,878
Deferred revenues	138,017	-	138,017
Current portion of long-term debt	275,000	-	275,000
Accrued interest payable	35,242	-	35,242
Total current liabilities	<u>697,049</u>	<u>-</u>	<u>697,049</u>
<b>Noncurrent liabilities:</b>			
Due in more than one year	8,135,261	-	8,135,261
Total OPEB liability - TMRS	44,751	-	44,751
Total noncurrent liabilities	<u>8,180,012</u>	<u>-</u>	<u>8,180,012</u>
Total liabilities	<u>8,877,061</u>	<u>-</u>	<u>8,877,061</u>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources - TMRS pension	85,155	-	85,155
Deferred inflows of resources - TMRS OPEB	2,975	-	2,975
Total deferred inflows of resources	<u>88,130</u>	<u>-</u>	<u>88,130</u>
<b>Net position:</b>			
Net investment in capital assets	2,896,487	-	2,896,487
Restricted for:			
Public education grants	17,105	-	17,105
Special revenue	143,028	-	143,028
Grant funds	8,030	-	8,030
Debt service	7,020	-	7,020
Unrestricted	2,840,765	78,892	2,919,657
Total net position	<u>5,912,435</u>	<u>78,892</u>	<u>5,991,327</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,877,626</u>	<u>\$ 78,892</u>	<u>\$ 14,956,518</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**STATEMENT OF ACTIVITIES**

**September 30, 2021**

Functions / Programs	Expenses	Program Revenues		Primary Government		Total Reporting Entity
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Component Unit - EDC	
<b>Primary Government:</b>						
General government	\$ 425,138	\$ 155,952	\$ 11,226	\$ (257,960)	\$ -	\$ (257,960)
Fire department services	265,000	-	-	(265,000)	-	(265,000)
Public works	172,916	-	-	(172,916)	-	(172,916)
Police department	1,024,759	91,045	-	(933,714)	-	(933,714)
Interest and other fees	<u>357,356</u>	<u>-</u>	<u>-</u>	<u>(357,356)</u>	<u>-</u>	<u>(357,356)</u>
Total primary government	<u>\$ 2,245,169</u>	<u>\$ 246,997</u>	<u>\$ 11,226</u>	<u>(1,986,946)</u>	<u>-</u>	<u>(1,986,946)</u>
Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>-</u>	<u>-</u>
<b>General Revenues:</b>						
Taxes:						
Sales				1,246,839	-	1,246,839
Ad valorem				579,862	-	579,862
Venue tax				29,727	-	29,727
Liquor tax				12,342	-	12,342
Franchise fees				130,164	-	130,164
Investment earnings				8,345	126	8,471
Miscellaneous				4,253	-	4,253
Loss on disposal				<u>(169)</u>	<u>-</u>	<u>(169)</u>
Total general revenues				<u>2,011,363</u>	<u>126</u>	<u>2,011,489</u>
Change in net position				24,417	126	24,543
Net position - beginning				<u>5,888,018</u>	<u>78,766</u>	<u>5,966,784</u>
Net position - ending				<u>\$ 5,912,435</u>	<u>\$ 78,892</u>	<u>\$ 5,991,327</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**September 30, 2021**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Road Maintenance	Capital Projects	Grant Fund		
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,602,149	\$ 1,151,690	\$ 7,546,473	\$ 146,677	\$ 270,593	\$ 10,717,582
<b>Receivables:</b>						
Taxes, net	4,506	2,372	-	-	-	6,878
Accounts and other	245,930	-	-	-	2,483	248,413
Due from other funds	-	23,158	148,011	-	-	171,169
<b>Total assets</b>	<b>\$ 1,852,585</b>	<b>\$ 1,177,220</b>	<b>\$ 7,694,484</b>	<b>\$ 146,677</b>	<b>\$ 273,076</b>	<b>\$ 11,144,042</b>
<b>Liabilities:</b>						
Accounts payable	\$ 75,518	\$ -	\$ 82,409	\$ 630	\$ -	\$ 158,557
Accrued salaries and benefits	26,355	-	-	-	-	26,355
Compensated absences	63,878	-	-	-	-	63,878
Deferred revenue	-	-	-	138,017	-	138,017
Due to other funds	23,158	148,011	-	-	-	171,169
<b>Total liabilities</b>	<b>188,909</b>	<b>148,011</b>	<b>82,409</b>	<b>138,647</b>	<b>-</b>	<b>557,976</b>
<b>Deferred inflows of resources:</b>						
Unearned revenue - taxes	4,506	2,372	-	-	-	6,878
Unearned revenue - warrants	120,558	-	-	-	-	120,558
<b>Total deferred inflows of resources</b>	<b>125,064</b>	<b>2,372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,436</b>
<b>Fund balances:</b>						
<b>Restricted for:</b>						
Public education grants	17,105	-	-	-	-	17,105
Special revenue	-	-	-	-	143,028	143,028
Grants fund	-	-	-	8,030	-	8,030
Debt service	-	-	-	-	7,020	7,020
Capital projects	-	-	7,612,075	-	-	7,612,075
<b>Committed for:</b>						
Capital projects	-	1,026,837	-	-	-	1,026,837
Vehicle replacement	-	-	-	-	123,028	123,028
<b>Unassigned:</b>						
General fund	1,521,507	-	-	-	-	1,521,507
<b>Total fund balances</b>	<b>1,538,612</b>	<b>1,026,837</b>	<b>7,612,075</b>	<b>8,030</b>	<b>273,076</b>	<b>10,458,630</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,852,585</b>	<b>\$ 1,177,220</b>	<b>\$ 7,694,484</b>	<b>\$ 146,677</b>	<b>\$ 273,076</b>	<b>\$ 11,144,042</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**RECONCILIATION OF BALANCE SHEET**  
**GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION**

**September 30, 2021**

Total fund balances - governmental funds	\$	10,458,630
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		3,694,673
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.		127,436
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	\$ (7,540,000)	
Bonds premium	(870,261)	
Accrued interest payable	<u>(35,242)</u>	(8,445,503)

Recognition of the City's net pension liability required by GASB 68 and the changes in deferred outflows and inflows of resources related to the TMRS pension asset:

Net pension asset	161,061	
Deferred inflow of resources - TMRS pension	(85,155)	
Deferred outflows of resources - TMRS pension	<u>33,685</u>	109,591

Recognition of the City's total OPEB liability required by GASB 75 and the changes in deferred outflows and inflows of resources related to the TMRS OPEB liability:

OPEB liability	(44,751)	
Deferred inflow of resources - TMRS OPEB	(2,975)	
Deferred outflows of resources - TMRS OPEB	<u>15,334</u>	<u>(32,392)</u>

Total net position - governmental activities	\$	<u><u>5,912,435</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS**

**Year ended September 30, 2021**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Road Maintenance	Capital Projects Fund	Grants Fund		
<b>Revenue:</b>						
<b>Taxes:</b>						
Sales taxes	\$ 935,129	\$ 311,710	\$ -	\$ -	\$ -	\$ 1,246,839
Ad valorem taxes	385,176	192,656	-	-	-	577,832
Venue tax	-	-	-	-	29,727	29,727
Liquor tax	12,342	-	-	-	-	12,342
Franchise fees	130,164	-	-	-	-	130,164
Municipal court revenues	89,501	-	-	-	6,745	96,246
Sewer service revenues	60,288	-	-	-	-	60,288
Licenses and permits	93,414	-	-	-	2,250	95,664
Grants and contributions	8,801	-	-	2,425	-	11,226
Interest	2,157	1,730	4,032	15	411	8,345
Other	4,253	-	-	-	-	4,253
<b>Total revenue</b>	<b>1,721,225</b>	<b>506,096</b>	<b>4,032</b>	<b>2,440</b>	<b>39,133</b>	<b>2,272,926</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General and administrative	378,447	-	-	1,563	-	380,010
Fire department services	235,000	-	-	-	30,000	265,000
Public works	79,594	-	-	-	-	79,594
Police department	995,392	-	-	-	4,149	999,541
Capital outlay	-	-	891,957	-	-	891,957
<b>Debt service:</b>						
Principal	-	-	-	-	245,000	245,000
Interest	-	-	-	-	166,853	166,853
Bond issue costs	-	-	201,064	-	-	201,064
<b>Total expenditures</b>	<b>1,688,433</b>	<b>-</b>	<b>1,093,021</b>	<b>1,563</b>	<b>446,002</b>	<b>3,229,019</b>
Excess (deficiency) of revenue over (under) expenditures	32,792	506,096	(1,088,989)	877	(406,869)	(956,093)
<b>Other financing sources (uses):</b>						
Bond proceeds	-	-	7,785,000	-	-	7,785,000
Bond premium	-	-	916,064	-	-	916,064
Transfers in	-	-	-	-	433,824	433,824
Transfers out	(15,000)	(418,824)	-	-	-	(433,824)
<b>Total other financing sources (uses)</b>	<b>(15,000)</b>	<b>(418,824)</b>	<b>8,701,064</b>	<b>-</b>	<b>433,824</b>	<b>8,701,064</b>
Net change in fund balances	17,792	87,272	7,612,075	877	26,955	7,744,971
Fund balances - beginning	1,520,820	939,565	-	7,153	246,121	2,713,659
Fund balances - ending	\$ 1,538,612	\$ 1,026,837	\$ 7,612,075	\$ 8,030	\$ 273,076	\$ 10,458,630

The accompanying notes are an integral part of these financial statements.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**RECONCILIATION OF CHANGE IN FUND BALANCES –  
GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION –  
GOVERNMENTAL ACTIVITIES**

**September 30, 2021**

Net change in fund balances - total governmental funds \$ 7,744,971

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

Governmental funds report capital outlays as expenditures (\$891,957).

However, in the statement of activities the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense (\$192,163) as  
well as the disposals of assets with remaining costs (\$169). This is the amount  
by which capital outlay exceeded depreciation expense in the current period.

699,625

Revenues in the statement of activities that do not provide current  
financial resources and are not reported as deferred inflows  
of resources in the funds.

(3,171)

The change in net pension liability and deferred inflows and outflows  
related to the City's TMRS pension liability.

33,820

The change in the OPEB liability and deferred inflows and outflows  
related to the City's TMRS OPEB asset.

(5,325)

Repayment of bond principal is an expenditure in the funds but  
is not an expense in the statement of activities.

245,000

Certain long-term liabilities are accrued at the government-wide level but  
not at the fund level. This is the current year change in those liabilities,  
reported as expense in the statement of activities.

10,561

Bond proceeds provide current financial resources to governmental funds.  
Repayment of bond principal is an expenditure in the governmental  
funds but the repayment reduces long-term liabilities in the statement  
of net position.

Bond proceeds \$ (7,785,000)

Bond premiums (916,064)

(8,701,064)

Change in net position of governmental activities

\$ 24,417

The accompanying notes are an integral part of these financial statements.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(1) Summary of significant accounting policies

Reporting entity

The City of Hill Country Village is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its discretely presented component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely presented component unit – The component unit column in the government-wide financial statements includes the financial data of the non-major component unit of the City of Hill Country Village, Texas. The component unit is presented as a governmental fund type. Following is a summary of the component unit:

Economic Development Corporation – The Corporation was organized for the purpose of promoting economic development in order to eliminate unemployment and underemployment and to promote and encourage employment and public welfare of, for, and on behalf of the City. The Board of Directors consists of five (5) members appointed by the city council.

Complete financial statements of the component unit may be obtained at City Hall located at 116 Aspen Lane, San Antonio, Texas 78232.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges of customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

Property and sales taxes, utility franchises, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The road maintenance fund is funded solely by sales taxes which are then used to repair and reconstruct existing roads within the City's limits.

The capital projects fund is funded by the issuance of the General Obligations Bonds, Series 2020 for the acquisition and construction of major capital improvements.

The grants fund is funded by proceeds from various grant programs the City has been awarded to be used strictly for purposes outlined in the grants.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the City's general government function 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.

Amounts reported as program revenues include 1) charges to customers or applications for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, investment earnings and all other revenues that can't be attributed to a specific functional expense.

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

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(1) Summary of significant accounting policies (continued)

Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and deposits in local government investment pools.

The City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas of the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date.

Most of the investments for the City are stated at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City also invests funds in pooled investments which are valued at net asset value (NAV) per share or its equivalent. The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(1) Summary of significant accounting policies (continued)

Receivables and payables

Activities between the funds that are representative of interfund loans outstanding at the end of the fiscal year are referred to as due to/from other funds.

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based upon experience and historical trends.

Property taxes for the City are levied each October 1 on the taxable value as of the preceding January 1, the date a lien attaches, for all taxable real and personal property located in the City. Taxes are due by January 31 following the October 1 assessment date and become delinquent on February 1, at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date; therefore, the City did not record a receivable for accrual of future taxes at year end.

Taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Tax revenues are recognized as they become available. Accordingly, an amount equal to taxes not yet available has been reported as deferred inflows of resources at the governmental fund level.

Capital assets

Capital assets, which include land, buildings and improvements, machinery, equipment, vehicles, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets are valued at their estimated acquisition value at the date of donation.

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.

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction will not be capitalized in the governmental activities on the government-wide financial statements.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Machinery, equipment, and vehicles	2 - 20
Infrastructure	15 - 30

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(1) Summary of significant accounting policies (continued)

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused paid time off, holiday, and compensatory time benefits. Paid time off, holiday, and compensatory time are accrued when incurred in the government-wide financial statements.

Deferred outflows/inflows of resources

Pensions

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

Other postemployment benefits

The other postemployment benefit liability of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Plan (SDBF) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the other postemployment benefit (OPEB) liability and deferred outflows of resources related to the other postemployment benefits, OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

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 (expenditure) until then

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 then

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as a liability.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(1) Summary of significant accounting policies (continued)

Fund balance

The City has implemented GASB Statement 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenditures) are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the City Council to the City Administrator.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(2) Deposits and investments

Deposits and investments

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized. As of year end, checking and time deposits were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC Insurance.

The City's policy requires deposits to be 102 percent (102%) secured by collateral less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The City Council approves and designates a list of authorized depository institutions based on audited financial statements, proof of National Association of Security Dealers certification, and depository agreements provided by the financial institution.

At September 30, 2021, the City's carrying amount of bank balance was \$2,637,379 and the book balance was \$2,650,509.

*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. All of the City's investments are held in external investment pools which are not subject to custodial credit risk. At year end, the City had \$8,145,965 invested in short-term pooled investments.

*Interest rate risk – investments.* For an investment, this is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy provides that investments are matched with anticipated cash flows. The policy also states that the City will generally not directly invest in securities with maturities more than one year from the date of purchase, although the City Administrator may elect to invest no more than 50% of excess funds in investments with maturities from 1 to 3 years.

*Fair value measurement – investments.* Fair value of the City's investments are measured by the City categorizes using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. All of the City's investments carried at fair value are valued using quoted market prices (level 1 inputs).

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(2) Deposits and investments (continued)

Public fund investment pools

Public funds investment pools in Texas (Pools) are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code.

In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA- or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

As of September 30, 2021, the City's investments are rated as to credit quality as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Rating</u>
TexPool Investment Pool	\$ 7,668,332	37	AAAm
Texas CLASS Investment Pool	<u>477,633</u>	53	AAAm
Total	<u>\$ 8,145,965</u>		
Portfolio Weighted Average Maturity	38		

(3) Receivables

The following is a summary of the gross taxes receivable and the allowances for uncollectible taxes:

	<u>Taxes</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Taxes</u>
Taxes:			
General fund	\$ 5,136	\$ 630	\$ 4,506
Road maintenance fund	<u>2,372</u>	<u>-</u>	<u>2,372</u>
Total taxes	<u>\$ 7,508</u>	<u>\$ 630</u>	<u>\$ 6,878</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

**(3) Receivables (continued)**

Other receivables as of year end for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Other Governmental Funds	Total
Sales taxes	\$ 93,605	\$ -	\$ 93,605
Franchise fees	31,151	-	31,151
Municipal court warrants	241,115	-	241,115
Other	<u>616</u>	<u>2,483</u>	<u>3,099</u>
Gross receivables	366,487	2,483	368,970
Less: allowance	<u>(120,557)</u>	<u>-</u>	<u>(120,557)</u>
Net total receivables	<u>\$ 245,930</u>	<u>\$ 2,483</u>	<u>\$ 248,413</u>

**(4) Capital assets**

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 829,875	\$ -	\$ -	\$ 829,875
Construction in progress	<u>614,087</u>	<u>891,957</u>	<u>-</u>	<u>1,506,044</u>
Total capital assets, not being depreciated	<u>1,443,962</u>	<u>891,957</u>	<u>-</u>	<u>2,335,919</u>
Capital assets, being depreciated				
Streets	3,307,142	-	-	3,307,142
Signs	35,224	-	17,272	17,952
Improvements other than buildings	32,617	-	-	32,617
Buildings	220,553	-	-	220,553
Furniture and fixtures	2,725	-	2,725	-
Automobiles	212,568	-	9,290	203,278
Software	35,449	-	-	35,449
Machinery and equipment	<u>94,343</u>	<u>-</u>	<u>-</u>	<u>94,343</u>
Total capital assets, being depreciated	<u>3,940,621</u>	<u>-</u>	<u>29,287</u>	<u>3,911,334</u>
Less: accumulated depreciation for				
Streets	1,924,339	135,650	-	2,059,989
Signs	32,564	1,761	17,272	17,053
Improvements other than buildings	32,617	-	-	32,617
Buildings	192,985	5,514	-	198,499
Furniture and fixtures	2,725	-	2,725	-
Automobiles	112,920	40,026	9,121	143,825
Software	35,449	-	-	35,449
Machinery and equipment	<u>55,936</u>	<u>9,212</u>	<u>-</u>	<u>65,148</u>
Total accumulated depreciation	<u>2,389,535</u>	<u>192,163</u>	<u>29,118</u>	<u>2,552,580</u>
Total capital assets, being depreciated - net	<u>1,551,086</u>	<u>(192,163)</u>	<u>169</u>	<u>1,358,754</u>
Governmental activities capital assets - net	<u>\$ 2,995,048</u>	<u>\$ 699,794</u>	<u>\$ 169</u>	<u>\$ 3,694,673</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(4) Capital assets (continued)

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

Governmental activities		
General and administrative	\$	50,257
Public works		94,462
Police department		47,444
Total depreciation expense - governmental activities	\$	192,163

(5) Interfund balances and transfers

In the fund financial statements, interfund balances are the result of normal transactions and will be liquidated in the subsequent fiscal year.

The composition of interfund balances as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
Road Maintenance Fund	General Fund	\$ 23,158
Capital Projects Fund	Road Maintenance Fund	148,011
Total		\$ 171,169

The composition of interfund transfers during the year ended September 30, 2021 are as follows:

Transfer In	Transfer Out	Amount
Vehicle Replacement Fund	General Fund	\$ 15,000
Debt Service Fund	Road Maintenance	418,824
Total		\$ 433,824

(6) Long-term obligations

Bonds payable

The City issued General Obligations Bonds, Series 2020 on October 20, 2020 in the amount of \$7,785,000 for the purpose of constructing and improving existing City street and drainage improvements. The original issue consists of bonds maturing as of August 1, 2021 and term bonds which mature at various times, the last of which matures August 1, 2040, with interest ranging from 2.00% to 3.00%.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

**(6) Long-term obligations (continued)**

The City had the following changes in long-term debt outstanding for the year ended September 30, 2021:

	Original Amount	Interest Rates	Balance Outstanding October 1, 2020	Issued	Retired	Balance Outstanding September 30, 2021	Amounts Due in One Year
Governmental activities:							
General Obligation							
Bonds, Series 2020	\$ 7,785,000	2.00-3.00%	\$ -	\$ 7,785,000	\$ 245,000	\$ 7,540,000	\$ 275,000
Total governmental activities			\$ -	\$ 7,785,000	\$ 245,000	\$ 7,540,000	\$ 275,000

The following is a schedule of required payments for these general obligation bonds:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 275,000	\$ 211,450	\$ 486,450
2023	285,000	205,950	490,950
2024	295,000	200,250	495,250
2025	305,000	194,350	499,350
2026	315,000	188,250	503,250
2027 - 2031	1,775,000	807,750	2,582,750
2032 - 2036	2,190,000	517,350	2,707,350
2037 - 2040	2,100,000	160,500	2,260,500
	<u>\$ 7,540,000</u>	<u>\$ 2,485,850</u>	<u>\$ 10,025,850</u>

**Changes in long-term liabilities**

	Balance Outstanding October 1, 2020	Additions	Deletions	Balance Outstanding September 30, 2021	Amounts Due in One Year
Long-term liabilities					
Bonds payable					
General obligation bonds	\$ -	\$ 7,785,000	\$ 245,000	\$ 7,540,000	\$ 275,000
Premium	-	916,064	45,803	870,261	-
Total bonds payable	-	8,701,064	290,803	8,410,261	275,000
Other long-term liabilities					
OPEB Liability	34,380	10,371	-	44,751	-
Total other long-term liabilities	34,380	10,371	-	44,751	-
Total long-term liabilities	<u>\$ 34,380</u>	<u>\$ 8,711,435</u>	<u>\$ 290,803</u>	<u>\$ 8,455,012</u>	<u>\$ 275,000</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(7) Defined benefit pension plan

Plan description

The City of Hill Country Village participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

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

Benefits provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty-five (25) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 5%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>15</u>
	<u>40</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(7) Defined benefit pension plan (continued)

Contributions

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

Employees for the City were required to contribute 5% of their annual compensation during the fiscal year. The contribution rates for the City were 3.79% and 3.85% for calendar years 2020 and 2021 respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$37,885, and were equal to the required contributions.

Net pension asset

The City's net pension asset (NPA) was measured as of December 31, 2020, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% 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

\* presented 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 actives, 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 is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(7) Defined benefit pension plan (continued)

Net pension asset (continued)

Actuarial assumptions (continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

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

Discount rate:

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

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(7) Defined benefit pension plan (continued)

Net pension asset (continued)

Changes in the net pension asset:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at December 31, 2018	\$ 2,170,951	\$ 2,289,069	\$ (118,118)
Changes for the year:			
Service cost	82,872	-	82,872
Interest (on the Total Pension Liability)	147,702	-	147,702
Change in benefit terms including substantial automatic status	-	-	-
Difference between expected and actual experience	(20,718)	-	(20,718)
Changes of assumptions	-	-	-
Contributions - employer	-	34,516	(34,516)
Contributions - employee	-	45,534	(45,534)
Net investment income	-	173,919	(173,919)
Benefit payments, including refunds of employee contributions	(48,422)	(48,422)	-
Administrative expense	-	(1,124)	1,124
Other changes	-	(44)	44
Net changes	<u>161,434</u>	<u>204,377</u>	<u>(42,943)</u>
Balance at December 31, 2019	<u>\$ 2,332,385</u>	<u>\$ 2,493,446</u>	<u>\$ (161,061)</u>

Sensitivity of the net pension asset to changes in the discount rate:

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	<u>\$ 182,592</u>	<u>\$ (161,061)</u>	<u>\$ (442,022)</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the schedule of changes in fiduciary net position, by participating city. That report may be obtained at [trms.com](http://trms.com).

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(7) Defined benefit pension plan (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2021, the City recognized pension expense of \$2,984.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 5,091	\$ 15,311
Changes in actuarial assumptions	-	3,863
Difference between projected and actual investment earnings	-	65,981
Contributions subsequent to the measurement date	28,594	-
Total	\$ 33,685	\$ 85,155

The City reported \$28,594 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,		
2022	\$	(28,735)
2023		(4,458)
2024		(42,990)
2025		(3,881)
2026		-
Thereafter		-
Total	\$	(80,064)

(8) Other postemployment benefits (OPEB) plan

Plan description

The City participates in the cost sharing multiple-employer 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 City 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.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(8) Other postemployment benefits (OPEB) plan (continued)

Benefits provided

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

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. 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.

The contribution rates for the City were 0.14% for calendar years 2020 and 2021. The City's contributions to TMRS for the SDBF program for the year ended September 30, 2021 were \$1,268, and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>15</u>
	<u>22</u>

Other postemployment benefits (OPEB) liability

The City's total OPEB liability of \$44,751 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(8) Other postemployment benefits (OPEB) plan (continued)

Actuarial assumptions:

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate *	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 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 was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(8) Other postemployment benefits (OPEB) plan (continued)

Changes in the total OPEB liability:

Balance at December 31, 2020	\$ 34,380
Changes for the year:	
Service cost	2,095
Interest on the total OPEB liability	973
Changes of benefit terms including TMRS plan participation	-
Difference between expected and actual experience	(932)
Change of assumptions or other inputs*	8,326
Benefit payments	<u>(91)</u>
Net changes	<u>10,371</u>
Balance at December 31, 2021	<u>\$ 44,751</u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	<u>1% Decrease in Discount Rate (1.00%)</u>	<u>Current Discount Rate (2.00%)</u>	<u>1% Increase in Discount Rate (3.00%)</u>
Total OPEB liability	<u>\$ 59,664</u>	<u>\$ 44,751</u>	<u>\$ 34,088</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended September 30, 2021, the City recognized OPEB expense of \$5,261.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 383	\$ 1,459
Changes in actuarial assumptions	14,134	1,516
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>817</u>	<u>-</u>
Total	<u>\$ 15,334</u>	<u>\$ 2,975</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**September 30, 2021**

(8) Other postemployment benefits (OPEB) plan (continued)

The City reported \$817 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Fiscal Year Ended <u>September 30,</u>	
2022	\$ 2,193
2023	2,193
2024	2,174
2025	1,784
2026	2,242
Thereafter	<u>956</u>
Total	<u>\$ 11,542</u>

(9) 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. The City contracts with the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, automobile liability and physical damage, worker's compensation, real and personal property, and errors and omissions liability. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the pool will be self-sustaining through member premiums and will be adjusted annually through an experience modifier.

There were no reductions in insurance coverage from the prior year. Settled claims have not exceeded coverage for each of the past three (3) years.

The pooling agreement requires the pool to be self-sustaining. It is not possible to estimate the amount of any losses for which the City might be liable. The Texas Municipal League Intergovernmental Risk Pool has published its own financial report for the year ended September 30, 2021, which can be obtained from the Texas Municipal League.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue:</b>				
Sales tax	\$ 860,000	\$ 860,000	\$ 935,129	\$ 75,129
Ad valorem tax	371,995	371,995	385,176	13,181
Liquor tax	11,000	11,000	12,342	1,342
Interest income	7,500	7,500	2,157	(5,343)
Franchise fees	156,300	156,300	130,164	(26,136)
Municipal court revenue	145,000	145,000	89,501	(55,499)
Sewer use fees	78,500	78,500	60,288	(18,212)
Permits	85,700	85,700	93,414	7,714
Miscellaneous income	6,550	6,550	4,253	(2,297)
Grants and Contributions	-	-	8,801	8,801
Total revenue	<u>1,722,545</u>	<u>1,722,545</u>	<u>1,721,225</u>	<u>(1,320)</u>
<b>Expenditures:</b>				
General and administrative:				
Personnel services	201,888	201,888	203,421	(1,533)
Travel, training and professional dues	3,700	3,700	1,144	2,556
Operational costs	172,825	172,825	163,876	8,949
Supplies and materials	<u>6,850</u>	<u>6,850</u>	<u>10,006</u>	<u>(3,156)</u>
Total general and administrative	<u>385,263</u>	<u>385,263</u>	<u>378,447</u>	<u>6,816</u>
Fire department services	<u>235,000</u>	<u>235,000</u>	<u>235,000</u>	<u>-</u>
Police:				
Personnel services	921,647	921,647	916,818	4,829
Travel, training and professional dues	4,350	4,350	3,921	429
Operational costs	32,487	32,487	29,732	2,755
Supplies and materials	<u>47,800</u>	<u>47,800</u>	<u>44,921</u>	<u>2,879</u>
Total police	<u>1,006,284</u>	<u>1,006,284</u>	<u>995,392</u>	<u>10,892</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**GENERAL FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Public works:				
Personnel services	\$ 54,242	\$ 54,242	\$ 55,869	\$ (1,627)
Operational costs	9,880	9,880	10,126	(246)
Supplies and materials	<u>13,624</u>	<u>13,624</u>	<u>13,599</u>	<u>25</u>
Total public works	<u>77,746</u>	<u>77,746</u>	<u>79,594</u>	<u>(1,848)</u>
Total expenditures	<u>1,704,293</u>	<u>1,704,293</u>	<u>1,688,433</u>	<u>15,860</u>
Excess (deficiency) of revenue over (under) expenditures	18,252	18,252	32,792	14,540
Other financing sources (uses):				
Transfer in - capital projects fund	-	-	-	-
Transfer out:				
Vehicle replacement fund	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 3,252</u>	<u>\$ 3,252</u>	17,792	<u>\$ 14,540</u>
Fund balance at October 1, 2020			<u>1,520,820</u>	
Fund balance at September 30, 2021			<u>\$ 1,538,612</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**ROAD MAINTENANCE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Sales taxes	\$ 286,667	\$ 286,667	\$ 311,710	\$ 25,043
Property tax	195,787	195,787	192,656	(3,131)
Interest income	600	600	1,730	1,130
Total revenue	483,054	483,054	506,096	23,042
Expenditures:				
Street maintenance	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	483,054	483,054	506,096	23,042
Other financing sources (uses):				
Transfer out - capital projects fund	(702,557)	(702,557)	(418,824)	283,733
Net change in fund balance	\$ (219,503)	\$ (219,503)	\$ 87,272	\$ 306,775
Fund balance at October 1, 2020			939,565	
Fund balance at September 30, 2021			\$ 1,026,837	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**GRANTS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Grant income	\$ 2,500	\$ 2,500	\$ 2,425	\$ (75)
Interest income	<u>10</u>	<u>10</u>	<u>15</u>	<u>5</u>
Total revenue	<u>2,510</u>	<u>2,510</u>	<u>2,440</u>	<u>(70)</u>
Expenditures:				
Travel, training and professional dues	1,200	1,200	1,563	(363)
Supplies and materials	1,300	1,300	-	1,300
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,563</u>	<u>937</u>
Net change in fund balance	<u>\$ 10</u>	<u>\$ 10</u>	877	<u>\$ 867</u>
Fund balance at October 1, 2020			<u>7,153</u>	
Fund balance at September 30, 2021			<u>\$ 8,030</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)  
AND RELATED RATIOS – TEXAS MUNICIPAL RETIREMENT SYSTEM**

**\*Last 10 fiscal years**

**For the measurement year ended December 31,**

	2014	2015	2016	2017	2018	2019	2020
Total pension liability (asset):							
Service cost	\$ 60,464	\$ 63,156	\$ 68,864	\$ 73,449	\$ 78,108	\$ 82,193	\$ 82,872
Interest on the total pension liability (asset)	99,920	101,728	106,657	115,762	126,919	137,124	147,702
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(84,828)	(54,991)	(14,717)	719	(151)	11,261	(20,718)
Change of assumptions	-	60,138	-	-	-	(8,545)	-
Benefit payments, including refunds of employee contributions	<u>(41,157)</u>	<u>(60,986)</u>	<u>(31,075)</u>	<u>(25,355)</u>	<u>(28,581)</u>	<u>(82,894)</u>	<u>(48,422)</u>
Net change in total pension liability (asset)	34,399	109,045	129,729	164,575	176,295	139,139	161,434
Total pension liability - beginning	<u>1,417,769</u>	<u>1,452,168</u>	<u>1,561,213</u>	<u>1,690,942</u>	<u>1,855,517</u>	<u>2,031,812</u>	<u>2,170,951</u>
Total pension liability - ending (a)	<u>\$ 1,452,168</u>	<u>\$ 1,561,213</u>	<u>\$ 1,690,942</u>	<u>\$ 1,855,517</u>	<u>\$ 2,031,812</u>	<u>\$ 2,170,951</u>	<u>\$ 2,332,385</u>
Plan fiduciary net position:							
Contributions - employer	\$ 21,938	\$ 28,070	\$ 22,857	\$ 31,297	\$ 31,446	\$ 33,110	\$ 34,516
Contributions - employee	34,716	36,172	36,397	39,617	42,266	44,622	45,534
Net investment income	84,886	2,336	107,316	238,713	(60,090)	307,727	173,919
Benefit payments, including refunds of employee contributions	<u>(41,157)</u>	<u>(60,986)</u>	<u>(31,075)</u>	<u>(25,355)</u>	<u>(28,581)</u>	<u>(82,894)</u>	<u>(48,422)</u>
Administrative expense	(886)	(1,423)	(1,211)	(1,237)	(1,160)	(1,737)	(1,124)
Other	<u>(73)</u>	<u>(70)</u>	<u>(65)</u>	<u>(62)</u>	<u>(61)</u>	<u>(52)</u>	<u>(44)</u>
Net change in plan fiduciary net position	99,424	4,099	134,219	282,973	(16,179)	300,774	204,377
Plan fiduciary net position - beginning	<u>1,483,759</u>	<u>1,583,183</u>	<u>1,587,282</u>	<u>1,721,501</u>	<u>2,004,474</u>	<u>1,988,295</u>	<u>2,289,069</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,583,183</u>	<u>\$ 1,587,282</u>	<u>\$ 1,721,501</u>	<u>\$ 2,004,474</u>	<u>\$ 1,988,295</u>	<u>\$ 2,289,069</u>	<u>\$ 2,493,446</u>
Net pension liability (asset) (a) - (b)	<u>\$ (131,015)</u>	<u>\$ (26,069)</u>	<u>\$ (30,559)</u>	<u>\$ (148,957)</u>	<u>\$ 43,517</u>	<u>\$ (118,118)</u>	<u>\$ (161,061)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	109.02%	101.67%	101.81%	108.03%	97.86%	105.44%	106.91%
Covered payroll	<u>\$ 694,325</u>	<u>\$ 723,461</u>	<u>\$ 727,941</u>	<u>\$ 792,334</u>	<u>\$ 845,326</u>	<u>\$ 892,431</u>	<u>\$ 910,683</u>
Net pension liability (asset) as a percentage of total covered payroll	(18.87%)	(3.60%)	(4.20%)	(18.80%)	(5.15%)	(13.24%)	(17.69%)

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the seventh year of implementation of GASB 68. The City will develop the schedule prospectively.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS – TMRS PENSION**

**\*Last 10 fiscal years**

**For the year ended September 30,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contributions	\$ 26,527	\$ 24,768	\$ 30,391	\$ 32,418	\$ 32,935	\$ 34,144	\$ 36,766
Contributions in relation to the actuarially determined contributions	<u>26,527</u>	<u>24,768</u>	<u>30,391</u>	<u>32,418</u>	<u>32,935</u>	<u>34,144</u>	<u>36,766</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	<u>\$ 718,523</u>	<u>\$ 742,117</u>	<u>\$ 782,830</u>	<u>\$ 832,640</u>	<u>\$ 887,194</u>	<u>\$ 905,369</u>	<u>\$ 958,325</u>
Contributions as a percentage of covered payroll	3.69%	3.34%	3.88%	3.89%	3.71%	3.77%	3.84%

\*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the seventh year of implementation of GASB 68. The City will develop the schedule prospectively.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS LIABILITY  
AND RELATED RATIOS – TMRS OPEB**

**\*Last 10 fiscal years**

**For the measurement year ended December 31,**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 1,268	\$ 1,606	\$ 1,428	\$ 2,095
Interest on the total OPEB liability	774	852	899	973
Changes of benefit terms including TMRS plan participation	-	-	-	-
Difference between expected and actual experience	-	(1,166)	539	(932)
Change of assumptions	3,054	(2,668)	8,028	8,326
Benefit payments	<u>-</u>	<u>-</u>	<u>(89)</u>	<u>(91)</u>
Net change in OPEB liability (asset)	5,096	(1,376)	10,805	10,371
Total OPEB liability - beginning	<u>19,855</u>	<u>24,951</u>	<u>23,575</u>	<u>34,380</u>
Total OPEB liability - ending	<u>\$ 24,951</u>	<u>\$ 23,575</u>	<u>\$ 34,380</u>	<u>\$ 44,751</u>
Covered payroll	<u>\$ 792,334</u>	<u>\$ 845,326</u>	<u>\$ 892,431</u>	<u>\$ 910,683</u>
Total OPEB liability as a percentage of covered payroll	3.15%	2.79%	3.85%	4.91%

\*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB 75. The City will develop the schedule prospectively.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS – TMRS OPEB**

**\*Last 10 fiscal years**

**For the year ended September 30,**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contributions	\$ 1,000	\$ 1,201	\$ 1,268	\$ 1,119
Contributions in relation to the actuarially determined contributions	<u>1,000</u>	<u>1,201</u>	<u>1,268</u>	<u>1,119</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 832,640</u>	<u>\$ 887,194</u>	<u>\$ 905,369</u>	<u>\$ 958,325</u>
Contributions as a percentage of covered payroll	0.12%	0.14%	0.14%	0.12%

\*GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB 75. The City will develop the schedule prospectively.

# CITY OF HILL COUNTRY VILLAGE, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2021

### (1) Budgetary information

The budgets for the general fund, road maintenance fund, and grant fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.

The original budgets for the general fund, and road maintenance fund are adopted by the City Council by September 30. Budgetary preparation and control is exercised at the department level. The City Administrator is authorized to transfer budget amounts between line items within a department; however, any transfer or supplemental appropriation that amends the total expenditures of a department or total budget requires City Council approval. Both the original and final budgets are included.

### (2) Schedule of contributions

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
Amortization method	Level percentage of payroll, closed
Remaining amortization period	N/A
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 2014 - 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 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.

Other information:

There were no benefit changes during the year.



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## CITY OF HILL COUNTRY VILLAGE, TEXAS

### NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental funds are used to account for the proceeds of specific revenue sources that are legally restricted to expend for specified purposes and to provide funds for capital asset purchases, respectively.

#### **Special Revenue Funds:**

Security fund – Accounts for specific proceeds from municipal court revenue and is to be used for security upgrades benefiting the City’s court system.

Technology fund – Accounts for specific proceeds from municipal court revenue and is to be used for technological upgrades benefiting the City’s court system.

Venue tax fund – Accounts for proceeds from the City’s venue (motor vehicle rental) tax and is to be used for assisting the general fund in purchasing fire department services from a neighboring city.

Judicial efficiency fund – Accounts for specific proceeds from municipal court revenue and is to be used for upgrades benefiting the City’s court system.

Oak wilt fund – Accounts for specific proceeds from commercial permits and is to be used to assist City residents in defraying costs to prevent the spread of oak wilt.

Jury fund – Accounts for specific proceeds from municipal court revenue and is to be used to fund juror reimbursements and otherwise finance jury services.

Juvenile case fund – Accounts for specific proceeds from municipal court revenue and is to be used to finance all necessary expenses relating to the position of juvenile case manager.

Child safety fund – Accounts for specific proceeds from municipal court revenue and is to be used to finance all necessary expenses relating to child safety costs.

#### **Debt Service Fund:**

Debt service fund – Accounts for payments for principal and interest and other fees supporting payment of the City’s bond. Revenues for this fund come through a transfer from the Economic Development Corporation, which is funded by sales taxes, and the general fund.

#### **Capital Project Fund:**

Vehicle replacement fund – Accounts for proceeds from investment interest along with transfers from the general fund to be used to replace certain capital assets such as vehicles and computers.

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2021**

	Special Revenue Funds				
	Security Fund	Technology Fund	Venue Tax Fund	Judicial Efficiency Fund	Oak Wilt Fund
<b>Assets:</b>					
Cash and cash equivalents	\$ 17,313	\$ 20,448	\$ 92,320	\$ 700	\$ 5,161
Accounts receivable	<u>-</u>	<u>-</u>	<u>2,183</u>	<u>-</u>	<u>300</u>
<b>Total assets</b>	<u><u>\$ 17,313</u></u>	<u><u>\$ 20,448</u></u>	<u><u>\$ 94,503</u></u>	<u><u>\$ 700</u></u>	<u><u>\$ 5,461</u></u>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Court security	17,313	-	-	-	-
Court technology	-	20,448	-	-	-
Venue	-	-	94,503	-	-
Grants	-	-	-	-	-
Judicial efficiency	-	-	-	700	-
Oak wilt	-	-	-	-	5,461
Jury	-	-	-	-	-
Juvenile case	-	-	-	-	-
Child safety	-	-	-	-	-
Debt service	-	-	-	-	-
<b>Committed for:</b>					
Vehicle replacement	-	-	-	-	-
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u><u>17,313</u></u>	<u><u>20,448</u></u>	<u><u>94,503</u></u>	<u><u>700</u></u>	<u><u>5,461</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 17,313</u></u>	<u><u>\$ 20,448</u></u>	<u><u>\$ 94,503</u></u>	<u><u>\$ 700</u></u>	<u><u>\$ 5,461</u></u>

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
Jury Fund	Juvenile Case Fund	Child Safety Fund	Debt Service	Vehicle Replacement Fund	
\$ 89	\$ 4,439	\$ 75	\$ 7,020	\$ 123,028	\$ 270,593
-	-	-	-	-	2,483
<u>\$ 89</u>	<u>\$ 4,439</u>	<u>\$ 75</u>	<u>\$ 7,020</u>	<u>\$ 123,028</u>	<u>\$ 273,076</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	17,313
-	-	-	-	-	20,448
-	-	-	-	-	94,503
-	-	-	-	-	-
-	-	-	-	-	700
-	-	-	-	-	5,461
89	-	-	-	-	89
-	4,439	-	-	-	4,439
-	-	75	-	-	75
-	-	-	7,020	-	7,020
-	-	-	-	123,028	123,028
-	-	-	-	-	-
<u>89</u>	<u>4,439</u>	<u>75</u>	<u>7,020</u>	<u>123,028</u>	<u>273,076</u>
<u>\$ 89</u>	<u>\$ 4,439</u>	<u>\$ 75</u>	<u>\$ 7,020</u>	<u>\$ 123,028</u>	<u>\$ 273,076</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**Year ended September 30, 2021**

	Special Revenue Funds				
	Security Fund	Technology Fund	Venue Tax Fund	Judicial Efficiency Fund	Oak Wilt Fund
Revenue:					
Taxes	\$ -	\$ -	\$ 29,727	\$ -	\$ -
Municipal court revenue	2,383	2,137	-	57	-
Licenses and permits	-	-	-	-	2,250
Interest	29	34	154	2	7
Grants and contributions	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	<u>2,412</u>	<u>2,171</u>	<u>29,881</u>	<u>59</u>	<u>2,257</u>
Expenditures:					
General and administrative	-	-	-	-	-
Fire department services	-	-	30,000	-	-
Police department	1,463	1,340	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>1,463</u>	<u>1,340</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	949	831	(119)	59	2,257
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	949	831	(119)	59	2,257
Fund balances - beginning	<u>16,364</u>	<u>19,617</u>	<u>94,622</u>	<u>641</u>	<u>3,204</u>
Fund balances - ending	<u>\$ 17,313</u>	<u>\$ 20,448</u>	<u>\$ 94,503</u>	<u>\$ 700</u>	<u>\$ 5,461</u>

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
Jury Fund	Juvenile Case Fund	Child Safety Fund	Debt Service	Vehicle Replacement Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,727
41	2,052	75	-	-	6,745
-	-	-	-	-	2,250
-	6	-	19	160	411
-	-	-	-	-	-
-	-	-	-	-	-
<u>41</u>	<u>2,058</u>	<u>75</u>	<u>19</u>	<u>160</u>	<u>39,133</u>
-	-	-	-	-	-
-	-	-	-	-	30,000
-	-	-	-	1,346	4,149
-	-	-	-	-	-
-	-	-	245,000	-	245,000
-	-	-	<u>166,853</u>	-	<u>166,853</u>
-	-	-	<u>411,853</u>	<u>1,346</u>	<u>446,002</u>
41	2,058	75	(411,834)	(1,186)	(406,869)
-	-	-	<u>418,824</u>	<u>15,000</u>	<u>433,824</u>
-	-	-	<u>418,824</u>	<u>15,000</u>	<u>433,824</u>
41	2,058	75	6,990	13,814	26,955
<u>48</u>	<u>2,381</u>	<u>-</u>	<u>30</u>	<u>109,214</u>	<u>246,121</u>
<u>\$ 89</u>	<u>\$ 4,439</u>	<u>\$ 75</u>	<u>\$ 7,020</u>	<u>\$ 123,028</u>	<u>\$ 273,076</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**SECURITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Municipal court revenue	\$ 4,000	\$ 4,000	\$ 2,383	\$ (1,617)
Interest income	<u>20</u>	<u>20</u>	<u>29</u>	<u>9</u>
Total revenue	<u>4,020</u>	<u>4,020</u>	<u>2,412</u>	<u>(1,608)</u>
Expenditures:				
Operational costs	<u>1,400</u>	<u>1,400</u>	<u>1,463</u>	<u>(63)</u>
Net change in fund balance	<u>\$ 2,620</u>	<u>\$ 2,620</u>	949	<u>\$ (1,671)</u>
Fund balance at October 1, 2020			<u>16,364</u>	
Fund balance at September 30, 2021			<u>\$ 17,313</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**TECHNOLOGY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Municipal court revenue	\$ 5,000	\$ 5,000	\$ 2,137	\$ (2,863)
Interest income	<u>25</u>	<u>25</u>	<u>34</u>	<u>9</u>
Total revenue	<u>5,025</u>	<u>5,025</u>	<u>2,171</u>	<u>(2,854)</u>
Expenditures:				
Operational supplies	<u>1,341</u>	<u>1,341</u>	<u>1,340</u>	<u>1</u>
Net change in fund balance	<u>\$ 3,684</u>	<u>\$ 3,684</u>	831	<u>\$ (2,853)</u>
Fund balance at October 1, 2020			<u>19,617</u>	
Fund balance at September 30, 2021			<u>\$ 20,448</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**VENUE TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Motor vehicle rental – venue tax	\$ 40,000	\$ 40,000	\$ 29,727	\$ (10,273)
Interest income	<u>140</u>	<u>140</u>	<u>154</u>	<u>14</u>
Total revenue	<u>40,140</u>	<u>40,140</u>	<u>29,881</u>	<u>(10,259)</u>
Expenditures:				
Fire department services	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 10,140</u>	<u>\$ 10,140</u>	(119)	<u>\$ (10,259)</u>
Fund balance at October 1, 2020			<u>94,622</u>	
Fund balance at September 30, 2021			<u>\$ 94,503</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**JUDICIAL EFFICIENCY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Municipal court revenue	\$ 100	\$ 100	\$ 57	\$ (43)
Interest income	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
Total revenue	<u>101</u>	<u>101</u>	<u>59</u>	<u>(42)</u>
Expenditures:				
Travel, training and professional dues	<u>100</u>	<u>100</u>	-	<u>100</u>
Net change in fund balance	<u>\$ 1</u>	<u>\$ 1</u>	59	<u>\$ 58</u>
Fund balance at October 1, 2020			<u>641</u>	
Fund balance at September 30, 2021			<u>\$ 700</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**OAK WILT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Licenses and permits	\$ 2,000	\$ 2,000	\$ 2,250	\$ 250
Interest income	<u>3</u>	<u>3</u>	<u>7</u>	<u>4</u>
Total revenue	<u>2,003</u>	<u>2,003</u>	<u>2,257</u>	<u>254</u>
Expenditures:				
Operational supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,003</u>	<u>\$ 2,003</u>	2,257	<u>\$ 254</u>
Fund balance at October 1, 2020			<u>3,204</u>	
Fund balance at September 30, 2021			<u>\$ 5,461</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**JURY FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Municipal court revenue	\$ 24	\$ 24	\$ 41	\$ 17
Interest income	<u>2</u>	<u>2</u>	<u>-</u>	<u>(2)</u>
Total revenue	<u>26</u>	<u>26</u>	<u>41</u>	<u>15</u>
Expenditures:				
Operational supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 26</u>	<u>\$ 26</u>	41	<u>\$ 15</u>
Fund balance at October 1, 2020			<u>48</u>	
Fund balance at September 30, 2021			<u>\$ 89</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**JUVENILE CASE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Municipal court revenue	\$ 900	\$ 900	\$ 2,052	\$ 1,152
Interest income	<u>2</u>	<u>2</u>	<u>6</u>	<u>4</u>
Total revenue	<u>902</u>	<u>902</u>	<u>2,058</u>	<u>1,156</u>
Expenditures:				
Operational supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 902</u>	<u>\$ 902</u>	2,058	<u>\$ 1,156</u>
Fund balance at October 1, 2020			<u>2,381</u>	
Fund balance at September 30, 2021			<u>\$ 4,439</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest income	\$ <u>3</u>	\$ <u>3</u>	\$ <u>19</u>	\$ <u>16</u>
Total revenue	<u>3</u>	<u>3</u>	<u>19</u>	<u>16</u>
Expenditures:				
Interest expense	173,824	173,824	166,853	6,971
Principal payment	<u>245,000</u>	<u>245,000</u>	<u>245,000</u>	<u>-</u>
Total expenditures	<u>418,824</u>	<u>418,824</u>	<u>411,853</u>	<u>6,971</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(418,821)</u>	<u>(418,821)</u>	<u>(411,834)</u>	<u>6,987</u>
Other financing sources (uses):				
Bond proceeds	6,971	6,971	-	(6,971)
Payment to escrow	-	-	-	-
Transfer in	<u>418,824</u>	<u>418,824</u>	<u>418,824</u>	<u>-</u>
Total other financing sources (uses)	<u>425,795</u>	<u>425,795</u>	<u>418,824</u>	<u>(6,971)</u>
Net change in fund balance	<u>\$ <u>6,974</u></u>	<u>\$ <u>6,974</u></u>	6,990	<u>\$ <u>16</u></u>
Fund balance at October 1, 2020			<u>30</u>	
Fund balance at September 30, 2021			<u>\$ <u>7,020</u></u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**VEHICLE REPLACEMENT FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest income	\$ 1,350	\$ 1,350	\$ 160	\$ (1,190)
Total revenue	<u>1,350</u>	<u>1,350</u>	<u>160</u>	<u>(1,190)</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>1,346</u>	<u>(1,346)</u>
Excess (deficiency) of revenues over (under) expenditures	1,350	1,350	(1,186)	(2,536)
Other financing sources (uses):				
Transfer in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 16,350</u>	<u>\$ 16,350</u>	13,814	<u>\$ (2,536)</u>
Fund balance at October 1, 2020			<u>109,214</u>	
Fund balance at September 30, 2021			<u>\$ 123,028</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

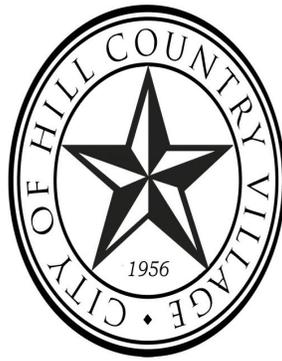
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest income	\$ 500	\$ 500	\$ 4,032	\$ 3,532
Expenditures:				
Capital outlay	1,287,754	1,287,754	891,957	395,797
Debt service	<u>          -</u>	<u>          -</u>	<u>201,064</u>	<u>(201,064)</u>
Total expenditures	<u>1,287,754</u>	<u>1,287,754</u>	<u>1,093,021</u>	<u>194,733</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,287,254)</u>	<u>(1,287,254)</u>	<u>(1,088,989)</u>	<u>198,265</u>
Other financing sources (uses)				
Bond proceeds	8,500,000	8,500,000	7,785,000	715,000
Bond premium	-	-	916,064	(916,064)
Transfer in	<u>702,557</u>	<u>702,557</u>	<u>          -</u>	<u>702,557</u>
	<u>9,202,557</u>	<u>9,202,557</u>	<u>8,701,064</u>	<u>501,493</u>
Net change in fund balance	<u>\$ (584,697)</u>	<u>\$ (584,697)</u>	7,612,075	<u>\$ 900,822</u>
Fund balance at October 1, 2020			<u>          -</u>	
Fund balance at September 30, 2021			<u>\$ 7,612,075</u>	

**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF REVENUE, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL**

**Year ended September 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenue:				
Interest income	\$ 46	\$ 46	\$ 126	\$ 80
Total revenue	46	46	126	80
Expenditures:				
Operational costs	50	50	-	50
Total expenditures	50	50	-	50
Net change in fund balance	\$ (4)	\$ (4)	\$ 126	\$ 130
Fund balance at October 1, 2020			78,766	
Fund balance at September 30, 2021			\$ 78,892	

**ADDITIONAL INFORMATION**  
**(All Governmental Funds Combined with EDC)**



**CITY OF HILL COUNTRY VILLAGE, TEXAS**  
**COMPARATIVE BALANCE SHEET – ALL FUNDS**  
**September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Increase</u>
	<u>Actual</u>	<u>Actual</u>	<u>(Decrease)</u>
<b>Assets:</b>			
Cash	\$ 10,796,474	\$ 2,987,971	\$ 7,808,503
<b>Receivables:</b>			
Taxes	6,878	4,848	2,030
Accounts and other	248,413	257,047	(8,634)
Due from other funds	<u>171,169</u>	<u>144,869</u>	<u>26,300</u>
<b>Total assets</b>	<u><u>\$ 11,222,934</u></u>	<u><u>\$ 3,394,735</u></u>	<u><u>\$ 7,828,199</u></u>
<b>Liabilities:</b>			
Accounts payable	\$ 158,557	\$ 221,839	\$ (63,282)
Accrued salaries and benefits	26,355	22,566	3,789
Compensated absences	63,878	82,429	(18,551)
Due to other funds	<u>171,169</u>	<u>144,869</u>	<u>26,300</u>
<b>Total liabilities</b>	<u><u>557,976</u></u>	<u><u>471,703</u></u>	<u><u>86,273</u></u>
<b>Deferred inflows of resources:</b>			
Unearned revenue - taxes	6,878	4,848	2,030
Unearned revenue - warrants	<u>120,558</u>	<u>125,759</u>	<u>(5,201)</u>
<b>Total deferred inflows of resources</b>	<u><u>127,436</u></u>	<u><u>130,607</u></u>	<u><u>(3,171)</u></u>
<b>Fund balances:</b>			
Restricted	7,787,258	160,617	7,626,641
Committed for capital outlay	1,149,865	1,048,779	101,086
Unassigned	<u>1,600,399</u>	<u>1,583,029</u>	<u>17,370</u>
<b>Total fund balances</b>	<u><u>10,537,522</u></u>	<u><u>2,792,425</u></u>	<u><u>7,745,097</u></u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 11,222,934</u></u>	<u><u>\$ 3,394,735</u></u>	<u><u>\$ 7,828,199</u></u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**COMPARATIVE SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – ALL FUNDS**

**Year ended September 30, 2021 and 2020**

	2021 <u>Actual</u>	2020 <u>Actual</u>	Increase (Decrease)
Revenue:			
Taxes	\$ 1,866,740	\$ 1,745,291	\$ 121,449
Franchise fees	130,164	140,204	(10,040)
Interest income	8,471	11,164	(2,693)
Municipal court	96,246	136,432	(40,186)
Other	<u>171,431</u>	<u>482,370</u>	<u>(310,939)</u>
Total revenue	<u>2,273,052</u>	<u>2,515,461</u>	<u>(242,409)</u>
Expenditures:			
Personnel services	1,176,108	1,157,829	18,279
Travel, training and professional dues	6,628	4,318	2,310
Operational costs	207,883	361,308	(153,425)
Supplies and materials	68,526	69,786	(1,260)
Capital expenditures and projects	891,957	648,370	243,587
Fire department services	265,000	265,000	-
Debt service:			
Principal	245,000	145,000	100,000
Interest	166,853	1,016	165,837
Bond issue costs	<u>201,064</u>	<u>-</u>	<u>201,064</u>
Total expenditures	<u>3,229,019</u>	<u>2,652,627</u>	<u>576,392</u>
Net change in fund balances	(955,967)	(137,166)	(818,801)
Other financing sources (uses):			
Bond proceeds	7,785,000	-	7,785,000
Bond premium	916,064	-	916,064
Transfer in	433,824	505,784	(71,960)
Transfer out	<u>(433,824)</u>	<u>(505,784)</u>	<u>71,960</u>
Total other financing sources (uses)	<u>8,701,064</u>	<u>-</u>	<u>8,701,064</u>
Beginning fund balances	<u>2,792,425</u>	<u>2,929,591</u>	<u>(137,166)</u>
Ending fund balances	<u>\$ 10,537,522</u>	<u>\$ 2,792,425</u>	<u>\$ 7,745,097</u>

**CITY OF HILL COUNTRY VILLAGE, TEXAS**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET TO ACTUAL – ALL FUNDS**

**Year ended September 30, 2021**

	<u>Actual</u>	<u>Budget</u>	Variance with Final Budget Positive (Negative)
<b>Revenue:</b>			
Taxes	\$ 1,866,740	\$ 1,765,449	\$ 101,291
Franchise fees	130,164	156,300	(26,136)
Interest income	8,471	10,209	(1,738)
Municipal court	96,246	156,193	(59,947)
Other	<u>171,431</u>	<u>175,500</u>	<u>(4,069)</u>
Total revenue	<u>2,273,052</u>	<u>2,263,651</u>	<u>9,401</u>
<b>Expenditures:</b>			
Personnel services	1,176,108	1,177,777	1,669
Travel, training and professional dues	6,628	9,350	2,722
Operational costs	207,883	217,983	10,100
Supplies and materials	68,526	69,574	1,048
Capital expenditures and projects	891,957	1,287,754	395,797
Fire department services	265,000	265,000	-
<b>Debt service:</b>			
Principal	245,000	245,000	-
Interest	166,853	173,824	6,971
Bond issue costs	<u>201,064</u>	<u>-</u>	<u>(201,064)</u>
Total expenditures	<u>3,229,019</u>	<u>3,446,262</u>	<u>217,243</u>
Net change in fund balance	(955,967)	(1,182,611)	226,644
<b>Other financing sources (uses):</b>			
Bond proceeds	7,785,000	-	(7,785,000)
Payment to escrow agent	916,064	-	(916,064)
Transfer in	433,824	1,136,381	702,557
Transfer out	<u>(433,824)</u>	<u>(717,557)</u>	<u>(283,733)</u>
Total other financing sources (uses)	<u>8,701,064</u>	<u>418,824</u>	<u>(8,282,240)</u>
Beginning fund balance	<u>2,792,425</u>	<u>2,792,425</u>	<u>-</u>
Ending fund balance	<u>\$ 10,537,522</u>	<u>\$ 2,028,638</u>	<u>\$ 8,508,884</u>