CITY OF BUNKER HILL VILLAGE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING

DECEMBER 31, 2022

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ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

of the

CITY OF
BUNKER HILL VILLAGE, TEXAS

For the Fiscal Year Ended
December 31, 2022

Prepared by:

Karen Glynn
City Administrator and Acting City Secretary

Susan Grass
Director of Finance

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INTRODUCTORY SECTION

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May 4, 2023

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

The Finance Department is pleased to submit the Annual Comprehensive Financial Report for the City of Bunker Hill Village, Texas (the "City") for the fiscal year (FY) ended December 31, 2022. This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

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

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2022. The independent auditors' report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City was incorporated under the laws of the State of Texas (the "State") in 1954. The City is an independent political subdivision of the State governed by the elected council and a mayor and is considered a primary government. The City is a Type A general law municipality, which operates under a "Council-Manager" form of government. The Council is comprised of the Mayor and five council members, who are responsible for passing ordinances, adopting the budget, committee members, appointing the City secretary, appointing the director of finance, and appointing a city administrator. Council Positions 1 through 3 are elected every two years during an even-numbered year, while the Mayor and Council Positions 4 and 5 are elected every two years during an odd-numbered year. The City Administrator serves at the will of the Mayor and Council and is responsible for carrying out the policies and ordinances, overseeing the day-to-day operations of the City, and exercising supervision and control over all employees of the City.

The City provides the following municipal services: public safety, municipal court, streets and drainage, solid waste collection, water and wastewater services, permits and planning, and general administration.

The City is one of the six cities in the Memorial Villages and is located ten miles west of downtown Houston. As of December 31, 2022, the City has a land area of 1.44 square miles and an estimated population of 3,861. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

City ordinance establishes the fiscal year as January 1 through December 31. Also, the City ordinance requires the City Administrator and Mayor to submit a proposed budget and accompanying budget message to the Council each year. The proposed budget is reviewed by the Council and is formally adopted by the passage of a budget ordinance. The City Administrator is required to inform the Council of any amendments to expenditures for any fund or department. Amendments must be approved by the Council.

Budgetary control has been established at the department level for the general fund and fund level for other funds. Monthly financial reports for Council are produced showing budget and actual revenues and expenditures. Individual line items are reviewed, analyzed, and approved by City Council on a monthly basis for budgetary compliance.

ECONOMIC CONDITION AND OUTLOOK

The City encompasses a 1.44 square mile area located in Harris County and is bound on the east by Blalock Road, the south by Memorial Drive, the north by Taylorcrest Road, and the west by a part of Tealwood areas west of Gessner Road. The City falls within Spring Branch Independent School District which is one of the most desired school districts in the Houston metropolitan area. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Piney Point Village, and Hedwig Village. The City is close to the largest and busiest freeway in the nation. The City is zoned at 100% residential. A majority of inhabitants are employed throughout the Houston urban area.

There is very little vacant and/or undeveloped land in the City, so construction generally involves rebuilding and remodeling. The City continues to enjoy to see a stable outlook on taxable property values. Its taxable property values reached over $2.5 billion in the FY 2022. Among reasons for this strength is the City's convenient proximity to the Galleria, Energy Corridor, downtown Houston, the Texas Medical Center, as well as the ever-evolving Memorial area.

The City's tax rate is among the lowest in the Houston area and the State is anticipated to remain relatively stable into the future due to residential property values.

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

The value of real property in the City is expected to stay strong in 2023. Expenditures are expected to remain steady with considerations for the continued competitive pressure on personnel costs and potential increases in the cost of employee health benefits.

The City approved the same property tax rate for the tax year 2022 and is below the voter-approval rate calculations.

LONG-TERM FINANCIAL PLANNING

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

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

Major Initiatives

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

- The new groundwater well transmission main line at Bunker Hill Elementary started the construction phase in FY 2019 and reached substantial completion in FY 2022. The project is to be completed in early FY 2023.
- Substantial completion of construction of an underground detention basin at Bunker Hill Elementary School. The project is to be completed in early FY 2023.
- Street and Drainage Improvements on Chapel Belle Lane Street and a portion of Tamerlaine.
- Completed the design of the new Disaster Operation / Public Works Building. Construction began late FY 2022. The project is to be completed in FY 2023.
- Began design for Gessner Blvd.Northbound and Memorial Drive Street and Drainage Improvements Project. The project is to start approximately FY 2025.

Annual Budget

The City maintains annual budgets approved by the City Council for all funds for management purposes. The Capital Improvement Plan is approved each year by the City Council and funded through a separate capital projects fund for the City's governmental funds and within the water and wastewater enterprise fund. The legal level of budgetary control (i.e., the level at which expenditures for governmental activities cannot legally exceed the appropriated amounts) is established at the department level for the general fund and fund level for all other funds. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Financial Information

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

Independent Audit

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

Certificate of Achievement

It is the City's intent to apply for the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting award for its Annual Comprehensive Financial Report for the fiscal year ending December 31, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

If the City was awarded the GFOA Certificate of Achievement for excellence in Financial Reporting, it is valid for a period of one year. We believe our current Annual Comprehensive Financial Report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the City's initial certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Susan Grass, CFE
Director of Finance

CITY OF BUNKER HILL VILLAGE, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

December 31, 2022

Elected Officials	Position	End of Term
Robert P. Lord	Mayor	May 20, 2025
Susan Schwartz	Council Member/Mayor Pro-Tem	May 21, 2024
Eric Thode	Council Member	May 21, 2024
Carl Moerer	Council Member	May 21, 2024
Keith Brown	Council Member	May 20, 2025
Laurie Rosenbaum	Council Member	May 20, 2025

Appointed Officials	Position
Karen Glynn	City Administrator and Acting City Secretary
Susan Grass	Director of Finance

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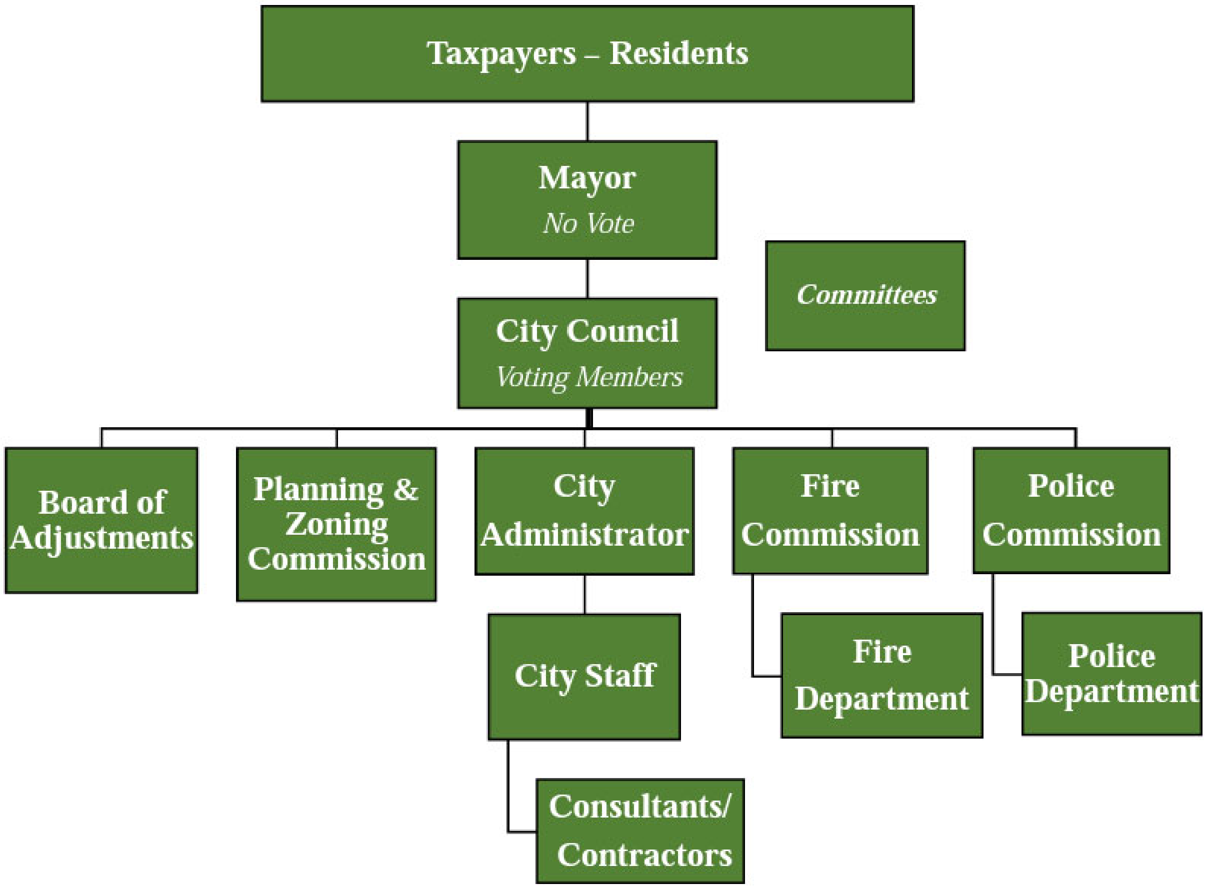
CITY OF BUNKER HILL VILLAGE, TEXAS

ORGANIZATIONAL CHART

December 31, 2022



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bunker Hill Village, Texas (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note I.F.8. to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards No. 87, *Leases*, in fiscal year 2022. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
May 4, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF BUNKER HILL VILLAGE, TEXAS

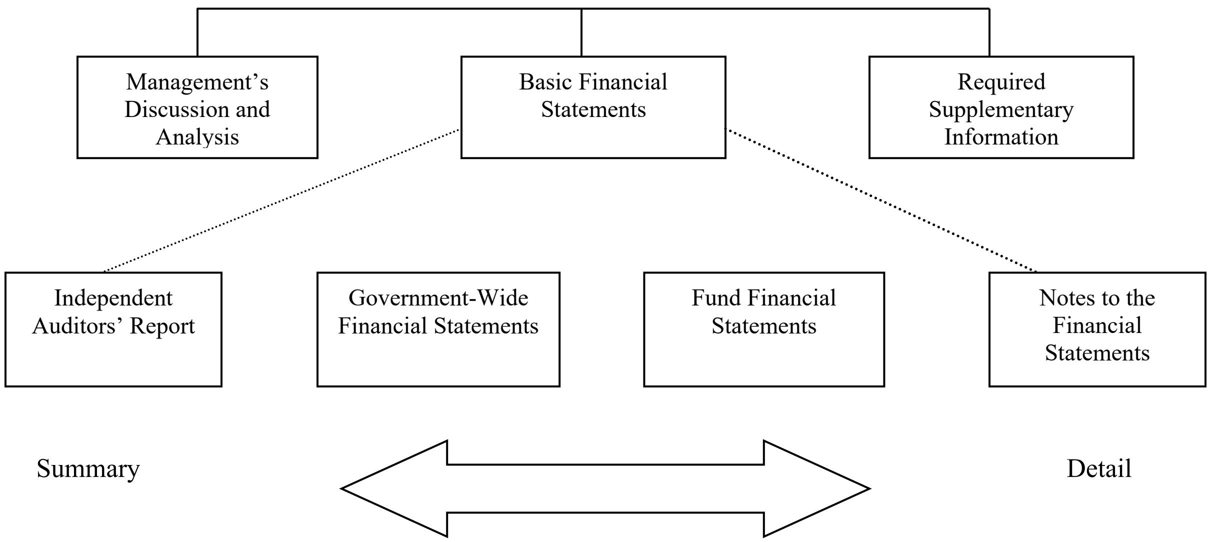
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2022

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Bunker Hill Village, Texas (the "City") for the year ended December 31, 2022. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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

GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

1. *Governmental Activities* – Most of the City's basic services are reported here, including general government, public safety, public works, and public services. Interest payments on the City's debt are also reported here. Sales taxes, property taxes, franchise fees, and other revenue finance most of these activities.

2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water, wastewater, and solid waste operations.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains seven governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes. The metro fund, the restricted court fund, the fuel station fund, and the offsite tree program fund are special revenue funds that are considered nonmajor funds for reporting purposes.

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

Proprietary Funds

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $36,584,205 as of year end.

A portion of the City's net position, 73%, reflects its investment in capital assets (e.g., land, facilities, infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities. The City's net investments in capital assets reported $26,591,154 at the end of the fiscal year which was an increase of $3,819,634 from the prior year. This increase in net investment in capital assets is primarily due to an increase in capital additions from funds provided by the City's general fund which was assigned for capital projects in the prior year.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other assets	$ 14,182,000	$ 5,326,932	$ 19,508,932	$ 16,121,672	$ 7,460,033	$ 23,581,705
Noncurrent assets	26,349,440	12,908,939	39,258,379	22,166,022	9,450,634	31,616,656
Total Assets	40,531,440	18,235,871	58,767,311	38,287,694	16,910,667	55,198,361
Deferred Outflows of Resources						
Deferred charge on refunding	17,854	-	17,854	20,307	-	20,307
Deferred outflows - pensions	40,578	57,640	98,218	44,162	63,459	107,621
Deferred outflows - OPEB	5,449	-	5,449	6,461	-	6,461
Total Deferred Outflows of Resources	63,881	57,640	121,521	70,930	63,459	134,389
Liabilities						
Long-term liabilities	7,200,188	5,371,223	12,571,411	8,188,284	5,381,361	13,569,645
Other liabilities	1,251,256	865,462	2,116,718	719,270	416,196	1,135,466
Total Liabilities	8,451,444	6,236,685	14,688,129	8,907,554	5,797,557	14,705,111
Deferred Inflows of Resources						
Deferred inflows - pensions	99,750	154,704	254,454	40,991	59,307	100,298
Deferred inflows - OPEB	6,635	-	6,635	4,999	-	4,999
Deferred inflows - lease	361,912	-	361,912	379,145	-	379,145
Unavailable revenue - property taxes	6,993,497	-	6,993,497	6,460,670	-	6,460,670
Total Deferred Inflows of Resources	7,461,794	154,704	7,616,498	6,885,805	59,307	6,945,112
Net Position						
Net investment in capital assets	19,228,110	7,363,044	26,591,154	15,914,582	6,856,938	22,771,520
Restricted	704,881	-	704,881	711,693	-	711,693
Unrestricted	4,749,092	4,539,078	9,288,170	5,938,990	4,260,324	10,199,314
Total Net Position	$ 24,682,083	$ 11,902,122	$ 36,584,205	$ 22,565,265	$ 11,117,262	$ 33,682,527

A portion of the City's net position, $704,881, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position, $9,288,170, may be used to meet the City's ongoing obligation to citizens and creditors.

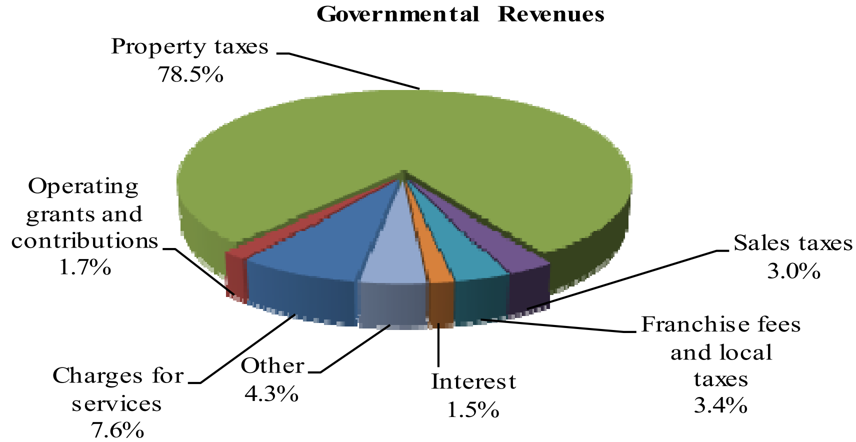
The City's total net position increased by $2,901,678 or 9% during the current fiscal year. Total assets increased by $3,568,950. Total assets include a decrease in current and other assets and an increase in noncurrent assets which was primarily due to capital asset additions. Capital asset additions were funded with the City's assigned fund balance and through bonds. Total deferred outflows of resources remained consistent with a decrease of $12,868 which was primarily due to a decrease in deferred outflows for the difference between expected and actual economic experience for the pensions. There was a slight decrease in total liabilities of $16,982 with long-term liabilities decreasing primarily due to payments on long-term debt principal and other liabilities increasing due mainly to an increase in construction costs that remained outstanding at year end. Total deferred inflows of resources increased by $671,386 due mainly to an increase in unavailable revenues from property taxes collected for fiscal year 2023 and an increase in the deferred inflows for the net difference between projected and actual investment earnings for the pensions.

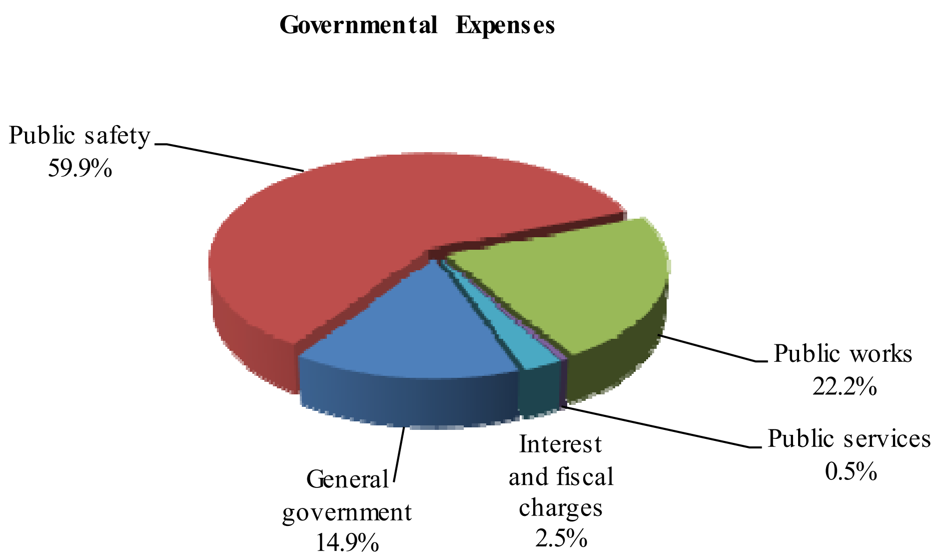
Statement of Activities

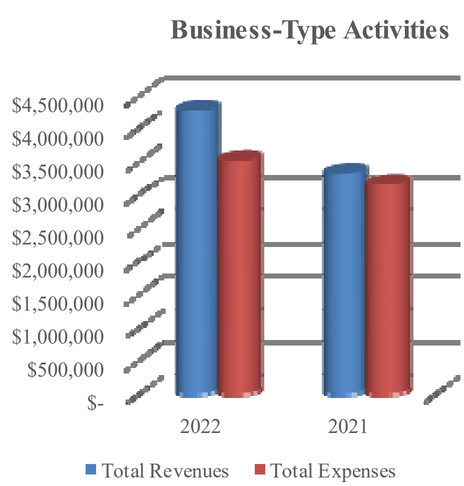
The following table provides a summary of the City's changes in net position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 624,865	$ 4,273,183	$ 4,898,048	$ 718,258	$ 3,247,695	$ 3,965,953
Operating grants and contributions	138,977	-	138,977	134,000	-	134,000
General revenues:						
Property taxes	6,476,131	-	6,476,131	6,214,742	-	6,214,742
Sales taxes	244,358	-	244,358	222,471	-	222,471
Franchise fees and local taxes	279,561	-	279,561	267,400	-	267,400
Interest	127,024	-	127,024	62,160	-	62,160
Other	354,655	11,215	365,870	250,655	76,864	327,519
Total Revenues	8,245,571	4,284,398	12,529,969	7,869,686	3,324,559	11,194,245
Expenses						
General government	907,627	-	907,627	943,981	-	943,981
Public safety	3,663,065	-	3,663,065	3,441,441	-	3,441,441
Public works	1,357,079	-	1,357,079	1,161,799	-	1,161,799
Public services	29,380	-	29,380	151,875	-	151,875
Interest and fiscal charges	154,141	-	154,141	249,569	-	249,569
Water, wastewater, and solid waste	-	3,516,999	3,516,999	-	3,159,193	3,159,193
Total Expenses	6,111,292	3,516,999	9,628,291	5,948,665	3,159,193	9,107,858
Increase in Net Position before Transfers	2,134,279	767,399	2,901,678	1,921,021	165,366	2,086,387
Transfers	(17,461)	17,461	-	49,527	(49,527)	-
Change in Net Position	2,116,818	784,860	2,901,678	1,970,548	115,839	2,086,387
Beginning net position	22,565,265	11,117,262	33,682,527	20,594,717	11,001,423	31,596,140
Ending Net Position	$ 24,682,083	$ 11,902,122	$ 36,584,205	$ 22,565,265	$ 11,117,262	$ 33,682,527

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







Current year revenues for the governmental activities increased $104,000 which was primarily due to an increase in property tax revenues from an increase in appraised property values, and an increase in other revenues. Other revenues included reimbursement of funds of $223,668 because of an amended agreement to be readmitted as a member of the Village Fire Department interlocal agreement that was approved during fiscal year 2022. Governmental expenses increased by $162,627 compared to the prior year which included an increase in expenses for public safety and public works. The increase in public safety expenses is due to an increase in expenses from the Memorial Villages Police Department and Village Fire Department. The increase in public works expenses is primarily due to an increase in street repairs.

Revenues for business-type activities increased by $959,839. This significant increase was due to more charges for services for water and wastewater services because of an increase in consumption. Expenses increased $357,806 primarily from an increase in water purchased and wastewater treatment fees.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of $5,455,912. Of this, $94,591 is nonspendable for prepaids, $521,539 is restricted for Metro, $155,618 is restricted for debt service, $27,724 is restricted for enabling legislation, and $137,660 is restricted for drainage detention projects. The City has assigned $334,034 for emergency purposes, $601,068 for capital projects uses, $34,826 for vehicles, $254,725 for facilities, $324,127 for the police department, and $195,656 for the offsite tree program. The City has unassigned fund balance of $2,774,344.

Overall, there was a decrease in combined fund balance of $3,029,960 in comparison to the prior year. This decrease is primarily due to capital expenditures.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was $2,774,344, while total fund balance reached $3,722,056. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 56% of total expenditures, while total fund balance represents 75% of the same amount. The fund balance for the general fund demonstrated an overall increase of $230,718. The net change in fund balance for the general fund included revenues in excess of expenditures of $1,903,591 and transfers to assign funds for the capital projects fund of $1,672,873.

The debt service fund had a net decrease in fund balance for the year of $22,013. The decrease is primarily due to debt service payments of $1,181,613 in excess of property tax revenues of $1,121,427 and transfers in from the general fund of $37,873. The debt service fund property tax revenues increased by $82,264 from prior year and the debt service fund expenditures decreased by $19,347 from prior year.

The capital projects fund had a decrease in fund balance of $3,279,124 which was primarily due to expenditures related to capital additions. The capital projects fund ending total fund balance was $833,319 which consisted of nonspendable fund balance of $94,591 for prepaids for capital equipment, assigned fund balance for capital projects of $601,068, and restricted fund balance for drainage detention projects of $137,660.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned increase in final budgeted fund balance in the amount of $273,070 in the general fund which was consistent with the actual net increase in general fund balance of $230,718. The final budgeted revenues of $6,954,139 exceeded actual revenues by $95,379 primarily due to less property tax revenue collections for fiscal year 2022. The final budgeted expenditures of $5,008,196 exceeded actual expenditures by $53,027 with positive budget variances across all functions.

CAPITAL ASSETS

At the end of the year, the City's governmental and business-type activities had invested $38,962,773 in a variety of capital assets and infrastructure (net of accumulated depreciation).

Major capital asset events during the year included the following:

- The addition and completion of the water and wastewater fund generator project - $395,827
- Additions to construction in progress that were not completed at year end for the following projects:
  - Groundwater well and transmission line - $2,633,324
  - Public works building - $914,487
  - Streets and drainage improvements - $1,186,710
  - Bunker Hill Elementary underground detention - $3,254,914

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

LONG-TERM DEBT

At the end of the year, the City had total governmental and business-type activities long-term debt outstanding of $11,610,000. Governmental activities long-term debt outstanding included general obligation bonds of $4,540,000 and certificates of obligation of $1,875,000. Business-type activities long-term debt outstanding included certificates of obligation of $5,195,000. During the year, the City had an overall decrease in long-term debt of $945,000. More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

The current underlying Standards and Poor's ratings on both debt issues for general obligation bonds and certificates of obligation are AAA.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The City's adopted budget for the general fund expenditures for fiscal year 2023 totals $5.4 million with budgeted transfers out of $2.1 million to the capital projects fund. The fiscal year 2023 budgeted debt service fund expenditures for principal and interest payments on debt outstanding that are funded from taxes levied on all taxable property located within the City limits is $1,321,255.

The adopted total property tax rate for the 2022 tax levy which is for revenues in fiscal year 2023 is $0.2750 per $100 of taxable property values. The tax rate for the 2022 tax levy is consistent with the 2021 tax levy. The assessed value on taxable property for the 2022 tax levy was approximately $2.5 billion which was an increase from the assessed value on taxable property for the 2021 tax levy of approximately $2.4 billion.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Director of Finance, City of Bunker Hill Village, 11977 Memorial Drive, Houston, Texas, 77024.

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BASIC FINANCIAL STATEMENTS

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City of Bunker Hill Village, Texas

STATEMENT OF NET POSITION

December 31, 2022

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and cash equivalents	$ 6,887,149	$ 4,564,734	$ 11,451,883
Restricted cash and cash equivalents	-	18,200	18,200
Investments	2,510,433	-	2,510,433
Receivables, net	4,318,969	734,346	5,053,315
Lease receivable	370,858	-	370,858
Prepaid expenses	94,591	9,652	104,243
	14,182,000	5,326,932	19,508,932
Noncurrent assets:			
Net pension asset	115,123	180,483	295,606
Nondepreciable capital assets	5,081,545	5,739,114	10,820,659
Net depreciable capital assets	21,152,772	6,989,342	28,142,114
	26,349,440	12,908,939	39,258,379
Total Assets	40,531,440	18,235,871	58,767,311
Deferred Outflows of Resources			
Deferred charge on refunding	17,854	-	17,854
Deferred outflows - pensions	40,578	57,640	98,218
Deferred outflows - OPEB	5,449	-	5,449
Total Deferred Outflows of Resources	63,881	57,640	121,521
Liabilities			
Accounts payable and other current liabilities	225,024	821,554	1,046,578
Accrued interest payable	50,231	25,708	75,939
Unearned revenue	976,001	-	976,001
Customer deposits	-	18,200	18,200
	1,251,256	865,462	2,116,718
Noncurrent liabilities:			
Long-term liabilities due within one year	798,709	225,230	1,023,939
Long-term liabilities due in more than one year	6,401,479	5,145,993	11,547,472
	7,200,188	5,371,223	12,571,411
Total Liabilities	8,451,444	6,236,685	14,688,129
Deferred Inflows of Resources			
Deferred inflows - pensions	99,750	154,704	254,454
Deferred inflows - OPEB	6,635	-	6,635
Deferred inflows - lease	361,912	-	361,912
Unavailable revenue - property taxes	6,993,497	-	6,993,497
Total Deferred Inflows of Resources	7,461,794	154,704	7,616,498
Net Position			
Net investment in capital assets	19,228,110	7,363,044	26,591,154
Restricted for:			
Debt service	155,618	-	155,618
Metro	521,539	-	521,539
Enabling legislation	27,724	-	27,724
Unrestricted	4,749,092	4,539,078	9,288,170
Total Net Position	$ 24,682,083	$ 11,902,122	$ 36,584,205

See Notes to Financial Statements.

City of Bunker Hill Village, Texas

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	$ 907,627	$ 579,921	$ -
Public safety	3,663,065	25,330	-
Public works	1,357,079	-	138,977
Public services	29,380	19,614	-
Interest and fiscal charges	154,141	-	-
Total Governmental Activities	6,111,292	624,865	138,977
Business-Type Activities			
Water and wastewater	3,027,451	3,770,334	-
Solid waste	489,548	502,849	-
Total Business-Type Activities	3,516,999	4,273,183	-
Total Primary Government	$ 9,628,291	$ 4,898,048	$ 138,977

General Revenues:

Taxes:

Property taxes

Sales taxes

Franchise fees and local taxes

Investment income

Other

Transfers in (out)

Total General Revenues

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	**Business-Type Activities**	**Total**
$ (327,706)	$ -	$ (327,706)
(3,637,735)	-	(3,637,735)
(1,218,102)	-	(1,218,102)
(9,766)	-	(9,766)
(154,141)	-	(154,141)
(5,347,450)	-	(5,347,450)
-	742,883	742,883
-	13,301	13,301
-	756,184	756,184
(5,347,450)	756,184	(4,591,266)
6,476,131	-	6,476,131
244,358	-	244,358
279,561	-	279,561
127,024	-	127,024
354,655	11,215	365,870
(17,461)	17,461	-
7,464,268	28,676	7,492,944
2,116,818	784,860	2,901,678
22,565,265	11,117,262	33,682,527
$ 24,682,083	$ 11,902,122	$ 36,584,205

City of Bunker Hill Village, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2022

	General	Debt Service	Capital Projects	Nonmajor Governmental
Assets				
Cash and cash equivalents	$ 4,651,104	$ 584,036	$ 902,426	$ 749,583
Investments	2,510,433	-	-	-
Receivables, net	3,671,190	647,779	-	-
Lease receivable	370,858	-	-	-
Prepaids	-	-	94,591	-
Total Assets	$ 11,203,585	$ 1,231,815	$ 997,017	$ 749,583
Liabilities				
Accounts payable and accrued liabilities	$ 56,662	$ -	$ 163,698	$ 4,664
Unearned revenue	976,001	-	-	-
Total Liabilities	1,032,663	-	163,698	4,664
Deferred Inflows of Resources				
Deferred inflows - lease	361,912	-	-	-
Unavailable revenue - property taxes	6,086,954	1,076,197	-	-
Total Deferred Inflows of Resources	6,448,866	1,076,197	-	-
Fund Balances				
Nonspendable:				
Prepaids	-	-	94,591	-
Restricted:				
Debt service	-	155,618	-	-
Metro	-	-	-	521,539
Enabling legislation	-	-	-	27,724
Drainage detention projects	-	-	137,660	-
Assigned				
Capital projects	-	-	601,068	-
Emergency	334,034	-	-	-
Vehicles and technology	34,826	-	-	-
Facilities	254,725	-	-	-
Police department	324,127	-	-	-
Offsite tree program	-	-	-	195,656
Unassigned	2,774,344	-	-	-
Total Fund Balances	3,722,056	155,618	833,319	744,919
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,203,585	$ 1,231,815	$ 997,017	$ 749,583

See Notes to Financial Statements.

Total Governmental Funds
$ 6,887,149
2,510,433
4,318,969
370,858
94,591
$ 14,182,000
$ 225,024
976,001
1,201,025
361,912
7,163,151
7,525,063
94,591
155,618
521,539
27,724
137,660
601,068
334,034
34,826
254,725
324,127
195,656
2,774,344
5,455,912
$ 13,820,088

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City of Bunker Hill Village, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2022

Total fund balances for the governmental funds	$ 5,455,912
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Nondepreciable capital assets	5,081,545
Depreciable capital assets	31,617,399
Accumulated depreciation	(10,464,627)
Noncurrent asset and deferred outflows and inflows related to the pension and other postemployment benefits (OPEB) are not reported in the governmental funds.	
Net pension asset	115,123
Deferred outflows - pensions	40,578
Deferred inflows - pensions	(99,750)
Deferred outflows - OPEB	5,449
Deferred inflows - OPEB	(6,635)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Deferred revenue related to property taxes	169,654
Deferred outflows from deferred charge on refunding of debt are not reported in the governmental funds.	17,854
Liabilities from accrued interest payable and long-term liabilities from debt, compensated absences, and total OPEB liability are not reported in the governmental funds.	
Accrued interest payable	(50,231)
Long-term liabilities due within one year	(798,709)
Long-term liabilites due in more than one year	(6,401,479)
Net Position of Governmental Activities	$ 24,682,083

See Notes to Financial Statements.

CITY OF BUNKER HILL VILLAGE, TEXAS

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

For the Year Ended December 31, 2022

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	$ 5,351,553	$ 1,121,427	$ -	$ -
Sales taxes	244,358	-	-	-
Charges for services	25,330	-	-	19,614
Franchise fees and local taxes	279,561	-	-	-
Fines and forfeitures	89,020	-	-	9,384
Licenses and permits	481,517	-	-	-
Investment income	126,724	300	-	-
Intergovernmental	4,977	-	-	134,000
Other	255,720	-	-	98,935
Total Revenues	6,858,760	1,121,727	-	261,933
Expenditures				
Current:				
General government	854,768	-	-	46,450
Public safety	3,656,923	-	-	6,142
Public works	443,478	-	-	122,041
Public services	-	-	-	29,380
Debt service:				
Principal	-	945,000	-	-
Interest and fiscal charges	-	236,613	-	-
Capital outlay	-	-	4,914,124	-
Total Expenditures	4,955,169	1,181,613	4,914,124	204,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,903,591	(59,886)	(4,914,124)	57,920
Other Financing Sources (Uses)				
Transfers in	-	37,873	1,635,000	-
Transfers (out)	(1,672,873)	-	-	(17,461)
Total Other Financing Sources (Uses)	(1,672,873)	37,873	1,635,000	(17,461)
Net Change in Fund Balances	230,718	(22,013)	(3,279,124)	40,459
Beginning fund balances	3,491,338	177,631	4,112,443	704,460
Ending Fund Balances	$ 3,722,056	$ 155,618	$ 833,319	$ 744,919

See Notes to Financial Statements.

Total Governmental Funds
$ 6,472,980
244,358
44,944
279,561
98,404
481,517
127,024
138,977
354,655
8,242,420
901,218
3,663,065
565,519
29,380
945,000
236,613
4,914,124
11,254,919
(3,012,499)
1,672,873
(1,690,334)
(17,461)
(3,029,960)
8,485,872
$ 5,455,912

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City of Bunker Hill Village, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

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

Net changes in fund balances - total governmental funds	$	(3,029,960)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset acquisitions and retirements		4,947,302
Depreciation expense		(853,398)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Net change in deferred revenue		3,151
Changes in net pension and other postemployment benefits (OPEB) liability/(asset) and deferred outflows and inflows related to the net pension and OPEB liability/(asset) are not reported in the governmental funds.		
Net pension (asset)		89,514
Total OPEB liability		3,283
Deferred outflows - pensions		(3,584)
Deferred outflows - OPEB		(1,012)
Deferred inflows - pensions		(58,759)
Deferred inflows - OPEB		(1,636)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal paid on long-term debt, net of refunding bonds issued		945,000
Amortization of premium		77,441
Amortization of deferred loss on refunding		(2,453)
Accrued interest expense		7,484
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(5,555)
Change in Net Position of Governmental Activities	$	2,116,818

See Notes to Financial Statements.

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City of Bunker Hill Village, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2022

	Business-Type Activities		
	Water and Wastewater	**Solid Waste**	**Total Enterprise**
Assets			
Current Assets			
Cash and cash equivalents	$ 4,471,748	$ 92,986	$ 4,564,734
Restricted cash and cash equivalents	18,200	-	18,200
Receivables, net	622,493	111,853	734,346
Prepaid items	9,652	-	9,652
Total Current Assets	5,122,093	204,839	5,326,932
Noncurrent Assets			
Net pension asset	180,483	-	180,483
Capital assets:			
Land	144,163	-	144,163
Construction in progress	5,594,951	-	5,594,951
Building	2,136,515	-	2,136,515
Infrastructure	12,991,784	-	12,991,784
Water rights	446,890	-	446,890
Machinery and equipment	837,584	-	837,584
Less accumulated depreciation	(9,423,431)	-	(9,423,431)
Total Net Depreciable Assets	6,989,342	-	6,989,342
Total Noncurrent Assets	12,908,939	-	12,908,939
Total Assets	18,031,032	204,839	18,235,871
Deferred Outflows of Resources			
Deferred outflows - pensions	57,640	-	57,640
Total Deferred Outflows of Resources	57,640	-	57,640
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	783,339	38,215	821,554
Accrued interest payable	25,708	-	25,708
Customer deposits	18,200	-	18,200
Bonds payable - current	220,000		220,000
Compensated absences	5,230	-	5,230
Total Current Liabilities	1,052,477	38,215	1,090,692
Noncurrent Liabilities			
Bonds payable, net of premium	5,145,412	-	5,145,412
Compensated absences	581	-	581
Total Noncurrent Liabilities	5,145,993	-	5,145,993
Total Liabilities	6,198,470	38,215	6,236,685
Deferred Inflows of Resources			
Deferred inflows - pensions	154,704	-	154,704
Net Position			
Net investment in capital assets	7,363,044	-	7,363,044
Unrestricted	4,372,454	166,624	4,539,078
Total Net Position	$ 11,735,498	$ 166,624	$ 11,902,122

See Notes to Financial Statements.

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CITY OF BUNKER HILL VILLAGE, TEXAS

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

For the Year Ended December 31, 2022

	Business-Type Activities		
	Water and Wastewater	**Solid Waste**	**Total Enterprise**
Operating Revenues			
Water and wastewater charges	$ 3,770,334	$ -	$ 3,770,334
Solid waste fees	-	502,849	502,849
Other	11,215	-	11,215
Total Operating Revenues	3,781,549	502,849	4,284,398
Operating Expenses			
Water and wastewater	2,453,910	-	2,453,910
Sanitation	-	489,548	489,548
Depreciation	477,205	-	477,205
Total Operating Expenses	2,931,115	489,548	3,420,663
Operating Income(Loss)	850,434	13,301	863,735
Nonoperating Revenues (Expenses)			
Interest and fiscal charges	(96,336)	-	(96,336)
Total Nonoperating (Expenses)	(96,336)	-	(96,336)
Income (Loss) Before Transfers	754,098	13,301	767,399
Transfers			
Transfers in	17,461	-	17,461
Total Transfers	17,461	-	17,461
Change in Net Position	771,559	13,301	784,860
Beginning net position	10,963,939	153,323	11,117,262
Ending Net Position	$ 11,735,498	$ 166,624	$ 11,902,122

See Notes to Financial Statements.

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City of Bunker Hill Village, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2022

	Business-Type Activities		
	Water and Wastewater	**Solid Waste**	**Total Enterprise**
Cash Flows from Operating Activities			
Receipts from customers	$ 3,687,133	$ 494,773	$ 4,181,906
Payments to suppliers	(1,284,032)	(531,840)	(1,815,872)
Payments to employees	(663,505)	-	(663,505)
Net Cash Provided (Used) by Operating Activities	1,739,596	(37,067)	1,702,529
Cash Flows from Noncapital Financing Activities			
Transfers in	17,461	-	17,461
Net Cash Provided by Noncapital Financing Activities	17,461	-	17,461
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(3,790,183)	-	(3,790,183)
Interest payments	(106,130)	-	(106,130)
Net Cash (Used) by Capital and Related Financing Activities	(3,896,313)	-	(3,896,313)
Net (Decrease) in Cash and Cash Equivalents	(2,139,256)	(37,067)	(2,176,323)
Beginning cash and cash equivalents	6,629,204	130,053	6,759,257
Ending Cash and Cash Equivalents	$ 4,489,948	$ 92,986	$ 4,582,934
Ending Cash and Cash Equivalents:			
Unrestricted cash and cash equivalents	$ 4,471,748	$ 92,986	$ 4,564,734
Restricted cash and cash equivalents	18,200	-	18,200
	$ 4,489,948	$ 92,986	$ 4,582,934
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	$ 850,434	$ 13,301	$ 863,735
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	477,205	-	477,205
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(94,416)	(8,076)	(102,492)
Prepaid items	59,270	-	59,270
Net pension asset	(145,327)	-	(145,327)
Deferred outflows - pensions	5,819	-	5,819
Increase (Decrease) in:			
Accounts payable and accrued liabilities	486,083	(42,292)	443,791
Customer deposits	6,300	-	6,300
Compensated absences	(1,169)	-	(1,169)
Deferred inflows - pensions	95,397	-	95,397
Net Cash Provided (Used) by Operating Activities	$ 1,739,596	$ (37,067)	$ 1,702,529

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The City provides the following services: public safety to include police and fire services (through Memorial Villages Police Department and Village Fire Department), municipal court, planning and development, public works to include streets and drainage and water and wastewater services, solid waste collection and disposal, and general administration.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

The City reports the following enterprise funds:

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

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

Direct obligations of the U.S. government

Fully collateralized certificates of deposit

Money market accounts

Statewide investment pools

3. Inventories and Prepaid Items

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

4. Capital Assets

Capital assets, which include property, machinery, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 for vehicles and equipment and $25,000 for all other capital asset types and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Unavailable revenue is related to property taxes levied for the subsequent year. The governmental activities Statement of Net Position reported unavailable revenue related to property taxes of $6,993,497 which included property tax collections for the property taxes levied for the subsequent year of $2,927,227.
- A deferred inflow related to lease receivable is recognized at the fund level under modified accrual basis of accounting and on the Statement of Net Position under the full accrual basis of accounting. The revenue is recognized at the fund level and on the Statement of Activities as the deferred inflow from lease receivable is amortized.

At the fund level, the City has two types of items, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the items are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and deferred inflows from leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Employee Absences

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

7. Long-Term Obligations

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and wastewater infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

8. Leases

The City is a lessor for a noncancellable lease of a water tower. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

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

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

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

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

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

12. Estimates

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

13. Pensions

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

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The enterprise funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of budgetary control, as defined by the charter, is at the department level for the general fund and fund level for other funds. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the fiscal year. The general fund, debt service fund, and all of the special revenue funds all have adopted budgets.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of December 31, 2022, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
CLASS	$ 7,012,543	0.21
Certificates of deposit	2,510,433	0.34
Total Investments	$ 9,522,976	
Portfolio Weighted Average Maturity		0.25

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of December 31, 2022, fair market values of pledged securities and FDIC coverage exceeded bank balances.

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

Texas CLASS

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

B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Water and Wastewater	Solid Waste
Property taxes	$ 3,588,145	$ 647,779	$ -	$ -
Sales taxes	56,484	-	-	-
Accounts	-	-	614,991	110,643
Franchise fees	26,161	-	-	-
Miscellaneous	400	-	14,083	2,573
Allowance		-	(6,581)	(1,363)
Totals	$ 3,671,190	$ 647,779	$ 622,493	$ 111,853

C. Lease Receivable

The City has entered into a lease agreement (the "Agreement") as a lessor for the use of their water tower with the lessee (American Tower Inc.) using the City's water tower to install signal equipment. The remaining term of the Agreement, including the renewal option in which it is probable is 21 years at the start of fiscal year 2022. The annual payments for the lease range from $15,984 to $24,975 thousand. An initial lease receivable and deferred inflow of resources from leases are recorded in the amount of $379,145 at the beginning of the fiscal year within the general fund. As of December 31, 2022, the value of the lease receivable is $370,858. The interest rate on the lease receivable is based on the City's incremental borrowing rate of 2.03%. The lease revenue for fiscal year 2022 was $24,930 which consists of an interest payment on the lease receivable of $7,697 and the amortization of the deferred inflow of resources from the lease of $17,233. The remaining principal and interest payments from leases are as follows:

Fiscal Year Ending Dec. 30	Lease Receivable			
	Lease Receipts			Amortization of Deferred Inflows
	Pincipal	Interest	Total	
2023	$ 8,456	$ 7,528	$ 15,984	$ 17,234
2024	12,623	7,357	19,980	17,234
2025	12,880	7,101	19,981	17,234
2026	13,141	6,839	19,980	17,234
2027	13,408	6,572	19,980	17,234
2028-2032	71,234	28,666	99,900	86,170
2033-2037	99,361	20,520	119,881	86,170
2038-2042	115,277	9,599	124,876	86,169
2043	24,478	497	24,975	17,233
Total	$ 370,858	$ 94,679	$ 465,537	$ 361,912

D. Capital Assets

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 24,944	$ -	$ -	$ 24,944
Construction in progress	252,676	4,947,302	(143,377)	5,056,601
Total capital assets, not being depreciated	277,620	4,947,302	(143,377)	5,081,545
Other capital assets:				
Infrastructure	30,877,056	118,183	-	30,995,239
Buildings	431,319	-	-	431,319
Vehicles and equipment	165,647	25,194	-	190,841
Total other capital assets	31,474,022	143,377	-	31,617,399
Less accumulated depreciation for:				
Infrastructure	(9,299,801)	(824,738)	-	(10,124,539)
Buildings	(170,796)	(11,305)	-	(182,101)
Vehicles and equipment	(140,632)	(17,355)	-	(157,987)
Total accumulated depreciation	(9,611,229)	(853,398)	-	(10,464,627)
Other capital assets, net	21,862,793	(710,021)	-	21,152,772
Total Governmental Activities Capital Assets, Net	$ 22,140,413	$ 4,237,281	$ (143,377)	26,234,317
Less associated debt				(7,161,721)
Plus deferred loss on refunding				17,854
Unspent debt proceeds for drainage detention projects				137,660
Net investment in Capital Assets				$ 19,228,110

Depreciation was charged to governmental functions as follows:

General government	$ 28,660
Public works	824,738
Total Governmental Activities Depreciation Expense	$ 853,398

Significant construction in progress and the remaining project costs under construction contracts for governmental activities at year end were as follows:

Project Description	Total in Progress	Remaining Project Costs
Governmental activities:		
Streets and Drainage Improvements	$ 1,351,988	$ 36,062
Bunker Hill Elementary Underground Detention	3,314,723	42,716
Public Works Building	335,122	382,584
Total Governmental Activities:	$ 5,001,833	$ 461,362

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 144,163	$ -	$ -	$ 144,163
Construction in progress	2,318,166	3,790,183	(513,398)	5,594,951
Total capital assets, not being depreciated	2,462,329	3,790,183	(513,398)	5,739,114
Other capital assets:				
Buildings	2,192,373	-	(55,858)	2,136,515
Water rights	446,890	-	-	446,890
Machinery and equipment	374,603	462,981	-	837,584
Infrastructure	12,941,367	50,417	-	12,991,784
Total other capital assets	15,955,233	513,398	(55,858)	16,412,773
Less accumulated depreciation for:				
Buildings	(1,112,857)	(36,759)	55,858	(1,093,758)
Water rights	(446,890)	-	-	(446,890)
Machinery and equipment	(230,180)	(37,416)	-	(267,596)
Infrastructure	(7,212,157)	(403,030)	-	(7,615,187)
Total accumulated depreciation	(9,002,084)	(477,205)	55,858	(9,423,431)
Other capital assets, net	6,953,149	36,193	-	6,989,342
Total Business-Type Activities Capital Assets, Net	$ 9,415,478	$ 3,826,376	$ (513,398)	$ 12,728,456
			Less associated debt	(5,365,412)
			Net investment in Capital Assets	$ 7,363,044

Depreciation was charged to business-type functions as follows:

Water and wastewater	$ 477,205
Total Business-Type Activities Depreciation Expense	$ 477,205

Significant construction in progress and the remaining project costs under construction contracts for business-type activities at year end were as follows:

Project Description	Total in Progress	Remaining Project Costs
Business-type activities:		
Groundwater Well and Transmission Line	$ 4,968,055	$ 138,658
Public Works Building	613,546	710,512
Total Business-Type Activities:	$ 5,581,601	$ 849,170

E. Long-Term Debt

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

	Beginning Balance	Additions	Deductions	Ending Balance		Amounts Due Within One Year
Governmental Activities						
Bonds, notes and other payables:						
General obligation bonds	$ 5,485,000	$ -	$ (945,000)	$ 4,540,000	*	$ 540,000
Certificates of obligation	1,875,000	-	-	1,875,000	*	250,000
Premium	824,162	-	(77,441)	746,721	*	-
Compensated absences	4,122	26,670	(21,115)	9,677		8,709
Total OPEB liability	32,073	-	(3,283)	28,790		-
Total Governmental Activities	$ 8,220,357	$ 26,670	$ (1,046,839)	$ 7,200,188		$ 798,709
			Long-term debt due in more than one year	$ 6,401,479		
			***Debt associated with governmental activities capital assets**	$ 7,161,721		

	Beginning Balance	Additions	Deductions	Ending Balance		Amounts Due Within One Year
Business-Type Activities						
Bonds, notes and other payables:						
Certificates of obligation	$ 5,195,000	$ -	$ -	$ 5,195,000	*	$ 220,000
Premium	179,381	-	(8,969)	170,412	*	-
Compensated absences	6,980	31,030	(32,199)	5,811		5,230
Total Business-Type Activities	$ 5,381,361	$ 31,030	$ (41,168)	$ 5,371,223		$ 225,230
			Long-term liabilities due in more than one year	$ 5,145,993		
			***Debt associated with business-type activities capital assets**	$ 5,365,412		

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. For the governmental activities, compensated absences are generally liquidated by the general fund. For governmental activities, the total OPEB liability is fully liquidated by the general fund.

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2014	2.00-2.75%	$ 805,000
Series 2020	3.00-4.00%	3,735,000
	Total	4,540,000
Certificates of Obligation		
Series 2021	1.45-3.00%	1,875,000
Total Governmental Activities Long-Term Debt		$ 6,415,000
Business Type Activities		
Certificates of Obligation		
Series 2021	1.45-3.00%	$ 5,195,000
Total Business-Type Activities Long-Term Debt		$ 5,195,000

The City is not obligated in any manner for special assessment debt.

The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. A number of limitation and restrictions are contained in the various bonds. The City has complied with all significant limitations and restrictions. The governmental activities annual requirements to amortize the general obligation bonds that remained outstanding at year end were as follows:

Year Ending Dec 31	Governmental Activities - General Obligation Bonds		
	Principal	**Interest**	**Total**
2023	$ 540,000	$ 156,150	$ 696,150
2024	565,000	137,213	702,213
2025	590,000	116,894	706,894
2026	605,000	95,588	700,588
2027	415,000	76,500	491,500
2028-2031	1,825,000	132,500	1,957,500
Total	$ 4,540,000	$ 714,845	$ 5,254,845

The City has issued tax and revenue certificates of obligation to provide funds for the acquisition and construction of major facilities and infrastructure. Certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment of certificates for governmental activities is from taxes levied on all taxable property located within the City, while business-type activities certificates will be paid with water and wastewater revenues. A number of limitations and restrictions are contained in the various certificate's ordinances. The City has complied with all significant limitations and restrictions. The governmental and business-type activities annual requirements to amortize the certificates of obligation that remained outstanding at year end were as follows:

Year Ending Dec 31	Governmental Activities - Certificates of Obligation		
	Principal	Interest	Total
2023	$ 250,000	$ 44,775	$ 294,775
2024	215,000	37,800	252,800
2025	175,000	31,950	206,950
2026	140,000	27,225	167,225
2027	310,000	20,475	330,475
2028-2031	785,000	21,863	806,863
Total	$ 1,875,000	$ 184,088	$ 2,059,088

Year Ending Dec 31	Business Type Activities - Certificates of Obligation		
	Principal	Interest	Total
2023	$ 220,000	$ 102,830	$ 322,830
2024	230,000	96,080	326,080
2025	235,000	89,105	324,105
2026	245,000	81,905	326,905
2027	250,000	74,480	324,480
2028-2032	1,330,000	287,306	1,617,306
2033-2037	1,440,000	181,809	1,621,809
2038-2041	1,245,000	50,450	1,295,450
Total	$ 5,195,000	$ 963,965	$ 6,158,965

Federal Arbitrage

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

F. Interfund Transactions

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

Transfers In	Transfers Out	Amounts
Capital Projects Fund	General Fund	$ 1,635,000
Debt Service Fund	General Fund	37,873
Water and Wastewater Fund	Nonmajor Governmental Funds	17,461
		$ 1,690,334

Amounts transferred between funds related to amounts collected by the general fund for capital projects and debt service payments. The nonmajor governmental fund transferred funds to the water and wastewater fund for fuel services.

G. Restricted Assets

As of December 31, 2022, the City held restricted cash and cash equivalents of $18,200 in the enterprise fund for customer deposits.

H. Fund Equity

As of December 31, 2022, $27,724 of the City's total fund balance is restricted by enabling legislation, $155,618 is restricted for debt service, and $521,539 is restricted for metro.

I. Restatement

The City has restated assets and deferred inflows of resources for governmental activities and the general fund for the implementation of GASB 87, *Leases*. The restatement had no effect on beginning fund and net position balances. The beginning assets and deferred inflows of resources was restated by $379,145 for a lease receivable and deferred inflows from the lease.

IV. OTHER INFORMATION

A. Risk Management

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

The City is a member of the Texas Municipal League Workers' Compensation Intergovernmental Risk Pool (the "TML Pool"), which is not intended to operate as an insurance company, but rather a contracting mechanism by which the City provides self-insurance benefits to its employees. The TML Pool contracts with a third-party administrator for administration, investigation, and adjustment services in the handling of claims. Premiums are based on the estimated City payroll by risk factor and rates. The premiums are adjusted by the City's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool.

B. Contingent Liabilities

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

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

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS does not receive any funding from the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at 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, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member contributions and interest.

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

	2022	2021
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility		
(expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to, but not yet receiving, benefits	8
Active employees	8
Total	20

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 10.72% and 10.60% in calendar years 2021 and 2022. The City's contributions to TMRS for the fiscal year ended December 31, 2022 were $83,473, which were equal to the required contributions.

Net Pension Liability/(Asset)

The City's Net Pension Liability/(Asset) (NPL/(A)) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the NPL/(A) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Market	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
Total	100.00%	

Discount Rate

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

Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability (A)	**Plan Fiduciary Net Position (B)**	**Net Pension Liability/(Asset) (A) - (B)**
Changes for the year:			
Service cost	$ 129,589	$ -	$ 129,589
Interest	253,520	-	253,520
Difference between expected and actual experience	15,752	-	15,752
Contributions - employer	-	84,347	(84,347)
Contributions - employee	-	55,077	(55,077)
Net investment income	-	496,561	(496,561)
Benefit payments, including refunds of employee contributions	(114,343)	(114,343)	-
Administrative expense	-	(2,298)	2,298
Other changes	-	16	(16)
Net Changes	284,518	519,360	(234,842)
Balance at December 31, 2020	3,748,223	3,808,987	(60,764)
Balance at December 31, 2021	$ 4,032,741	$ 4,328,347	$ (295,606)

Sensitivity of the NPL/(A) to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	**Discount Rate (6.75%)**	**1% Increase in Discount Rate (7.75%)**
City's Net Pension Liability/(Asset)	$ 156,735	$ (295,606)	$ (680,230)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended December 31, 2022, the City recognized pension expense of $12,190.

At December 31, 2022, the City reported deferred outflows and 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	$ 13,187	$ 191
Changes in actuarial assumptions	1,557	-
Net difference between projected and actual investment earnings	-	254,263
Contributions subsequent to the measurement date	83,474	-
Total	$ 98,218	$ 254,454

$83,474 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the NPL/(A) for the fiscal year ending December 31, 2023.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense
2023	$ (30,716)
2024	(107,263)
2025	(53,842)
2026	(47,889)
Total	$ (239,710)

D. Other Postemployment Benefits

<u>TMRS Supplemental Death Benefit</u>

<u>Plan Description</u>

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

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

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to, but not yet receiving, benefits	1
Active employees	8
Total	11

Total OPEB Liability

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50 to 11.50% including inflation
Discount rate	1.84%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

Changes in the Total OPEB Liability

		Total OPEB Liability
Changes for the year:		
Service cost	$	2,439
Interest		657
Differences between expected and actual experience		(6,441)
Changes of assumptions		928
Benefit payments*		(866)
Net Changes		(3,283)
Balance at December 31, 2020		32,073
Balance at December 31, 2021	$	28,790

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

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

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

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

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

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's total OPEB liability	$ 35,579	$ 28,790	$ 23,540

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

For the year ended December 31, 2022, the City recognized OPEB expense of $232. The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 4,583	$ 141
Difference in expected and actual experience	-	6,494
Contributions subsequent to the measurement date	866	-
Total	$ 5,449	$ 6,635

$866 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending December 31, 2023.

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

Year Ended December 31	OPEB Expense
2023	$ (1,481)
2024	(285)
2025	(286)
2026	-
Total	$ (2,052)

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan, makes investment decisions, and disburses funds to employees in accordance with Plan provisions. During the fiscal year, $53,997 was contributed to the Plan. The Plan has an invested balance of $196,006 as of December 31, 2022.

F. Agreement with Metro and Harris County

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

G. Interlocal Agreement for Water Conservation Credits

In 1995, the City entered into an interlocal agreement (the "Agreement") with the Harris-Galveston Coastal Subsidence District (the "District") for the purpose of sponsoring the establishment of water conservation goals, guidelines, and plans to be used within the District. Under this Agreement, the District provides school curriculum kits and in-service training to teachers, as well as provides all support functions for the program to certain schools. The City pays the District $38 for each student sponsored. The City receives a water conservation credit equal to 84,000 gallons of groundwater for each student sponsored. The City may hold, transfer, sell, or redeem the credits at any time. Groundwater credits earned through July 2001 have a lifespan of 40 years. Beginning with the 2001-2002 school year, the District issued a new series of groundwater certificates that will have a lifespan of 20 years and can only be applied to a maximum of 30% of a permittee's total water demand. The City's payments are the District for the water conservation credits that are prepaid items for the water and wastewater fund are $9,652.

H. Related Organizations and Joint Ventures

<u>Memorial Villages Police Department – Health Insurance Benefits</u>

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

<u>Memorial Villages Water Authority</u>

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

<u>Village Fire Department</u>

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

The Agreement was amended in December 2019 (the "Amended Agreement"). Effective January 1, 2020, the City was no longer a participating member but considered a customer. As a customer, the City continued to receive fire protection and emergency services from the VFD. The City remained responsible for 19% of the City assessments charged by the VFD. In addition, the City also remained responsible for the funding of 19% proportionate share of the VFD's pension and OPEB liabilities which was $223,668 as of December 31, 2021.

Effective April 1, 2022, Member Cities approved readmitting the City as a full participating member of VFD. The same terms of the Agreement prior to the Amended Agreement remain in effect. The City will continue to be liable for 19% of the VFD's budget. As result of their readmittance, the City received a reimbursement of $223,668 from payments to fund the VFD pension and OPEB liabilities under the Amended Agreement.

Consolidated financial information of the VFD extracted from the its audited financial statements for the year ended December 31, 2021, on which their auditors expressed an unmodified opinion, is as follows:

	VFD Total		City's Portion (19%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets and deferred outflows	$ 9,406,192	$ 1,352,352	$ 1,787,176	$ 256,947
Total liabilities and deferred inflows	2,650,595	1,028,760	503,613	195,464
Total Participants' Equity	$ 6,755,597	$ 323,592	$ 1,283,563	$ 61,482

	Change in Net Position	Revenues and Expenditures	Change in Net Position	Revenues and Expenditures
Total revenues	$ 7,256,985	$ 7,254,685	$ 1,378,827	$ 1,378,390
Total expenditures/expenses	7,320,554	10,792,826	1,390,905	2,050,637
Revenues over expenditures/expenses	(63,569)	(3,538,141)	(12,078)	(672,247)
Sale of capital assets/insurance proceeds	-	2,300	-	437
Beginning participants' equity	6,819,166	3,859,433	1,295,642	733,292
Ending Participants' Equity	$ 6,755,597	$ 323,592	$ 1,283,563	$ 61,482

<u>Memorial Villages Police Department</u>

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

Consolidated financial information of the MVPD extracted from the its audited financial statements for the year ended December 31, 2021, on which their auditors expressed an unmodified opinion, is as follows:

	MVPD Total		City's Portion (33%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets and deferred outflows	$ 2,228,232	$ 700,803	$ 735,317	$ 231,265
Total liabilities and deferred inflows	3,655,916	393,103	1,206,452	129,724
Total Participants' Equity	$ (1,427,684)	$ 307,700	$ (471,136)	$ 101,541

	Change in Net Position	Revenues and Expenditures	Change in Net Position	Revenues and Expenditures
Total revenues	$ 6,051,397	$ 5,973,941	$ 1,996,961	$ 1,971,401
Total expenditures/expenses	5,934,097	5,937,222	1,958,252	1,959,283
Revenues over expenditures/expenses	117,300	36,719	38,709	12,117
Proceeds from sale of assets	-	77,456	-	25,560
Beginning participants' equity	(1,544,984)	193,525	(509,845)	63,863
Ending Participants' Equity	$ (1,427,684)	$ 307,700	$ (471,136)	$ 101,541

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Bunker Hill Village, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2022

	Original Budget	Budget as Amended	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ 5,392,871	$ 5,435,300	$ 5,351,553	$ (83,747)
Sales taxes	225,000	245,000	244,358	(642)
Charges for services	15,984	15,984	25,330	9,346
Franchise fees and local taxes	254,212	280,000	279,561	(439)
Fines and forfeitures	110,000	101,723	89,020	(12,703)
Licenses and permits	375,650	481,500	481,517	17
Investment income	64,048	130,000	126,724	(3,276)
Intergovernmental	487,519	-	4,977	4,977
Other	15,632	264,632	255,720	(8,912)
Total Revenues	6,940,916	6,954,139	6,858,760	(95,379)
Expenditures				
General government:				
General administration	872,724	888,380	852,324	36,056
Municipal court	6,500	2,444	2,444	-
Total general government	879,224	890,824	854,768	36,056
Public safety:				
Fire	1,441,155	1,542,122	1,537,173	4,949
Police	2,099,750	2,119,750	2,119,750	-
Total public safety	3,540,905	3,661,872	3,656,923	4,949
Public works:				
Streets and drainage	167,500	150,000	139,083	10,917
Permits and planning	165,000	305,500	304,395	1,105
Total public works	332,500	455,500	443,478	12,022
Total Expenditures	4,752,629	5,008,196	4,955,169	53,027
Excess of Revenues Over Expenditures	2,188,287	1,945,943	1,903,591	(42,352)
Other Financing Sources (Uses)				
Transfers (out)	(1,672,873)	(1,672,873)	(1,672,873)	-
Total Other Financing (Uses)	(1,672,873)	(1,672,873)	(1,672,873)	-
Net Change in Fund Balance	$ 515,414	$ 273,070	230,718	$ (42,352)
Beginning fund balance			3,491,338	
Ending Fund Balance			$ 3,722,056	

Notes to Required Supplementary Information:

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

City of Bunker Hill Village, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended December 31, 2022

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

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

Measurement Year*			
2018	2019	2020	2021
$ 107,199	$ 110,595	$ 116,132	$ 129,589
213,174	219,295	237,241	253,520
(105,053)	43,428	(565)	15,752
-	12,170	-	-
(130,290)	(122,390)	(122,390)	(114,343)
85,030	263,098	230,418	284,518
3,169,677	3,254,707	3,517,805	3,748,223
$ 3,254,707	$ 3,517,805	$ 3,748,223	$ 4,032,741
$ 69,773	$ 79,978	$ 71,519	$ 84,347
45,015	46,862	49,179	55,077
(95,245)	474,161	268,936	496,561
(130,290)	(122,390)	(122,390)	(114,343)
(1,841)	(2,680)	(1,740)	(2,298)
(97)	(80)	(67)	16
(112,685)	475,851	265,437	519,360
3,180,384	3,067,699	3,543,550	3,808,987
$ 3,067,699	$ 3,543,550	$ 3,808,987	$ 4,328,347
$ 187,008	$ (25,745)	$ (60,764)	$ (295,606)
94.25%	100.73%	101.62%	107.33%
$ 643,067	$ 669,464	$ 702,551	$ 786,821
29.08%	-3.85%	-8.65%	-37.57%

City of Bunker Hill Village, Texas

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended December 31, 2022

	Fiscal Year*			
	2014	**2015**	**2016**	**2017**
Actuarially determined contribution	$ 52,297	$ 57,835	$ 56,125	$ 71,675
Contributions in relation to the actuarially determined contribution	52,297	57,835	56,125	71,675
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 562,339	$ 587,753	$ 573,870	$ 629,828
Contributions as a percentage of covered payroll	9.30%	9.84%	9.78%	11.38%

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	11 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*									
2018		2019		2020		2021		2022	
$	69,773	$	78,352	$	70,754	$	84,347	$	83,473
	69,773		80,777		71,535		84,347		83,473
$	-	$	(2,425)	$	(781)		-		-
$	643,067	$	669,464	$	702,551		786,821		787,488
	10.85%		12.07%		10.18%		10.72%		10.60%

City of Bunker Hill Village, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFITS FUND (TMRS SDBF)

For the Year Ended December 31, 2022

	Measurement Year*			
	2017	**2018**	**2019**	**2020**
Total OPEB Liability				
Service cost	$ 1,134	$ 1,350	$ 1,205	$ 1,827
Interest (on the total OPEB liability)	1,079	1,082	829	760
Differences between expected and actual experience	-	(10,892)	(446)	(924)
Changes in assumptions	2,136	(1,452)	3,739	3,831
Benefit payments	(315)	(322)	(402)	(281)
Net Change in Total OPEB Liability	4,034	(10,234)	4,925	5,213
Beginning total OPEB liability	28,135	32,169	21,935	26,860
Ending Total OPEB Liability	$ 32,169	$ 21,935	$ 26,860	$ 32,073
Covered-Employee Payroll	$ 629,828	$ 643,067	$ 669,464	$ 702,551
Total OPEB Liability as a Percentage of Covered-Employee Payroll	5.11%	3.41%	4.01%	4.57%

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%
Administrative expenses	All admininstrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

There were no benefit changes during the year.

There were no changes of assumptions during the period.

	Measurement Year*
	2021
	$ 2,439
	657
	(6,441)
	928
	(866)
	(3,283)
	32,073
	$ 28,790
	$ 786,821
	3.66%

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COMBINING STATEMENTS AND SCHEDULES

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CITY OF BUNKER HILL VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended December 31, 2022

	Original Budget	Budget as Amended	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ 1,130,679	$ 1,146,679	$ 1,121,427	$ (25,252)
Interest on investments	-	300	300	-
Total Revenues	1,130,679	1,146,979	1,121,727	(25,252)
Expenditures				
Debt Service:				
Principal	945,000	945,000	945,000	-
Interest and fiscal charges	232,363	238,363	236,613	1,750
Total Expenditures	1,177,363	1,183,363	1,181,613	1,750
(Deficiency) Revenues (Under) Expenditures	(46,684)	(36,384)	(59,886)	(23,502)
Other Financing Sources (Uses)				
Transfers in	37,873	37,873	37,873	-
Total Other Financing Sources	37,873	37,873	37,873	-
Net Change in Fund Balance	$ (8,811)	$ 1,489	(22,013)	$ (23,502)
Beginning fund balance			177,631	
Ending Fund Balance			$ 155,618	

Notes to Supplementary Information:

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

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SPECIAL REVENUE FUNDS

Metro Fund
The Metro Fund accounts for the revenue collected from a interlocal agreement with Metro to receive $134,000 annually through December 2040 and to be used for street maintenance and improvementson major thoroughfares.

Restricted Court Fund
The Restricted Court Fund is used to account for revenues from municipal court collections that are restricted for court technology and court security expenditures.

Fuel Station Fund
The Fuel Station Fund is used to account for revenues related to charges for services for fuel and expenditures related to public services for fuel costs.

Offsite Tree Fund
The Offsite Tree Fund accounts for revenues related to funds received from participating parties for an alternative means to meet the City's Tree Ordinance for new development. Participating parties are able to pay for trees to be planted in the City's rights-of-way when the number of tress, over the minimum required, cannot be planted on private property.

City of Bunker Hill Village, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue			
	Metro	**Restricted Court**	**Fuel Station**	**Offsite Tree**
Assets				
Cash and cash equivalents	$ 525,925	$ 28,002	$ -	$ 195,656
Total Assets	$ 525,925	$ 28,002	$ -	$ 195,656
Liabilities				
Accounts payable and accrued liabilities	$ 4,386	$ 278	$ -	$ -
Total Liabilities	4,386	278	-	-
Fund Balances				
Restricted:				
Metro	521,539	-	-	-
Enabling legislation	-	27,724	-	-
Assigned:				
Offsite tree program	-	-	-	195,656
Total Fund Balances	521,539	27,724	-	195,656
Total Liabilities and Fund Balances	$ 525,925	$ 28,002	$ -	$ 195,656

See Notes to Financial Statements.

Total Governmental Funds
$ 749,583
$ 749,583
$ 4,664
4,664
521,539
27,724
195,656
744,919
$ 749,583

City of Bunker Hill Village, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	Special Revenue			
Revenues	**Metro**	**Restricted Court**	**Fuel Station**	**Offsite Tree**
Fines and forfeitures	$ -	$ 9,384	$ -	$ -
Charges for services	-	-	19,614	-
Intergovernmental	134,000	-	-	-
Miscellaneous income	-	-	-	98,935
Total Revenues	134,000	9,384	19,614	98,935
Expenditures				
Current:				
General government	-	-	-	46,450
Public safety	-	6,142	-	-
Public works	122,041	-	-	-
Public services	-	-	29,380	-
Total Expenditures	122,041	6,142	29,380	46,450
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,959	3,242	(9,766)	52,485
Other Financing Sources (Uses)				
Transfer (out)	-	-	(17,461)	-
Total Other Financing Sources (Uses)	-	-	(17,461)	-
Net Change in Fund Balances	11,959	3,242	(27,227)	52,485
Beginning fund balances	509,580	24,482	27,227	143,171
Ending Fund Balances	$ 521,539	$ 27,724	$ -	$ 195,656

See Notes to Financial Statements.

Total Governmental Funds
$ 9,384
19,614
134,000
98,935
261,933
46,450
6,142
122,041
29,380
204,013
57,920
(17,461)
(17,461)
40,459
704,460
$ 744,919

City of Bunker Hill Village, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

METRO FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 134,000	$ 134,000	$ 134,000	$ -
Total Revenues	134,000	134,000	134,000	-
Expenditures				
Public works	134,000	134,000	122,041	11,959
Total Expenditures	134,000	134,000	122,041	11,959
Net Change in Fund Balance	$ -	$ -	11,959	$ 11,959
Beginning fund balance			509,580	
Ending Fund Balance			$ 521,539	

Notes to Supplementary Information:

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

City of Bunker Hill Village, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RESTRICTED COURT FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 14,240	$ 14,240	$ 9,384	$ (4,856)
Total Revenues	14,240	14,240	9,384	(4,856)
Expenditures				
Public works	7,950	7,950	6,142	1,808
Total Expenditures	7,950	7,950	6,142	1,808
Net Change in Fund Balance	$ 6,290	$ 6,290	3,242	$ (3,048)
Beginning fund balance			24,482	
Ending Fund Balance			$ 27,724	

Notes to Supplementary Information:

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

City of Bunker Hill Village, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FUEL STATION FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 167,563	$ 167,563	$ 19,614	$ (147,949)
Total Revenues	167,563	167,563	19,614	(147,949)
Expenditures				
Public services	167,563	150,102	29,380	120,722
Total Expenditures	167,563	150,102	29,380	120,722
Excess (Deficit) of Revenues Over (Under) Expenditures	-	17,461	(9,766)	(27,227)
Other Financing Sources (Uses)				
Transfers (out)	-	(17,461)	(17,461)	-
Total Other Financing Sources (Uses)	-	(17,461)	(17,461)	-
Net Change in Fund Balance	$ -	$ -	(27,227)	$ (27,227)
Beginning fund balance			27,227	
Ending Fund Balance			$ -	

Notes to Supplementary Information:

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

CITY OF BUNKER HILL VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OFFSITE TREE PROGRAM FUND

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 60,000	$ 100,000	$ 98,935	$ (1,065)
Total Revenues	60,000	100,000	98,935	(1,065)
Expenditures				
Public works	100,000	100,000	46,450	53,550
Total Expenditures	100,000	100,000	46,450	53,550
Net Change in Fund Balance	$ (40,000)	$ -	52,485	$ 52,485
Beginning fund balance			143,171	
Ending Fund Balance			$ 195,656	

Notes to Supplementary Information:

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

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STATISTICAL SECTION

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

Contents **Page**

City of Bunker Hill Village, Texas

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	$ 2,768,781	$ 3,538,873	$ 4,791,100	$ 5,778,396
Restricted	1,255,198	1,353,960	1,006,280	938,821
Unrestricted	3,550,978	3,903,030	4,709,106	5,560,444
Total Governmental Activities Net Position	$ 7,574,957	$ 8,795,863	$ 10,506,486	$ 12,277,661
Business-Type Activities				
Net investment in capital assets	$ 4,040,786	$ 4,097,077	$ 4,106,163	$ 4,376,414
Unrestricted	3,737,817	3,976,051	4,501,359	4,448,772
Total Business-Type Activities Net Position	$ 7,778,603	$ 8,073,128	$ 8,607,522	$ 8,825,186
Primary Government				
Net investment in capital assets	$ 6,809,567	$ 7,635,950	$ 8,897,263	$ 10,154,810
Restricted	1,255,198	1,353,960	1,006,280	938,821
Unrestricted	7,288,795	7,879,081	9,210,465	10,009,216
Total Primary Government Net Position	$ 15,353,560	$ 16,868,991	$ 19,114,008	$ 21,102,847

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 7,371,683	$ 12,047,684	$ 14,359,489	$ 15,598,352	$ 15,914,582	$ 19,228,110
3,828,996	811,445	832,932	821,632	711,693	704,881
3,389,362	4,409,691	3,250,599	4,174,733	5,938,990	4,749,092
$ 14,590,041	$ 17,268,820	$ 18,443,020	$ 20,594,717	$ 22,565,265	$ 24,682,083
$ 6,130,803	$ 6,681,645	$ 7,088,720	$ 7,305,887	$ 6,856,938	$ 7,363,044
3,328,882	3,346,383	3,802,650	3,695,536	4,260,324	4,539,078
$ 9,459,685	$ 10,028,028	$ 10,891,370	$ 11,001,423	$ 11,117,262	$ 11,902,122
$ 13,502,486	$ 18,729,329	$ 21,448,209	$ 22,904,239	$ 22,771,520	$ 26,591,154
3,828,996	811,445	832,932	821,632	711,693	704,881
6,718,244	7,756,074	7,053,249	7,870,269	10,199,314	9,288,170
$ 24,049,726	$ 27,296,848	$ 29,334,390	$ 31,596,140	$ 33,682,527	$ 36,584,205

CITY OF BUNKER HILL VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	$ 575,713	$ 615,222	$ 606,025	$ 808,501
Public safety	2,359,742	2,451,638	2,495,643	2,615,433
Public works	790,396	947,423	1,012,780	917,945
Public services	-	-	-	-
Interest and fiscal agent fees	491,050	441,105	366,027	343,813
Bond issuance costs and fees	-	72,317	2,750	-
Total Governmental Activities Expenses	4,216,901	4,527,705	4,483,225	4,685,692
Business-type activities				
Water and wastewater	2,207,224	2,307,125	2,426,643	2,814,594
Solid waste*	-	-	-	-
Total Business-Type Activities Expenses	2,207,224	2,307,125	2,426,643	2,814,594
Total Expenses	$ 6,424,125	$ 6,834,830	$ 6,909,868	$ 7,500,286
Program Revenues				
Governmental activities				
Charges for services				
General government	$ 593,391	$ 404,816	$ 384,416	$ 403,043
Public safety	48,236	61,804	53,808	75,210
Public services	-	-	-	-
Operating grants and contributions	129,000	134,000	134,000	134,000
Total Governmental Activities Program Revenues	770,627	600,620	572,224	612,253
Business-Type activities				
Charges for services				
Water and wastewater	2,749,721	2,583,185	2,799,293	3,014,256
Solid waste*	-	-	-	-
Operating grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	2,749,721	2,583,185	2,799,293	3,014,256
Total Program Revenues	$ 3,520,348	$ 3,183,805	$ 3,371,517	$ 3,626,509
Net (Expense)/Revenue				
Governmental activities	$ (3,446,274)	$ (3,927,085)	$ (3,911,001)	$ (4,073,439)
Business-type activities	542,497	276,060	372,650	199,662
Total Net Expense	$ (2,903,777)	$ (3,651,025)	$ (3,538,351)	$ (3,873,777)

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 719,790	$ 671,381	$ 1,906,330	$ 1,302,460	$ 943,981	$ 907,627
2,823,401	2,900,786	3,202,353	3,345,855	3,441,441	3,663,065
1,015,080	991,234	1,106,933	1,290,694	1,161,799	1,357,079
-	-	-	-	151,875	29,380
294,033	260,604	232,133	161,936	249,569	154,141
-	-	-	-	-	-
4,852,304	4,824,005	6,447,749	6,100,945	5,948,665	6,111,292
2,628,146	2,891,694	2,630,034	2,849,187	2,662,547	3,027,451
-	-	-	378,935	496,646	489,548
2,628,146	2,891,694	2,630,034	3,228,122	3,159,193	3,516,999
$ 7,480,450	$ 7,715,699	$ 9,077,783	$ 9,329,067	$ 9,107,858	$ 9,628,291
$ 537,222	$ 550,337	$ 615,911	$ 457,143	$ 523,172	$ 579,921
74,808	49,818	15,984	15,984	15,984	25,330
-	-	-	-	179,102	19,614
134,000	134,000	134,000	328,408	134,000	138,977
746,030	734,155	765,895	801,535	852,258	763,842
3,193,945	3,307,864	3,471,840	3,134,683	2,765,403	3,770,334
-	-	-	472,907	482,292	502,849
-	-	-	135,000	-	-
3,193,945	3,307,864	3,471,840	3,742,590	3,247,695	4,273,183
$ 3,939,975	$ 4,042,019	$ 4,237,735	$ 4,544,125	$ 4,099,953	$ 5,037,025
$ (4,106,274)	$ (4,089,850)	$ (5,681,854)	$ (5,299,410)	$ (5,096,407)	$ (5,347,450)
565,799	416,170	841,806	514,468	88,502	756,184
$ (3,540,475)	$ (3,673,680)	$ (4,840,048)	$ (4,784,942)	$ (5,007,905)	$ (4,591,266)

City of Bunker Hill Village, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	$ 4,331,519	$ 4,574,721	$ 5,012,199	$ 5,330,181
Sales taxes	77,225	85,979	127,066	123,911
Franchise fees	316,513	390,742	301,244	281,861
Investment income	18,345	12,808	13,600	34,785
Other	56,975	83,741	61,409	73,876
Transfers	-	-	-	-
Total Governmental Activities	4,800,577	5,147,991	5,515,518	5,844,614
Business-type activities				
Investment income	5,796	5,644	6,722	-
Other	5,662	12,821	4,907	18,002
Transfers	-	-	-	-
Total Business-Type Activities	11,458	18,465	11,629	18,002
Total Primary Government	$ 4,812,035	$ 5,166,456	$ 5,527,147	$ 5,862,616
Change in Net Position				
Governmental activities	$ 1,354,303	$ 1,220,906	$ 1,604,517	$ 1,771,175
Business-type activities	553,955	294,525	384,279	217,664
Total Change in Net Position	$ 1,908,258	$ 1,515,431	$ 1,988,796	$ 1,988,839

* Business-type activities did not report solid waste expenses and charges for services separately prior to fiscal year 2020.

	Fiscal Year				
2017	2018	2019	2020	2021	2022
$ 5,853,556	$ 6,160,676	$ 6,135,807	$ 6,252,728	$ 6,214,742	$ 6,476,131
163,346	162,022	171,465	202,178	222,471	244,358
285,244	278,844	285,858	246,368	267,400	279,561
66,311	58,712	61,621	64,047	62,160	127,024
78,017	108,375	201,303	271,465	250,655	354,655
-	-	-	414,321	49,527	(17,461)
6,446,474	6,768,629	6,856,054	7,451,107	7,066,955	7,464,268
28,682	19,616	11,629	-	-	-
40,018	132,557	9,907	9,906	76,864	11,215
-		-	(414,321)	(49,527)	17,461
68,700	152,173	21,536	(404,415)	27,337	28,676
$ 6,515,174	$ 6,920,802	$ 6,877,590	$ 7,046,692	$ 7,094,292	$ 7,492,944
$ 2,340,200	$ 2,678,779	$ 1,174,200	$ 2,151,697	$ 1,970,548	$ 2,116,818
634,499	568,343	863,342	110,053	115,839	784,860
$ 2,974,699	$ 3,247,122	$ 2,037,542	$ 2,261,750	$ 2,086,387	$ 2,901,678

City of Bunker Hill Village, Texas

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
General Fund				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	11,183
Assigned	-	-	2,648,184	2,570,741
Unassigned	3,536,519	3,901,540	1,793,839	2,858,509
Total General Fund	$ 3,536,519	$ 3,901,540	$ 4,442,023	$ 5,440,433
All Other Governmental Funds				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	2,911,861	2,487,433	1,006,280	927,638
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	$ 2,911,861	$ 2,487,433	$ 1,006,280	$ 927,638

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ -	$ -	$ -	$ 1,297	$ -	$ -
-	-	-	-	-	-
814,578	1,850,456	869,075	898,100	852,170	947,712
2,475,774	2,518,119	2,123,788	2,634,595	2,639,168	2,774,344
$ 3,290,352	$ 4,368,575	$ 2,992,863	$ 3,533,992	$ 3,491,338	$ 3,722,056
$ -	$ -	$ -	$ 4,340	$ 5,698	$ 94,591
3,828,996	811,445	832,932	821,632	2,649,717	842,541
-	-	212,337	567,572	2,339,119	796,724
-	-	-	(4,340)	-	-
$ 3,828,996	$ 811,445	$ 1,045,269	$ 1,389,204	$ 4,994,534	$ 1,733,856

City of Bunker Hill Village, Texas

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Revenues				
Property taxes	$ 4,287,881	$ 4,582,319	$ 4,878,014	$ 5,447,583
Sales taxes	77,225	85,979	127,066	123,911
Charges for services	48,236	61,804	53,808	75,210
Franchise fees	316,513	390,742	301,244	281,861
Fines and forfeitures	172,284	-	112,305	102,509
Licenses and permits	421,107	404,816	272,111	300,534
Investment income	18,345	12,808	13,600	34,785
Intergovernmental	129,000	134,000	134,000	134,000
Other	56,975	83,741	61,409	73,876
Total Revenues	5,527,566	5,756,209	5,953,557	6,574,269
Expenditures				
General government	558,178	597,898	596,169	646,344
Public safety	2,359,438	2,451,545	2,495,643	2,615,433
Public works	3,029,330	845,890	1,440,882	372,795
Public services	-	-	-	-
Capital outlay	557,126	118,303	564,377	215,123
Debt service:				
Principal	1,295,000	1,330,000	1,385,000	1,430,000
Interest and fiscal charges	516,076	458,150	409,406	374,806
Bond issuance costs	-	72,317	2,750	-
Payment to refunding escrow agent	-	2,150,088	-	-
Total Expenditures	8,315,148	8,024,191	6,894,227	5,654,501
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,787,582)	(2,267,982)	(940,670)	919,768
Other Financing Sources (Uses)				
Issuance of debt	-	2,145,000	-	-
Premium on debt	-	63,575	-	-
Payment to escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	2,208,575	-	-
Net Change in Fund Balances	$ (2,787,582)	$ (59,407)	$ (940,670)	$ 919,768
Debt service as a percentage of noncapital expenditures	36.19%	53.61%	33.65%	32.58%

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 5,847,505	$ 6,201,517	$ 6,119,460	$ 6,229,684	$ 6,204,506	$ 6,472,980
163,346	162,022	171,465	202,178	222,471	244,358
74,808	49,818	15,984	15,984	195,086	44,944
285,244	278,844	285,858	246,368	267,400	279,561
183,998	124,589	189,357	85,220	66,508	98,404
353,224	425,748	426,554	371,923	456,664	481,517
66,311	58,712	61,621	64,047	62,160	127,024
134,000	134,000	134,000	328,408	134,000	138,977
78,017	108,375	201,303	271,465	250,655	354,655
7,186,453	7,543,625	7,605,602	7,815,277	7,859,450	8,242,420
657,958	740,008	807,845	1,023,815	812,416	901,218
2,823,401	2,900,786	3,202,353	3,345,855	3,441,441	3,663,065
435,158	402,232	421,134	514,623	433,232	565,519
-	-	-	-	151,875	29,380
708,190	3,632,366	3,140,420	1,376,667	307,373	4,914,124
1,475,000	1,515,000	915,000	940,000	910,000	945,000
335,469	292,561	260,738	238,070	320,792	236,613
-	-	-	-	-	-
-	-	-	-	-	-
6,435,176	9,482,953	8,747,490	7,439,030	6,377,129	11,254,919
751,277	(1,939,328)	(1,141,888)	376,247	1,482,321	(3,012,499)
-	-	-	5,225,000	1,875,000	-
-	-	-	781,559	155,828	-
-	-	-	(5,912,063)	-	-
-	566,258	3,351,992	2,146,223	1,935,962	1,672,873
-	(566,258)	(3,351,992)	(1,731,902)	(1,886,435)	(1,690,334)
-	-	-	508,817	2,080,355	(17,461)
$ 751,277	$ (1,939,328)	$ (1,141,888)	$ 885,064	$ 3,562,676	$ (3,029,960)
31.50%	31.52%	17.63%	18.41%	19.86%	18.73%

City of Bunker Hill Village, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Residential	$ 1,394,293,104	$ 1,644,802,372	$ 1,644,802,372	$ 1,867,561,708
Vacant	7,091,271	7,091,271	7,091,271	17,433,859
Commercial and industrial	611,873	611,873	611,873	824,100
Utilities	1,591,380	1,591,380	1,591,380	1,102,430
Real properties	5,330,856	5,330,856	5,330,856	4,576,086
Governmental and charities	112,468,948	112,468,948	112,468,948	113,699,517
Total assessed value (1)	1,521,387,432	1,771,896,700	1,771,896,700	2,005,197,700
Less: Tax exempt property	(89,274,827)	(137,867,390)	(43,004,158)	(45,873,592)
Total Taxable Assessed Valuation	$ 1,432,112,605	$ 1,634,029,310	$ 1,728,892,542	$ 1,959,324,108
Taxable value as a percentage of assessed value	94.13%	92.22%	97.57%	97.71%
Total tax rate	$ 0.297855	$ 0.297855	$ 0.282855	$ 0.277855

Source: Tax department of the Spring Branch Independent School District.

Note:

(1) All property is assessed at 100% of actual taxable value during the year of the tax levy.

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 2,047,730,178	$ 2,130,741,350	$ 2,145,575,910	$ 2,200,253,945	$ 2,207,979,894	$ 2,274,514,350
23,694,015	19,782,928	19,501,819	21,413,469	15,932,729	10,698,935
834,791	835,941	837,711	844,490	100	839,936
1,622,760	1,642,540	1,659,090	1,749,300	2,093,050	1,965,350
6,714,690	476,401	226,385	449,124	806,078	1,283,446
113,324,167	113,324,167	113,324,167	114,715,441	114,715,441	107,528,591
2,193,920,601	2,266,803,327	2,281,125,082	2,339,425,769	2,341,527,292	2,396,830,608
(90,437,207)	(79,283,110)	(74,556,851)	(86,983,531)	(100,260,019)	(49,981,153)
$ 2,103,483,394	$ 2,187,520,217	$ 2,206,568,231	$ 2,252,442,238	$ 2,241,267,273	$ 2,346,849,455
95.88%	96.50%	96.73%	96.28%	95.72%	97.91%
$ 0.277000	$ 0.277000	$ 0.277000	$ 0.277000	$ 0.275000	$ 0.275000

CITY OF BUNKER HILL VILLAGE, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
City of Bunker Hill Village:				
Operating tax rate	$ 0.177747	$ 0.177747	$ 0.185107	$ 0.191076
Debt service tax rate	0.120108	0.120108	0.097748	0.086779
Total Direct Rates	$ 0.2978550	$ 0.2978550	$ 0.2828550	$ 0.2778550
Spring Branch Independent School District	$ 1.394500	$ 1.394500	$ 1.394500	$ 1.394500
Harris County	0.414550	0.414550	0.417310	0.419230
Harris County Flood Control	0.028270	0.028270	0.027360	0.027330
Port of Houston Authority	0.017160	0.017160	0.015310	0.013420
Harris County Hospital District	0.170000	0.170000	0.170000	0.170000
Harris County Education Department	0.006360	0.006358	0.005999	0.005422
Total Overlapping Rates	$ 2.030840	$ 2.030838	$ 2.030479	$ 2.029902
Total Direct and Overlapping Rates	$ 2.328695	$ 2.328693	$ 2.313334	$ 2.307757

Source: Tax department records of the various governments.

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 0.196114	$ 0.199110	$ 0.224946	$ 0.230407	$ 0.2292530	$ 0.2273380
0.080886	0.077890	0.052054	0.046593	0.0457470	0.0476620
$ 0.2770000	$ 0.2770000	$ 0.2770000	$ 0.2770000	$ 0.2750000	$ 0.2750000
$ 1.394500	$ 1.394500	$ 1.394500	$ 1.307300	$ 1.307300	$ 1.307300
0.416560	0.418010	0.418580	0.391160	0.391160	0.391160
0.028290	0.028290	0.028770	0.031420	0.031420	0.031420
0.013340	0.013340	0.011550	0.009910	0.009100	0.009100
0.171790	0.171900	0.171080	0.166710	0.166710	0.166710
0.005200	0.005200	0.005190	0.004199	0.004993	0.004993
$ 2.029680	$ 2.031240	$ 2.029670	$ 1.910699	$ 1.910683	$ 1.910683
$ 2.306680	$ 2.308240	$ 2.306670	$ 2.187699	$ 2.185683	$ 2.185683

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City of Bunker Hill Village, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Seven Years Ago

	2022			2015		
Property Taxpayer	**Taxable Assessed Valuation**	**Rank**	**% of Total Assessed Valuation**	**Taxable Assessed Valuation**	**Rank**	**% of Total Assessed Valuation**
Private Residential Property	$ 8,717,044	1	0.37%	$ -	-	-
Private Residential Property	7,737,575	2	0.33%	-	-	-
800 Builders LLC	7,673,759	3	0.33%	-	-	-
Private Residential Property	6,325,000	4	0.27%	-	-	-
Private Residential Property	6,000,000	5	0.26%	-	-	-
Private Residential Property	5,940,000	6	0.25%	-	-	-
Private Residential Property	5,672,975	7	0.24%	-	-	-
Private Residential Property	5,608,722	8	0.24%	4,675,000	5	0.27%
Private Residential Property	5,500,000	9	0.23%	-	-	-
Private Residential Property	5,233,439	10	0.22%	-	-	-
Frankel Homes LTD	-	-	-	5,783,999	1	0.33%
Kickerillo Company INC	-	-	-	5,168,356	2	0.30%
Silverwood Builders INC	-	-	-	3,146,682	3	0.18%
Private Residential Property	-	-	-	4,708,287	4	0.27%
Jamestown Estate Homes LP	-	-	-	4,644,942	6	0.27%
Private Residential Property	-	-	-	4,594,109	7	0.27%
Private Residential Property	-	-	-	4,522,398	8	0.26%
Private Residential Property	-	-	-	4,352,304	9	0.25%
Private Residential Property	-	-	-	4,320,235	10	0.25%
Subtotal	64,408,514		2.74%	45,916,312		2.66%
Other Taxpayers	2,282,440,941		97.26%	1,682,976,230		97.34%
Total	$ 2,346,849,455		100.00%	$ 1,728,892,542		100.00%

Source: Tax department of the Spring Branch Independent School District.

Note: The requirement is to report the top 10 property taxable assessed valuation for the current year and nine years ago. Only 2015 information was available.

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CITY OF BUNKER HILL VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year	Tax Levy Year	Tax Rate	Tax Levy	Current Tax Collected* Tax Collected	Current Tax Collected* Percentage of Levy	Adjusted in Subsequent Years**	Total Collections to Date Amount Collected	Total Collections to Date Percentage of Levy
2013	2012	$ 0.297855	$ 4,265,619	$ 4,248,569	99.60%	$ 9,795	$ 4,258,364	99.83%
2014	2013	$ 0.297855	$ 4,867,038	$ 4,850,317	99.66%	$ 9,026	$ 4,859,343	99.84%
2015	2014	$ 0.282855	$ 4,890,259	$ 4,870,936	99.60%	$ 11,282	$ 4,882,218	99.84%
2016	2015	$ 0.277855	$ 5,444,080	$ 5,425,840	99.66%	$ 9,537	$ 5,435,377	99.84%
2017	2016	$ 0.277000	$ 5,826,649	$ 5,811,928	99.75%	$ 5,207	$ 5,817,135	99.84%
2018	2017	$ 0.277000	$ 6,059,431	$ 6,049,784	99.84%	$ (397)	$ 6,049,387	99.83%
2019	2018	$ 0.277000	$ 6,112,194	$ 6,093,082	99.69%	$ 8,909	$ 6,101,991	99.83%
2020	2019	$ 0.277000	$ 6,239,265	$ 6,200,373	99.38%	$ 33,221	$ 6,233,594	99.91%
2021	2020	$ 0.275000	$ 6,163,485	$ 6,134,121	99.52%	$ 13,091	$ 6,147,212	99.74%
2022	2021	$ 0.275000	$ 6,453,836	$ 6,431,276	99.65%	$ -	$ 6,431,276	99.65%

Source: Tax department of the Spring Branch Independent School District.

*Collected within the year of the levy.

**Adjusted for net collections and refunds in subsequent years of the levy.

City of Bunker Hill Village, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities:				
General obligation bonds	$ 13,705,000	$ 14,645,000	$ 13,260,000	$ 11,830,000
Certificates of obligation	2,265,000	-	-	-
Bond issuance premiums	288,510	316,437	280,789	245,142
Subtotal	16,258,510	14,961,437	13,540,789	12,075,142
Business-Type Activities:				
Certificates of obligation	-	-	-	-
Bond issuance premiums	-	-	-	-
Subtotal	-	-	-	-
Government-Wide:				
General obligation bonds	13,705,000	14,645,000	13,260,000	11,830,000
Certificates of obligation	2,265,000	-	-	-
Bond issuance premiums	288,510	316,437	280,789	245,142
Total Government-Wide	$ 16,258,510	$ 14,961,437	$ 13,540,789	$ 12,075,142
Estimated Full Property Value	$ 1,521,387,432	$ 1,771,896,700	$ 1,771,896,700	$ 2,005,197,700
Percentage of Full Property Value:				
Government-wide	1.07%	0.84%	0.76%	0.60%
Population	3,690	3,709	3,728	3,747
Debt Per Capita:				
Governmental activities	$ 4,406	$ 4,034	$ 3,632	$ 3,223
Government-wide	$ 4,406	$ 4,034	$ 3,632	$ 3,223

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 10,355,000	$ 8,840,000	$ 7,925,000	$ 6,395,000	$ 5,485,000	$ 4,540,000
-	-	-	-	1,875,000	1,875,000
209,494	173,846	141,277	745,775	824,162	746,721
10,564,494	9,013,846	8,066,277	7,140,775	8,184,162	7,161,721
-	-	-	-	5,195,000	5,195,000
-	-	-	-	179,381	170,412
-	-	-	-	5,374,381	5,365,412
10,355,000	8,840,000	7,925,000	6,395,000	10,680,000	9,735,000
-	-	-	-	1,875,000	1,875,000
209,494	173,846	141,277	745,775	1,003,543	917,133
$ 10,564,494	$ 9,013,846	$ 8,066,277	$ 7,140,775	$ 13,558,543	$ 12,527,133
$ 2,193,920,601	$ 2,266,803,327	$ 2,281,125,082	$ 2,339,425,769	$ 2,341,527,292	$ 2,396,830,608
0.48%	0.40%	0.35%	0.31%	0.58%	0.52%
3,766	3,785	3,804	3,822	3,841	3,861
$ 2,805	$ 2,381	$ 2,120	$ 1,868	$ 2,131	$ 1,855
$ 2,805	$ 2,381	$ 2,120	$ 1,868	$ 3,530	$ 3,245

City of Bunker Hill Village, Texas

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Estimated Actual Taxable Value of Property	$ 1,432,112,605	$ 1,634,029,310	$ 1,728,892,542	$ 1,959,324,108
Net Bonded Debt				
Gross bonded debt [1]	$ 16,258,510	$ 14,961,437	$ 13,540,789	$ 12,075,142
Less: amounts available in debt service fund	611,358	660,236	552,948	456,762
Total	$ 15,647,152	$ 14,301,201	$ 12,987,841	$ 11,618,380
Percentage of Estimated Actual Taxable Value of Property	1.09%	0.88%	0.75%	0.59%
Population	3,690	3,709	3,728	3,747
Per Capita	$ 4,240	$ 3,856	$ 3,484	$ 3,101

Notes:

Additional information about the City's outstanding debt is included in the notes to the financial statements.

(1) These are the amounts of the outstanding debt for governmental activities since this debt is repaid with taxes levied on all taxable property located within the City.

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 2,103,483,394	$ 2,187,520,217	$ 2,206,568,231	$ 2,252,442,238	$ 2,241,267,273	$ 2,346,849,455
$ 10,564,494	$ 9,013,846	$ 8,066,277	$ 7,140,775	$ 8,184,162	$ 7,161,721
359,222	355,227	330,905	289,601	177,631	155,618
$ 10,205,272	$ 8,658,619	$ 7,735,372	$ 6,851,174	$ 8,006,531	$ 7,006,103
0.49%	0.40%	0.35%	0.30%	0.36%	0.30%
3,766	3,785	3,804	3,822	3,841	3,861
$ 2,710	$ 2,288	$ 2,033	$ 1,793	$ 2,084	$ 1,815

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City of Bunker Hill Village, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2022

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Spring Branch Independent School District	$ 1,103,190,000	5.37%	$ 59,241,303
Harris County	$ 1,770,442,125	0.37%	6,550,636
Harris County Flood Control District	$ 797,615,000	0.37%	2,951,176
Harris County Hospital District	$ 76,385,000	0.37%	282,625
Harris County Department of Education	$ 20,185,000	0.37%	74,685
Port of Houston Authority	$ 445,749,397	0.37%	1,649,273
Subtotal, overlapping debt			70,749,696
City Direct Debt	$ 7,161,721	100.00%	7,161,721
Total Direct and Overlapping Debt			$ 77,911,417

Source: Municipal Advisory Council of Texas

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

City of Bunker Hill Village, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Debt limit [2]	$ 143,211,261	$ 163,402,931	$ 172,889,254	$ 195,932,411
Total net debt applicable to limit	15,647,152	14,301,201	12,987,841	11,618,380
Legal debt margin	$ 127,564,109	$ 149,101,730	$ 159,901,413	$ 184,314,031
Total net debt applicable to the limit as a percentage of debt limit	10.93%	8.75%	7.51%	5.93%
Legal Debt Margin Calculation				
Assessed value	$ 1,432,112,605	$ 1,634,029,310	$ 1,728,892,542	$ 1,959,324,108
Debt limit (10% of assessed value)	143,211,261	163,402,931	172,889,254	195,932,411
Debt applicable to limit:				
Gross bonded debt [1]	16,258,510	14,961,437	13,540,789	12,075,142
Less: amount set aside for repayment of general	611,358	660,236	552,948	456,762
Total net debt applicable to limit	15,647,152	14,301,201	12,987,841	11,618,380
Legal debt margin	$ 127,564,109	$ 149,101,730	$ 159,901,413	$ 184,314,031

Notes:

(1) These are the amounts of the outstanding debt for governmental activities since this debt is repaid with taxes levied on all taxable property located within the City.

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 210,348,339	$ 218,752,022	$ 220,656,823	$ 225,244,224	$ 224,126,727	$ 234,684,946
10,205,272	8,658,619	7,735,372	6,851,174	8,006,531	7,006,103
$ 200,143,067	$ 210,093,403	$ 212,921,451	$ 218,393,050	$ 216,120,196	$ 227,678,843
4.85%	3.96%	3.51%	3.04%	3.57%	2.99%
$ 2,103,483,394	$ 2,187,520,217	$ 2,206,568,231	$ 2,252,442,238	$ 2,241,267,273	$ 2,346,849,455
210,348,339	218,752,022	220,656,823	225,244,224	224,126,727	234,684,946
10,564,494	9,013,846	8,066,277	7,140,775	8,184,162	7,161,721
359,222	355,227	330,905	289,601	177,631	155,618
10,205,272	8,658,619	7,735,372	6,851,174	8,006,531	7,006,103
$ 200,143,067	$ 210,093,403	$ 212,921,451	$ 218,393,050	$ 216,120,196	$ 227,678,843

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City of Bunker Hill Village, Texas

COMPUTATION OF SELF-SUPPORTING DEBT

Last Two Years*

	Fiscal Year 2021	Fiscal Year 2022
Gross Revenues (1)	$ 2,837,497	$ 3,781,549
Operating Expenses (2)	2,115,374	2,453,910
Net Revenues Available for Debt Service (3)	$ 722,123	$ 1,327,639
Subsequent Year Debt Service Requirements (4)		
Principal	$ -	$ -
Interest	49,527	106,130
Total	$ 49,527	$ 106,130
Coverage	14.58	12.51

*The City's water and wastewater fund did not have self-supporting debt from 2013 through 2020.

Notes:

(1) Gross revenues include operating and nonoperating revenues within the water and wastewater fund and exclude capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses do not include amortization, depreciation, bond interest, or fiscal charges.

(3) The net revenue available is for the debt service payments on certificates of obligation for the water wastewater fund.

(4) It is the City's current policy to provide these payments from water and wastewater fund revenues; however, the revenues from the water and wastewater fund are not pledged to the payment of this debt. The City's policy to make debt service payments from the water and wastewater revenues is subject to change in the future.

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CITY OF BUNKER HILL VILLAGE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Dec. 31	Population[(1)]	Personal Income[(1)]	Per Capita Personal Income[(1)]	Median Age[(1)]	Public School Enrollment[(2)]	Unemployment Rate[(1)]	Education Level in Years of Formal Schooling[(1)]
2013	3,690	$ 361,695	$ 115,588	44.9	1,197	3.20%	98.00%
2014	3,709	$ 364,627	$ 115,069	47.9	1,185	2.40%	97.50%
2015	3,728	$ 345,604	$ 110,394	45.7	1,227	1.30%	98.40%
2016	3,747	$ 396,465	$ 105,722	44.8	1,304	0.50%	96.80%
2017	3,766	$ 369,869	$ 114,276	46.0	1,280	0.80%	96.20%
2018	3,785	$ 386,300	$ 120,034	45.4	1,286	2.00%	96.50%
2019	3,804	$ 373,388	$ 116,966	42.7	1,280	2.80%	98.30%
2020	3,822	$ 370,711	$ 199,314	45.8	1,333	3.00%	98.10%
2021	3,841	$ 396,465	$ 128,461	43.8	1,326	3.80%	99.20%
2022	3,861	$ 373,388	$ 128,461 *	43.8 *	1,326 *	3.80% *	99.20% *

* Fiscal year ended 2021 data was used as the information was not available for fiscal year ended 2022.

Data sources:

(1) Colliers International Estimate

(2) Spring Branch Independent School District

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City of Bunker Hill Village, Texas

PRINCIPAL EMPLOYERS

Current Year and Six Years Ago*

	2022			2016		
		Percentage of Total			Percentage of Total	
Employer	**Employees**	**Employment**	**Rank**	**Employees**	**Employment**	**Rank**
Memorial Drive Presbyterian Church	191	46.25%	1	171	47.63%	1
Spring Branch Independent School District:						
Frostwood Elementary	65	15.74%	2	55	15.32%	2
Bunker Hill Elementary	50	12.11%	3	50	13.93%	3
Memorial Villages Police Department	45	10.90%	4	41	11.42%	4
Holy Name Retreat Center	28	6.78%	5	16	4.46%	6
Paratus Memorial	23	5.57%	6	N/A	N/A	10
City of Bunker Hill Village	8	1.94%	7	8	2.23%	7
8th Church of Christ Scientology	2	0.48%	8	2	0.56%	8
Memorial Forest Club	1	0.24%	9	1	0.28%	9
Memorial Drive Christian Church	N/A	N/A	10	15	4.18%	5
	413	100.00%		359	100.00%	

Source: Human Resource Department of each company

Note: The residents of the City are primarily employed outside of the City limits and employment within the City limits is not considered a significant economic factor for the City.

* The requirement is to report for the current year and nine years ago; however, only the current year and six years ago information is available.

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CITY OF BUNKER HILL VILLAGE, TEXAS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Governmental Activities:										
General government	5	5	5	5	5	5	5	5	5	5
Public works	1	1	1	1	1	1	1	1	1	1
Business-Type Activities:										
Water and sewer	2	2	2	2	2	2	2	2	2	2
Total City Positions	8	8	8	8	8	8	8	8	8	8

Source: City Finance Department

CITY OF BUNKER HILL VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
City of Bunker Hill Village				
Budgeted full-time employees	8	8	8	8
Function				
Municipal court				
Traffic violations	294	178	352	357
Non-traffic violations	1,668	621	622	678
Community Development				
Residential building permits issued	97	89	73	67
Commercial building permits issued	1	-	-	1
Water				
Average daily gallons pumped-combined water (millions of gallons)	1.09	1.00	0.96	1.04
Average daily gallons pumped-surface water (millions of gallons)	0.54	0.55	0.48	0.60
Average daily gallons pumped-well water (millions of gallons)	0.55	0.45	0.48	0.44
Number of connections	1,364	1,364	1,364	1,358

Source: Various City departments

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
8	8	8	8	8	8
890	486	492	116	172	558
1,642	1,438	2,090	431	392	1669
61	66	65	59	68	56
-	-	-	1	-	2
1.05	1.00	0.98	1	0.82	1.05
0.53	0.51	0.49	0.5	0.46	0.55
0.52	0.49	0.49	0.5	0.36	0.50
1,365	1,362	1,352	1,363	1,355	1,354

City of Bunker Hill Village, Texas

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Function				
General government				
Municipal buildings	1	1	1	1
Public works				
Streets (lane miles)*				
Major				
Asphalt	14.4	14.4	14.4	14.4
Concrete	2.3	2.3	2.3	2.3
Minor				
Asphalt	9.2	9.2	9.2	9.2
Concrete	16.4	16.4	16.4	16.4
Water				
Water wells	4	4	4	4
Ground/elevated storage tanks	3	3	3	3
Water mains (miles)	24	24	24	24
Fire hydrants	104	104	105	105
Wastewater				
Sanitary sewers (miles)	22	22	22	22
Sewer manholes	425	425	425	425

* There are 25 private streets that are not maintained by the City. Two streets have minimal private sections.

Source: Various City departments

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
1	1	1	1	1	1
14.4	14.4	14.4	14.4	14.4	14.4
2.3	2.3	2.3	2.3	2.3	2.3
9.2	9.2	9.2	9.2	9.2	9.2
16.4	16.4	16.4	16.4	16.4	16.4
4	4	4	4	4	4
3	3	3	3	3	3
24	24	24	24	24	24
107	107	107	107	107	107
22	22	22	22	22	22
425	425	425	425	425	425

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