

Texas Water Development Board

Application WUG Infrastructure Expansion
(Groundwater) - construction & equipping of a
new 1,200 feet deep, 1,800 gpm production well
with modifications to electrical and chlorination
equipment.

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Retail Water Services

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Top Ten Customers of Water System

Top Ten Customers of Wastewater System

Number of Customers in Past 5 Years

Debt

Taxing Authority

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Top Ten Taxpayers

Tax Rate and Sales Tax

Document - SystemRevenuesC17

Document - ComparativeSystemOperatingStatement

Document - AnnualAudit

Document - ManagementLetter

Document - InterimFinancialInformation

Outstanding Debt

Document - GeneralObligationDebt

Document - RevenueDebt

Applicant's Ten Largest Employers

Bond Ratings

Receive Water or Sewer

Project Description

Water Made Available

SWIFT

Document - ProposedBondOrdinance

Document - PrivatePlacementMemorandum

Project Location

Document - ProjectServiceArea

Project Schedule

Document - ProjectedWaterUse

Cost Estimates

Document - TWDB-1201

Document - WRD-253d

Property Rights

Document - WRD208A

Document - WRD208B

Permits & Easements

Document - ED-101

Environmental Determination

CE/DNE

Adverse Environmental/Social Impacts

Associated PIF(s)

Additional Attachments

Document - Additional_Attachments

Associated PIF PDF

Document - PIF #862052

Legal Authority

The legal authority under which the applicant was created and operates.: TYPE_A

General Information

County: Harris

Name of Entity: Spring Valley Village

System Contact Physical Address

Address 1: 1025 Campbell Road

Address 2:

City: Houston

State: TX

Zip: 77055-7407

Phone: (713) 465-5306

Fax: (832) 910-8578

Website: <https://www.springvalleytx.com>

System Contact Mailing Address

Address 1: 1025 Campbell Road

Address 2:

City: Houston

State: TX

Zip: 77055-7407

Description

Brief description of the project: WUG Infrastructure Expansion (Groundwater) - construction & equipping of a new 1,200 feet deep, 1,800 gpm production well with modifications to electrical and chlorination equipment.

Officers/Members

Applicant's Officers and Members

Julie Robinson

City Administrator

Michelle Yi
City Treasurer

Primary Contact

Name: Julie Robinson
Title: City Administrator
Address 1: 1025 Campbell Road
Address 2:
City: Houston
State: TX
Zip: 77055-7407
Phone: (713) 465-5306
Fax: (832) 910-8578
Email: jrobinson@springvalleytx.com

Applicant's Contributors

Contributor Type	Firm Name	Contact Name	Address	Phone	Fax	Email
Applicant Engineer	WSP USA	John Seifert	11111 Katy Freeway Suite 850 Houston TX 77079-2176	713-468-8600		john.seifert@wsp.com
Bond Counsel	Norton Rose Fulbright	Neil Thomas	1304 McKinney, Suite 5100 Houston TX 77010-3095	713-651-5151		neil.thomas@nortonrosefulbright.com
Financial Advisor	Masters on Advisors	Drew Masters on	4400 Post Oak Parkway, Suite 2370 Houston TX 77027-3431	713-814-0555		drew.masterson@mastersonadvisors.com
Certified Public Accountant (or other appropriate rep)						
Legal Counsel	Olson & Olson LLP	Loren Smith	2727 Allen Prkwy Suite 600 Houston TX 77019-2133	713-533-3820	713-533-3888	LSmith@olsonllp.com
Any other Contributor representing the Applicant before the board						

Contributor Contracts (documents follow this page)

1009100

Engineering

1009101

Bond Counsel

1009102

Financial Advisor

1009104

Legal Counsel

LBG-GUYTON ASSOCIATES
PROFESSIONAL GROUNDWATER AND
ENVIRONMENTAL ENGINEERING SERVICES

1111 KATY FREEWAY
SUITE 850
HOUSTON, TX 77079
713-468-8600
FAX No.: 713-468-4956

November 22, 2016

Mr. Stephen Ashley
City Administrator
City of Spring Valley Village
1025 Campbell Road
Houston, Texas 77055-7495

Re: Construction of an Additional Water Well at the Spring Valley Village Water Plant

Dear Mr. Ashley:

As requested, LBG-Guyton Associates has developed a scope of work and budget for assisting the City of Spring Valley Village (City) with the above referenced work at the existing Spring Valley Village Water Plant located on Campbell Road just north of the current City Hall and Police Station. A planned new production well would serve as the primary source of groundwater to the plant with the existing well serving as a back-up supply. The existing well provides about 1,350 gpm. It is estimated that the new well would provide about 1,800 gpm and screen about the same depth interval as the existing well. The proposal is divided into phases including design phase, bid phase, construction phase and supplemental services that would be provided by our firm and our subconsultants.

Phase I - Production Well, Electrical System and Chemical System Design Services

It is envisioned that the well will be constructed in the north part of the existing City Hall building once the building is demolished. It is our understanding that the City may want to pass a City Ordinance in lieu of obtaining a 150-foot sanitary control easement to satisfy the Sanitary Control Easement requirements of the Texas Commission on Environmental Quality (TCEQ). Our proposal assumes that this will be done. We have not included effort to perform the surrounding property surveying and other work to request an exception from the TCEQ regarding a sanitary control easement. The services are planned to include the following:

1. Initial or kickoff meeting with City personnel to discuss client preferences for the well, anticipated timing of various phases of the project and lines of communication and reporting.
2. Obtain from the City any data available for the existing well, record drawings of the water plant and surrounding area near the City Hall building, historical groundwater pumpage data and historical chemical dosing.

3. Perform a topographic survey for all construction areas for the project.
4. Apply for well permit from the Harris-Galveston Subsidence District.
5. Develop a storm water pollution prevention plan for the well construction area.
6. Prepare construction drawings and specifications that will include, but not limited to the following information:
 - a. Base sheets
 - b. General construction notes
 - c. Well site plan sheet
 - d. Location of sound reducing walls to be erected during construction
 - e. Drainage and location for disposal point for well development and pumping test water
 - f. Prepare technical specifications for the well, discharge piping, storm sewer and drains, electrical equipment and chlorine, ammonia, polyphosphate and fluoride chemical systems. Provide specifications that include addressing any new requirements of governmental regulatory agencies.
 - g. Provide specifications and drawings at the 60-percent completion stage for review.
 - h. Incorporate comments into construction drawings and specifications and provide drawings and specifications at the 90-percent completion stage.
 - i. Incorporate comments into construction drawings and specifications and provide for final approval and signature at the 100-percent completion stage.
 - j. Provide construction cost estimate and schedule at the 60-, 90- and 100-percent completion stages.
 - k. Submit construction drawings and specifications to City of Spring Valley Village and the TCEQ for review and approval.
 - l. Address comments from the TCEQ and revise specifications as needed.
 - m. Attend design review meetings and plan on two (2) site visits during the design phase to address design issues.

Phase II - Bid Phase Services

1. Obtain front-end documents from the City of Spring Valley Village and develop specifications and drawings for bid package. Provide fifteen (15) paper copies for the bidders and client and an electronic copy.
2. Attend pre-bid meeting and develop minutes of the meeting. Prepare addendum, as needed, to address questions received during the bid phase.
3. Prepare a bid tabulation, review bids and provide a letter regarding recommendation for award of the contract.

Phase III Construction Phase Services

1. Attend pre-construction meeting and develop minutes of the meeting.
2. Review submittals and address RFIs, RFPs and CO requests.
3. Attend four (4) construction progress meetings either at the City's offices or at the water plant.
4. Perform a well site visit at least every two weeks and during major construction activities, as needed, to review construction progress and answer contractor or City questions. Evaluate well development and pumping test data relative to aquifer response. Estimate the pumping rate, horsepower, total head, and depth setting of the permanent pump.
5. Be available in our office to respond to contractor questions.
6. Provide the City once per month status reports regarding construction.
7. Attend walk-through at the substantial completion and final completion stages of the project. Develop punch list after the substantial completion inspection. Provide as built drawings of the constructed facilities.
8. Develop well data package for submittal to TCEQ for well Interim Approval.

Phase IV - Supplemental Services

Supplemental Services are envisioned for this project and include the following.

1. Conduct a well potential pollution hazards study within 1/2-mile radius of the proposed well site to identify potential pollution sources. This task will include a review of Resource Conservation and Recovery Act, (RCRA), notifies of hazardous and/or solid waste, a review of TCEQ records of storage tanks and leaking petroleum storage tanks, a review of Rail Road Commission of Texas casing, cementing and plugging records of oil and/or gas test holes and wells, a review of state and federal Super Fund sites, a field reconnaissance of the area. The study will address requirements outlined in Chapter 290, subchapter D, Section 290.41(c)(1)(A) - (E) of the TCEQ Rules and Regulation for Public Water Systems. Prepare four (4) copies of a bound report with figures and data attachments.
2. Perform a topographic survey of the water plant area for grade elevations and storm sewer pipe invert elevations. The topographic survey would be performed by Geo Solutions, LLC that has previously performed surveying at the water plant.

SCOPE OF SERVICES ASSUMPTIONS

Our scope of services assumes that there will be no upgrades or additions at the water plant other than the construction of the new well, electrical service for the new well, new and/or relocated chemical facilities and discharge piping modifications for both wells. Our services also assume that during construction of the new production well that the existing well may require shutdown during portions of drilling and construction of the well. The electrical design assumes there will be a separate power drop to the new well so that power will not be interrupted to the plant during construction. The present water plant back-up generator will be wired to run either well at the plant but will not be capable of running both wells at the same time. The chlorine system design assumes there will be two new prefabricated buildings for the new chlorine system and liquid ammonia system and the existing building that currently contains the gas ammonia system will be relocated and will contain the polyphosphate and fluoride systems. The building that currently houses the polyphosphate and fluoride systems can be used for storage or removed from the plant site.

Subconsultants

The subconsultants for the project include: Geo Solutions, LLC for surveying and AECOM for electrical and chemical system design. A copy of their proposals are attached. LBG-Guyton Associates will provide design services for the new production well, discharge piping, storm water system, storm water pollution prevention plan, and other miscellaneous site improvements.

Assumptions for Construction Phase Services

Our construction phase services are based on limited visits during construction and will not be on a daily basis except during major construction activities of well pilot hole drilling and electric logging, surface casing setting and cementing, screen setting and gravelling, the pumping test and installation and testing of the permanent pump. We will be available from our office to provide support to answer questions and provide clarifications. We would not exceed our construction phase services budget without prior authorization from the City, which should not occur unless there are unforeseen problems during construction. Our services also are based on a 365 day estimate for the construction.

Engineering Fees for Phase I, II and III Services

LBG-Guyton can provide our services on a lump sum basis for the design and bid phase services and a hourly basis for construction phase services. We have added a 10 percent fee for the subconsultant invoices. The cost estimates for our services are based on expected work

Mr. Stephen Ashley
November 22, 2016
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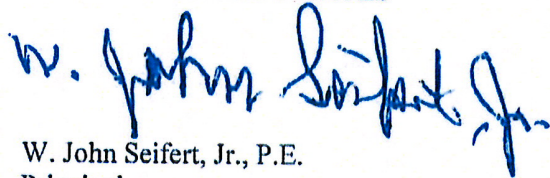
progression with no long delays in project start or unforeseen additional work. The engineering services for the project at the Spring Valley Village Water Plant including permitting, design and bidding services for the new well is \$66,422 and for the electrical and chemical systems design is \$65,780 or a total of \$132,202. Engineering fees for Phase III construction phase services are proposed to be provided on an hourly basis. The cost estimate for these services is provided in the attached table. The estimated cost of the construction phase services is \$45,302. The fees for the separate Phase IV services are on a lump sum basis of \$7,000 for the potential pollution hazards study and \$4,647 for the topographic survey.

If our proposal is acceptable, please sign in the space provided and the proposal can become our agreement. Our firm will provide an updated insurance certificate including professional liability coverage and naming the City as an additional insured.

If you or others have questions concerning our scope of work or budgets, please do not hesitate to contact us and we can answer questions and/or meet to discuss the project/ proposal at a time convenient with your schedule. We look forward to working with you and others with the City of Spring Valley Village on a project that should improve the reliability of the water supply and infrastructure for the City.

Sincerely,

LBG-GUYTON ASSOCIATES



W. John Seifert, Jr., P.E.
Principal

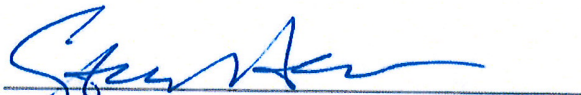
Attachments

ACCEPTED BY:

SIGNATURE:

PRINTED NAME:

DATE:



Stephen Ashley

12-16-2016

LBG-GUYTON ASSOCIATES

**City of Spring Valley Village
New Well - Phase III Construction Services
LBG-GUYTON ASSOCIATES**

Tasks	Principal	Senior Associate	Associate	Sr. Env. Eng./ Sr. Hydro	Env. Eng./ Hydro	Drafting/ Modeling	Support
Hourly Rate	\$200			\$138	\$102	\$95	\$75
Task 1 - PreCon Mtg. and Agenda	2			4			2
Task 2 - Submittals Review (Est. 25)	8			16	16		4
Task 3 - Site Visits	4			24	124		
Task 4 - Progress Meetings (Qty. 4)	4			16			5
Task 5 - TCEQ Interim Approval	2			10			4
Task 6 - Project Records				8		12	4
Total Manhours	20	0	0	78	140	12	19
Subtotal Raw Labor Costs	\$4,000	\$0	\$0	\$10,764	\$14,280	\$1,140	\$1,425
Labor Costs	\$31,609						
2% Service Charge	\$632						
Total Labor Costs	\$32,241						
<i>Expenses</i>							
Field Supplies	\$0						
Office Expense:							
Telephone	\$0						
Copying/Printing Specifications	\$500						
Postage/Shipping	\$0						
Travel Expenses:							
Airfare							
Hotel							
Car Rental							
Mileage 345 @ .54	\$186						
Miscellaneous Expenses:							
Other: EDR Report (PPHS)							
Other: Atlas Report (PPHS)							
Other							
Expense Costs	\$686						
Total Expense Costs	\$686						
<i>SubConsultant Fees</i>							
SubConsultant - AECOM	\$11,250						
SubConsultant - Chemical Systems							
SubConsultant - Surveying							
SubConsultant Costs	\$11,250						
10% Mark up	\$1,125						
Total Subconsultant Costs	\$12,375						
TOTAL FEE FOR PROJECT	\$45,302						



AECOM
19219 Katy Freeway
Suite 100
Houston, TX 77094-1009
www.aecom.com

281 646 2400 tel
281 646 2401 fax

November 21, 2016

Mr. W. John Seifert, PE
LBG-Guyton Associates
11111 Katy Freeway, Suite 850
Houston, Texas 77079

Subject: City of Spring Valley
Design/CPS for Water Well (Electrical) and Chemical Facilities for Water Plant

Dear Mr. Seifert:

This letter is AECOM Technical Services, Inc.'s (AECOM) proposal to provide engineering services in connection with the above-referenced water well project. The proposed Scope of Services, Basis of Compensation, and Schedule of Completion are outlined below.

SCOPE OF SERVICES

The overall project includes electrical and mechanical support for the final design, bidding and construction phase services for the City of Spring Valley and includes the electrical for construction of one water well and renovation of the chemical facilities at the site.

AECOM's scope of services is limited to the following:

1. Design Phase
 - a. Conduct field research
 - b. Prepare electrical and mechanical design specifications for the following:
 - 1) Electrical:
 - a) Coordination with CenterPoint Energy for a new power service for the Water Well
 - b) Modification of the existing generator standby power system to provide standby power to the new water well
 - c) Modification of the existing control system to limit the generator load capability
 - d) Provide new outdoor motor control center with canopy for the water well
 - e) Provide power and control design for the new chemical buildings.
 - f) Provide for the installation of the addition of an SPD (surge protective device) to the existing Motor control center
 - g) Provide the design for control of the new well interface to the existing PLC



W. John Siefert, P.E.
Page 2

2) Mechanical:

- a) Provide demolition drawings for the site
- b) Provide revised chemical feed piping layouts for the site, as well as proposed meter run drawing
- c) Design new chemical facilities (buildings and equipment) for the site (Chlorination, LAS, fluoride and polyphosphate)
- d) Design new structural foundations for slab supporting new chemical buildings
- e) Remove existing wall in Control Building to provide more room for new electrical equipment that needs to be installed

3) General:

- a) Prepare technical specifications
- b) Prepare bid documents
- c. Prepare electrical and mechanical construction design plans

2. Bidding Phase

- a. If requested, attend pre-bid conference
- b. Assist in the preparation of project addendums
- c. If requested, assist in evaluation of mechanical, electrical and instrumentation bid items

3. Construction Phase Services

Costs are estimated based eight (8) Submittals, four (4) Requests for Information, three (3) site visits and one (1) final walkthrough.

- a. If requested, attend pre-con meeting
- b. Review of project construction Submittals
- c. Review of project construction Requests for Information (RFIs)
- d. If requested, provide mechanical, electrical structural and instrumentation engineering services during construction
- e. Attend site visits at the site during construction, and attend one final site walkthrough at the end of construction

In accordance with our conversations, design plans and specifications will be prepared in accordance with the guidelines provided by the City of Spring Valley and our previous water well projects.

After our final review of the documents, AECOM will sign and seal the appropriate civil, mechanical, electrical drawings and specifications.



W. John Siefert, P.E.
Page 3

We anticipate receiving one comprehensive site plan from LBG-Guyton.

BASIS OF COMPENSATION

Compensation for professional services provided under this agreement during Construction Phase Services will be on a reimbursable basis in accordance with the attached Compensation and Liability form H-2005a (Exhibit A). We request an authorization of \$71,050 for the design and construction phase services. The breakdown for design and construction phase services is as follows:

- Design and bidding phase services \$ 59,800
 - Construction Phase Services \$ 11,250
- \$ 71,050 Total for Design/CPS

The project design and bidding phase is understood to be lump sum and will be invoiced monthly. The Construction Phase Services will be billed on a reimbursable basis and will be invoiced monthly. The total design/construction phase services for the project once authorization is approved will be \$71,050. If the schedule is extended beyond 18 months, then AECOM and LBG-Guyton have the option to review and re-negotiate the remaining services.

SCHEDULE OF COMPLETION

AECOM's services described above will be completed as follows:

- 90% Design Submittal 90 calendar days after authorization and Notice to Proceed (pending receipt of all needed background information)
- Construction Phase Services 360 calendar days after award of construction contract

Your signature in the space provided below constitutes your acceptance of this proposal. Please return one of the two originals, and keep one for your records.

Please feel free to call Michael Rolén at 281-675-7667 if you have any questions.

Sincerely,


 M. R. McCrary, PE
 Vice President

MRM:MJR:lf
Attachment

ACCEPTED AND AGREED TO:

W. John Seifert, P.E.
Principal

Date

cc: Michael Rolén, P.E. (AECOM)
C.J. Troutt P.E (AECOM) w/o attachment
Project File

EXHIBIT A

Insurance Requirements

Consultant shall maintain the following insurance coverage with carrier's rated A- or better by Best's Insurance Rating Services:

- A. Statutory Worker's Compensation coverage and a minimum limit of \$500,000 Employer's Liability coverage for all states identified in the Project, including Longshoreman's and Harbor Workers Act coverage, if applicable.**

- B. Comprehensive General Liability insurance of at least \$1,000,000 combined single limit, endorsed to show LBG and Client as additional insureds, and including broad form contractual liability coverage, completed operations liability coverage, products liability coverage, and coverage for underground hazard (deletion of the X, C and U exclusions). The policy shall provide for a minimum 30 days' notice of cancellation (10 days for non-payment, termination or non-renewal to LBG and Client).**

- C. Automobile liability insurance for owned, non-owned and hired vehicles, with minimum limits of \$1,000,000 combined single limit, including no-fault (PIP, BRB) and uninsured motorists coverage.**

- D. Professional liability insurance with minimum limits of \$2,000,000 per occurrence.**



25211 Grogan's Mill Road, Suite 375
 The Woodlands, Texas 77380
 Tel.: 281-681-9766 Fax: 281-681-9779
 Firm No. 100159-00

Estimate for Survey Services

Client Name: Mr. John Seifert or Mr. Eric McAlpine Business Name: LBG-Guyton Associates Address: 11111 Katy Freeway, Suite 850 Houston, Texas 77079 email: Phone: 713-468-8600	Professional Land Surveying Services Topographic survey of the water plant area for the City of Spring Valley (area based on received sketch) in Harris County, Texas
---	--

Prepare Topographic Survey of Water Plant area on the City of Spring Valley property

Description	Hours	Rate	Cost
2 - Man Crew	20	\$118.00	\$2,360.00
Project Surveyor/RPLS	1	\$105.00	\$105.00
CADD Technician	20	\$88.00	<u>\$1,760.00</u>
			\$4,225.00

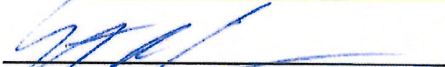
**Survey crew will need access to the water plant area. (unlock fences/gates)

Lump Sum Fee \$4,225.00

Scope of Services for this survey.

- The surveys will be prepared using the Texas Society of Professional Land Surveyors "Manual of Practice" for a Category 6, Condition II - Topographic Survey .
- GeoSolutions will relate this project to previously prepared survey for City of Spring Valley property.
- GeoSolutions will locate visible improvements on the site. GeoSolutions will not obtain underground pipe locations (no probing of the water line). If the underground waterline is marked in the field, GeoSolutions will collect these locations.
- GeoSolutions will collect inverts for storm and sanitary manholes for flowlines of the pipes.
- GeoSolutions will provide a Autocad 2008 cad file as a deliverable. Any signed and sealed drawing will be charged at an hourly rate.
- Survey will be completed within 20 working days from notice to proceed (a signed copy of this proposal).

If you have any questions, please do not hesitate to call.

Signed: 
 Stephen M. Chruszczak, RPLS

Approved: _____

Date: November 4, 2016

Date: _____

(If approved, initial survey request, sign above and return by email or fax)

Client#: 584486

LEGEBRA

ACORDTM

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/20/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER USI Insurance Services LLC 530 Preston Avenue Meriden, CT 06450 855 874-0123		CONTACT NAME: Carmel McCabe PHONE (A/C, No, Ext): 855 874-0123 E-MAIL ADDRESS: usictcertificates@usi.com FAX (A/C, No): 203 634-5701															
INSURED Leggette Brashears & Graham, Inc. DBA LBG-GUYTON Associates 11111 Katy Freeway Suite 850 Houston TX 77079		<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Hartford Ins Co of the Midwest</td> <td>37478</td> </tr> <tr> <td>INSURER B : Hartford Accident & Indemnity C</td> <td>22357</td> </tr> <tr> <td>INSURER C : AIG Specialty Insurance Company</td> <td>26883</td> </tr> <tr> <td>INSURER D : Hartford Casualty Insurance Com</td> <td>29424</td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Hartford Ins Co of the Midwest	37478	INSURER B : Hartford Accident & Indemnity C	22357	INSURER C : AIG Specialty Insurance Company	26883	INSURER D : Hartford Casualty Insurance Com	29424	INSURER E :		INSURER F :	
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INSURER F :																	


COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> X,C,U Included GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			31UUNZK6256	11/01/2016	11/01/2017	EACH OCCURRENCE	\$1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$1,000,000
							MED EXP (Any one person)	\$10,000
							PERSONAL & ADV INJURY	\$1,000,000
							GENERAL AGGREGATE	\$3,000,000
		PRODUCTS - COMP/OP AGG	\$3,000,000					
							\$	
D	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			31UENAX2201	11/01/2016	11/01/2017	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
D	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10,000			31XHUF0726	11/01/2016	11/01/2017	EACH OCCURRENCE	\$10,000,000
							AGGREGATE	\$10,000,000
								\$
B	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			31WENJ0522	11/01/2016	11/01/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER	
							E.L. EACH ACCIDENT	\$1,000,000
							E.L. DISEASE - EA EMPLOYEE	\$1,000,000
							E.L. DISEASE - POLICY LIMIT	\$1,000,000
C	Pollution/Profess Liab Claims Made			COPS3778313 retro date	06/17/2015 06/17/1992	06/17/2017	5,000,000/5,000,000 50,000 Deductible	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Spring Valley Village is included as an Additional Insured under the General Liability policy when required in a written agreement in accordance with policy terms, conditions, and exclusions regarding services provided by the Named Insured.

CERTIFICATE HOLDER City of Spring Valley Village 1025 Campbell Road Houston, TX 77055-7495	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP

1301 MCKINNEY, SUITE 5100

HOUSTON, TEXAS 77010-3095

HOUSTON
WASHINGTON, D.C.
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SAN ANTONIO
DALLAS
NEW YORK
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LONDON
HONG KONG

TELEPHONE: 713/651-5151
FACSIMILE: 713/651-5246

January 13, 2000

Re: City of Spring Valley, Texas

City of Spring Valley, Texas
1025 Campbell Road
Houston, Texas 77055

Ladies and Gentlemen:

This letter confirms that Fulbright & Jaworski L.L.P. will represent City of Spring Valley, Texas as bond counsel in connection with the proposed authorization, sale, and issuance of the one or more series of future debt obligations of the City (the "Obligations"). Our acceptance of that representation (the "Representation") becomes effective upon the execution and return of the enclosed copy of this letter.

Terms of Engagement

This letter sets out the terms of our engagement in the Representation. Certain of those terms are included in the body of this letter, and additional terms are contained in the attached document, entitled *Additional Terms of Engagement*. That document is expressly incorporated into this letter, and it should be read carefully. The execution and return of the enclosed copy of this letter constitutes an unqualified agreement to all the terms set forth in this letter and in the attached *Additional Terms of Engagement*.

It is understood and agreed that our engagement is limited to the Representation. We are not being retained as general counsel, and our acceptance of this engagement does not imply any undertaking to provide legal services other than those set forth in this letter.

As bond counsel, we expect to perform the following duties:

- (1) subject to completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Obligations, the source of payment and security for the Obligations, and the federal income tax treatment of interest on the Obligations;

- (2) prepare and review documents necessary or appropriate to the authorization, issuance, sale, and delivery of the Obligations, and coordinate the authorization and execution of such documents, and review;
- (3) assist you in seeking from other governmental authorities such approvals, permissions, and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance, sale, and delivery of the Obligations;
- (4) review legal issues relating to the structure of the Obligations;
- (5) prepare election proceedings if appropriate;
- (6) assist you in reviewing those sections of the official statement, private placement memorandum, or other form of offering or disclosure document which describe the terms of the Obligations and the opinion described in paragraph (1) above to be disseminated in connection with the sale of the Obligations;
- (7) assist in presenting information relating to the legality of the Obligations to bond rating organizations and providers of credit enhancement;

The Bond Opinion on any series of Obligations will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation.

Our engagement is to advise you with respect to legal issues only; we understand that you have engaged First Southwest Company as your financial advisor, and unless otherwise instructed by you we will consult with and take direction from your financial advisor in the issuance of the Obligations. Our duties as bond counsel specifically do not include:

- (1) except as described in paragraph (6) above, or except as specifically engaged for such purpose, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading;
- (2) preparing requests for tax rulings from the Internal Revenue Service;

- (3) preparing blue sky or investment surveys with respect to the Bonds;
- (4) drafting of state constitutional amendments or preparation of authorizing legislation;
- (5) making an investigation or expressing any view of the creditworthiness of you or of the Obligations or any obligor therefor;
- (6) except if specifically engaged for such purpose, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Obligations and, after initial delivery of the Obligations, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking;
- (7) responding to Internal Revenue Service audits or Securities and Exchange Commission investigations; or
- (8) any other matter not specifically set forth above that is not required to render the Bond Opinion.

Our Personnel Who Will Be Working on the Obligations

I will be working on the Obligations, and you may call, write, or e-mail me whenever you have any questions about the Representation. Other firm personnel, including firm lawyers and legal assistants, will participate in the Representation if, in our judgment, their participation is necessary or appropriate.

Our Legal Fees and Costs

Our fees for this engagement in the Representation will be based on the type and size of Obligations issued at the time of issue, as negotiated between the Issuer, the Financial Advisor, and Bond Counsel. Our fees will be contingent upon, and will be billed and become due promptly after, the actual delivery of the Obligations to or for the account of the initial purchaser. If, however, you voluntarily choose not to proceed with or effectively abandon issuance of the Obligations, or terminate our services with respect prior to issuance of the Obligations, you will compensate us for professional services rendered at our standard hourly rates at the time of delivery of your next issue of obligations that are payable from the same sources of funds as the Obligations or within six months after the date of your decision or abandonment, whichever is earlier, from and to the extent of legally available funds. In addition to fees, we will charge for other expenses and services as described in the attached *Additional Terms of Engagement*.

Conflicts of Interest

Before accepting the Representation, we have undertaken reasonable and customary efforts to determine whether there are any potential conflicts of interest that would bar our firm from representing you in connection with the issuance of the Obligations. Based on the information available to us, we are not aware of any potential disqualification. We reviewed that issue in accordance with the rules of professional responsibility adopted in Texas. We believe that those rules, rather than the rules of any other jurisdiction, are applicable to the Representation; and the execution and return of the enclosed copy of this letter by you represents an express agreement to the applicability of those rules.

Conclusion

This letter and the attached *Additional Terms of Engagement* constitute the entire terms of the engagement of Fulbright & Jaworski L.L.P. in the Representation. These written terms of engagement are not subject to any oral agreements or understandings, and they can be modified only by further written agreement signed both by you and Fulbright & Jaworski L.L.P. Unless expressly stated in these terms of engagement, no obligation or undertaking shall be implied on the part of either City of Spring Valley, Texas or Fulbright & Jaworski L.L.P.

Please carefully review this letter and the attached *Additional Terms of Engagement*. If both documents are acceptable, please sign and return the enclosed copy of this letter so that we may commence the Representation.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Neil Thomas".

Neil Thomas

NT/res

CITY OF SPRING VALLEY, TEXAS AGREES TO AND ACCEPTS THIS
LETTER AND THE ATTACHED TERMS OF ENGAGEMENT:

CITY OF SPRING VALLEY, TEXAS

By: Louise J. Richman
Title: Mayor
Date: 2-8-2000

FULBRIGHT & JAWORSKI L.L.P.

Additional Terms of Engagement

This is a supplement to our engagement letter, dated January 13, 2000. The purpose of this document is to set out additional terms of our agreement to provide the representation described in our engagement letter (the "Representation") concerning representation of you in connection with the issuance of the Obligations described in the engagement letter. Because these additional terms of engagement are a part of our agreement to provide legal services, you should review them carefully and should promptly communicate to us any questions concerning this document. We suggest that you retain this statement of additional terms along with our engagement letter and any related documents.

The Scope of the Representation

As lawyers, we undertake to provide representation and advice on the legal matters for which we are engaged. It is important for our clients to have a clear understanding of the legal services that we have agreed to provide. Thus, if there are any questions about the scope of the Representation that we are to provide in connection with issuance of the Obligations, please raise those questions promptly, so that we may resolve them at the outset of the Representation.

Any expressions on our part concerning the outcome of the Representation, or any other legal matters, are based on our professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by our knowledge of the facts and are based on our views of the state of the law at the time they are expressed.

Upon accepting this engagement on your behalf, Fulbright & Jaworski L.L.P. agrees to do the following: (1) provide legal counsel in accordance with these terms of engagement and the related engagement letter, and in reliance upon information and guidance provided by you; and (2) keep you reasonably informed about the status and progress of the Representation.

To enable us to provide effective representation, you agree to do the following: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be material or that we may request, (2) keep us apprised on a timely basis of all developments relating to the Representation that are or might be material, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise cooperate fully with us.

Our firm has been engaged to provide legal services as Bond Counsel in connection with the Representation, as specifically defined in our engagement letter. After completion of the Representation, changes may occur in the applicable laws or regulations that could affect your future rights and liabilities in regard to the Obligations. Unless we are actually engaged after the completion of the Representation to provide additional advice on such issues, the firm has no

continuing obligation to give advice with respect to any future legal developments that may pertain to the Obligations, as specifically defined in our engagement letter. After completion of the Representation, changes may occur in the applicable laws or regulations that could affect your future rights and liabilities in regard to the Obligations.

It is further agreed that the attorney-client relationship terminates upon initial issuance of the Obligations.

Who Will Provide the Legal Services

Customarily, each client of the firm has a relationship principally with one attorney, or perhaps a few attorneys. At the same time, however, the work required in the Representation, or parts of it, may be performed by other firm personnel, including lawyers and legal assistants. Such delegation may be for the purpose of involving other firm personnel with special expertise in a given area or for the purpose of providing services on an efficient and timely basis.

Our Relationships With Others

Our law firm represents many companies and individuals. In some instances, the applicable rules of professional conduct may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of conduct often allow us to exercise our independent judgment in determining whether our relationship with one client prevents us from representing another. In other situations, we may be permitted to represent a client only if the other clients consent to that representation.

Rules concerning conflicts of interest vary with the jurisdiction. In order to avoid any uncertainty, it is our policy that the governing rules will be those applicable to the particular office of our firm that prepares the engagement letter for a particular matter. The acceptance by you of our engagement letter constitutes an express agreement with that policy, unless the engagement letter specifically states that some other rules of professional responsibility will govern our attorney-client relationship.

If a controversy unrelated to the Obligations develops between you and any other client of the firm, we will follow the applicable rules of professional responsibility to determine whether we may represent either you or the other client in the unrelated controversy.

You understand that we represent many investment banking firms, commercial banks, and other parties to public finance transactions from time to time in connection with other issues, including your financial advisor and potential underwriters for your securities, and you do not object to our continued representation (in connection with other issues) of any such firm with respect to which you choose to do business in connection with issuance of the Obligations, since doing so is how we are able to gain the experience we need to represent you effectively.

In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, opposing counsel to any party in connection with the issuance of the Obligations may be a lawyer or law firm that we may represent now or in the future. Likewise, opposing counsel to any party in connection with the issuance of the Obligations may represent our firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations. It is our professional judgment that such relationships with other attorneys do not adversely affect our ability to represent any client. The acceptance of these terms of engagement represents an unqualified consent to any such relationships between our firm and other lawyers or law firms, even counsel who is representing a party that is adverse to you in connection with the issuance of the Obligations that is the subject of this engagement or in some other matter.

Disclaimer

Fulbright & Jaworski L.L.P. has made no promises or guarantees to you about the outcome of the Representation or the issuance of the Obligations, and nothing in these terms of engagement shall be construed as such a promise or guarantee. Our representation of you will not affect our responsibility to render an objective bond counsel Bond Opinion.

Termination

At any time, you may, with or without cause, terminate the Representation by notifying us of your intention to do so. Any such termination of services will not affect the obligation to pay legal services rendered and expenses incurred before termination, as well as additional services and charges incurred in connection with an orderly transition of the matters relating to issuance of the Obligations.

We are subject to the codes or rules of professional responsibility for the jurisdictions in which we practice. There are several types of conduct or circumstances that could result in our withdrawing from representing a client, including, for example, the following: non-payment of fees or costs; misrepresentation or failure to disclose material facts; fraudulent or criminal conduct; action contrary to our advice; and conflict of interest with another client. We try to identify in advance and discuss with our clients any situation that may lead to our withdrawal.

A failure by you to meet any obligations under these terms of engagement shall entitle Fulbright & Jaworski L.L.P. to terminate the Representation. In that event, you will take all steps necessary to release Fulbright & Jaworski L.L.P. of any further obligations in the Representation or the issuance of the Obligations, including without limitation the execution of any documents necessary to effectuate our withdrawal from the Representation or the issuance of the Obligations. The right of Fulbright & Jaworski L.L.P. to withdraw in such circumstances is in addition to any rights created by statute or recognized by the governing rules of professional conduct.

Billing Arrangements and Terms of Payment

Our engagement letter specifically explains our fees for services in connection with issuance of the Obligations. It is agreed that you will make full payment within 30 days of receiving our statement. We will give notice if an account becomes delinquent, and it is further agreed that any delinquent account must be paid upon the giving of such notice. If the delinquency continues and you do not arrange satisfactory payment terms, we may withdraw from the Representation and pursue collection of our account.

Document Retention

At the close of any matter, we send our files in that matter to a storage facility for storage at our expense. The attorney closing the file determines how long we will maintain the files in storage. After that time, we will destroy the documents in the stored files.

At the conclusion of the Representation, we return to the client any documents that are specifically requested to be returned. As to any documents so returned, we may elect to keep a copy of the documents in our stored files.

Charges for Other Expenses and Services

Typically, our invoices will include amounts, not only for legal services rendered, but also for other expenses and services. Examples include charges for photocopying, long-distance telephone calls, travel and conference expenses, messenger deliveries, computerized research, and facsimile and other electronic transmissions. In addition, we reserve the right to send to you for direct payment any invoices delivered to us by others, including experts and any vendors.

It is not our policy to make any profit on any of these other expenses and services. Our invoices will reflect the cost to us of the products and services. In some situations, the actual cost of providing the product or service is difficult to establish, in which case we will use our professional judgment on the charges to be made. In some situations, we can arrange for ancillary services to be provided by third parties with direct billing to the client. Attached is a copy of our current recharge schedule for other expenses and services, which is subject to change from time to time.

Standards of Professionalism and Attorney Complaint Information

Pursuant to rules promulgated by the Texas Supreme Court and the State Bar of Texas, we are to advise our clients of the contents of the Texas Lawyer's Creed, a copy of which is attached. In addition, we are to advise clients that the State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled *Attorney Complaint Information* is available at all of our Texas offices and is likewise available upon request. A client that has any questions about State Bar's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 toll free.

THE TEXAS LAWYER'S CREED — A Mandate for Professionalism

The Texas Supreme Court and the Texas Court of Criminal Appeals adopted this Creed, with the requirement that lawyers advise their clients of its contents when undertaking representation.

I am a lawyer; I am entrusted by the People of Texas to preserve and improve our legal system. I am licensed by the Supreme Court of Texas. I must therefore abide by the Texas Disciplinary Rules of Professional Conduct, but I know that Professionalism requires more than merely avoiding the violation of laws and rules. I am committed to this Creed for no other reason than it is right.

I. OUR LEGAL SYSTEM. A lawyer owes to the administration of justice personal dignity, integrity, and independence. A lawyer should always adhere to the highest principles of professionalism. I am passionately proud of my profession. Therefore, "My word is my bond." I am responsible to assure that all persons have access to competent representation regardless of wealth or position in life. I commit myself to an adequate and effective pro bono program. I am obligated to educate my clients, the public, and other lawyers regarding the spirit and letter of this Creed. I will always be conscious of my duty to the judicial system.

II. LAWYER TO CLIENT. A lawyer owes to a client allegiance, learning, skill, and industry. A lawyer shall employ all appropriate means to protect and advance the client's legitimate rights, claims, and objectives. A lawyer shall not be deterred by any real or imagined fear of judicial disfavor or public unpopularity, nor be influenced by mere self-interest. I will advise my client of the contents of this Creed when undertaking representation. I will endeavor to achieve my client's lawful objectives in legal transactions and in litigation as quickly and economically as possible. I will be loyal and committed to my client's lawful objectives, but I will not permit that loyalty and commitment to interfere with my duty to provide objective and independent advice. I will advise my client that civility and courtesy are expected and are not a sign of weakness. I will advise my client of proper and expected behavior. I will treat adverse parties and witnesses with fairness and due consideration. A client has no right to demand that I abuse anyone or indulge in any offensive conduct. I will advise my client that we will not pursue conduct which is intended primarily to harass or drain the financial resources of the opposing party. I will advise my client that we will not pursue tactics which are intended primarily for delay. I will advise my client that we will not pursue any course of action which is without merit. I will advise my client that I reserve the right to determine whether to grant accommodations to opposing counsel in all matters that do not adversely affect my client's lawful objectives. A client has no right to instruct me to refuse reasonable requests made by other counsel. I will advise my client regarding the availability of mediation, arbitration, and other alternative methods of resolving and settling disputes.

III. LAWYER TO LAWYER. A lawyer owes to opposing counsel, in the conduct of legal transactions and the pursuit of litigation, courtesy, candor, cooperation, and scrupulous observance of all agreements and mutual understandings. Ill feelings between clients shall not influence a lawyer's conduct, attitude, or demeanor toward opposing counsel. A lawyer shall not engage in unprofessional conduct in retaliation against other unprofessional conduct. I will be courteous, civil, and prompt in oral and written communications. I will not quarrel over matters of form or style, but I will concentrate on matters of substance. I will identify for other counsel or parties all changes I have made in documents submitted for review. I will attempt to prepare documents which correctly reflect the agreement of the parties. I will not include provisions which have not been agreed upon or omit provisions which are necessary to reflect the agreement of the parties. I will notify opposing counsel, and, if appropriate, the Court or other persons, as soon as practicable, when hearings, depositions, meetings, conferences or closings are canceled. I will agree to reasonable requests

for extensions of time and for waiver of procedural formalities, provided legitimate objectives of my client will not be adversely affected. I will not serve motions or pleadings in any manner that unfairly limits another party's opportunity to respond. I will attempt to resolve by agreement my objections to matters contained in pleadings and discovery requests and responses. I can disagree without being disagreeable. I recognize that effective representation does not require antagonistic or obnoxious behavior. I will neither encourage nor knowingly permit my client or anyone under my control to do anything which would be unethical or improper if done by me. I will not, without good cause, attribute bad motives or unethical conduct to opposing counsel nor bring the profession into disrepute by unfounded accusations of impropriety. I will avoid disparaging personal remarks or acrimony towards opposing counsel, parties and witnesses. I will not be influenced by any ill feeling between clients. I will abstain from any allusion to personal peculiarities or idiosyncrasies of opposing counsel. I will not take advantage, by causing any default or dismissal to be rendered, when I know the identity of an opposing counsel, without first inquiring about that counsel's intention to proceed. I will promptly submit orders to the Court. I will deliver copies to opposing counsel before or contemporaneously with submission to the court. I will promptly approve the form of orders which accurately reflect the substance of the rulings of the Court. I will not attempt to gain an unfair advantage by sending the Court or its staff correspondence or copies of correspondence. I will not arbitrarily schedule a deposition, Court appearance, or hearing until a good faith effort has been made to schedule it by agreement. I will readily stipulate to undisputed facts in order to avoid needless costs or inconvenience for any party. I will refrain from excessive and abusive discovery. I will comply with all reasonable discovery requests. I will not resist discovery requests which are not objectionable. I will not make objections nor give instructions to a witness for the purpose of delaying or obstructing the discovery process. I will encourage witnesses to respond to all deposition questions which are reasonably understandable. I will neither encourage nor permit my witness to quibble about words where their meaning is reasonably clear. I will not seek Court intervention to obtain discovery which is clearly improper and not discoverable. I will not seek sanctions or disqualification unless it is necessary for protection of my client's lawful objectives or is fully justified by the circumstances.

IV. LAWYER AND JUDGE. Lawyers and judges owe each other respect, diligence, candor, punctuality, and protection against unjust and improper criticism and attack. Lawyers and judges are equally responsible to protect the dignity and independence of the Court and the profession. I will always recognize that the position of judge is the symbol of both the judicial system and administration of justice. I will refrain from conduct that degrades this symbol. I will conduct myself in court in a professional manner and demonstrate my respect for the Court and the law. I will treat counsel, opposing parties, the Court, and members of the Court staff with courtesy and civility. I will be punctual. I will not engage in any conduct which offends the dignity and decorum of proceedings. I will not knowingly misrepresent, mischaracterize, misquote or miscite facts or authorities to gain an advantage. I will respect the rulings of the Court. I will give the issues in controversy deliberate, impartial and studied analysis and consideration. I will be considerate of the time constraints and pressures imposed upon the Court, Court staff and counsel in efforts to administer justice and resolve disputes.

FULBRIGHT & JAWORSKI L.L.P.
(Houston)

Expenses and Services Summary

<i>EXPENSE/SERVICE</i>	<i>CHARGE</i>
Binding	\$1.65 per book (Pricing varies in other office locations)
Data Base Research Lexis, Westlaw, Information America	Direct Cost or Allocation of Direct Cost (varies based on search type)
Deliveries	
Overnight/Express	Direct Cost
Outside Courier	Direct Cost
In-House	N/A (Pricing varies in other office locations)
Courthouse Messengers	\$40.00/Hour plus Transportation (Pricing varies in other office locations)
Document Scanning	\$1.50 per page
Duplicating	
Photocopy	\$0.15 per page
Microfilm/Microfiche	\$0.50 per page
Videography (duplication)	\$5.00/tape plus \$20.00/duplication
Electronic Mail (via Internet)	No Charge
Library Research by Library Staff	\$75.00 - \$125.00 per hour
Weekend & Late Evening Air Conditioning	\$25.00 per hour (Only if necessitated by client requirements) (Pricing varies in other office locations)
Postage	Direct Cost on any item or group of items which cost \$1.00 or more
Secretarial Overtime	\$28.00 per hour plus supper allowance paid for overtime in excess of 2 hours per day during the week

Expenses and Services Summary

page 2

<i>EXPENSE/SERVICE</i>	<i>CHARGE</i>
	and 6 hours per day on weekends (Pricing varies in other office locations).
Facsimile (Outgoing)	\$0.50 per page plus applicable LD charges
Telephone - Long Distance (International)	Long Distance (Domestic) \$0.15 per minute Allocation of direct cost which varies by location of call.
File Storage Retrieval	\$10.00 per box (Pricing varies in other office locations)
Transportation Mileage (personal automobile) Lodging Meals Car Rental/Airline/Rail/Etc.	Applicable IRS allowable rate per mile Direct Cost Direct Cost Direct Cost
CD-ROM Research	\$30.00 - \$50.00 per Search (rate varies based on length of search)
Graphic Arts	\$45.00 to \$55.00 per hour, plus direct cost of supplies

MUNICIPAL ADVISOR ENGAGEMENT LETTER

CITY OF SPRING VALLEY VILLAGE, TEXAS

MASTERTON ADVISORS LLC ("Municipal Advisor") appreciates the opportunity to serve as municipal advisor to **CITY OF SPRING VALLEY VILLAGE, TEXAS** ("Client"). Upon your acceptance, this engagement letter (the "Agreement") will serve as our mutual agreement with respect to the terms and conditions of our engagement as your municipal advisor, effective on the date this Agreement is executed by Client (the "Effective Date").

1. Scope of Services.

(a) **Services to be provided.** Municipal Advisor is engaged by Client as its municipal advisor to provide the services with respect to the issuances of municipal securities ("Issues") set forth in **Appendix A** (the "Scope of Services").

(b) **Limitations on Scope of Services.** The Scope of Services is subject to the following limitations:

(i) The Scope of Services is limited solely to the services described therein and is subject to any limitations set forth within the description of the Scope of Services.

(ii) Unless otherwise provided in the Scope of Services described herein, Municipal Advisor is not responsible for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about Municipal Advisor provided by Municipal Advisor for inclusion in such documents.

(iii) The Scope of Services does not include tax, legal, or accounting advice with respect to any Issue or in connection with any opinion or certificate rendered by counsel or any other person at closing and does not include review or advice on any feasibility study.

(iv) If Client has designated Municipal Advisor as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption") with respect to the activities and aspects described in the Scope of Services, the Scope of Services as they relate to such designation as IRMA shall be subject to any limitations with respect to Municipal Advisor's activities as IRMA as may be provided in the Scope of Services described herein. Municipal Advisor is not responsible for verifying that it is independent (within the meaning of the IRMA exemption as interpreted by the SEC) from another party wishing to rely on the exemption from the definition of municipal advisor afforded under the IRMA exemption. Any reference to Municipal Advisor, its personnel and its role as IRMA in the written representation of Client contemplated under SEC Rule 15Ba1-1(d)(3)(vi)(B) is subject to prior approval by Municipal Advisor, and Client agrees not to represent, publicly or to any specific person, that Municipal Advisor is Client's IRMA with respect to any aspect of municipal financial products or the issuance of municipal securities, or with respect to any specific municipal financial product or any specific issuance of municipal securities, outside the Scope of Services without Municipal Advisor's prior written consent.

(c) **Amendment to Scope of Services.** The Scope of Services may be changed only by written amendment or supplement to the Scope of Services described herein. The parties agree to amend or supplement the Scope of Services described herein promptly to reflect any material changes or additions to the Scope of Services.

2. Municipal Advisor's Regulatory Duties When Servicing Client.

MSRB Rule G-42 requires that Municipal Advisor make a reasonable inquiry as to the facts that are relevant to Client's determination whether to proceed with a course of action or that form the basis for and advice provided by Municipal Advisor to Client. The rule also requires that Municipal Advisor undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. Municipal Advisor is also required under the rule to use reasonable diligence to know the essential facts about Client and the authority of each person acting on Client's behalf.

Client agrees to cooperate, and to cause its agents to cooperate, with Municipal Advisor in carrying out these regulatory duties, including providing to Municipal Advisor accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, Client agrees that, to the extent Client seeks to have Municipal Advisor provide advice with regard to any recommendation made by a third party, Client will provide to Municipal Advisor written direction to do so as well as any information it has received from such third party relating to its recommendation.

3 Fiduciary Duty

Municipal Advisor is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board ("MSRB"). As such, Municipal Advisor has a Fiduciary duty to Client and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide Client with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to Client's determination as to whether to proceed with a course of action or that form the basis for any advice provided to Client; and
- d) undertake a reasonable investigation to determine that Municipal Advisor is not forming any recommendation on materially inaccurate or incomplete information; Municipal Advisor must have a reasonable basis for:
 - i. any advice provided to or on behalf of Client;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by Client, any other party involved in the municipal securities transaction or municipal financial product, or investors in Client securities; and
 - iii. any information provided to Client or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Municipal Advisor must deal honestly and with the utmost good faith with Client and act in Client's best interests without regard to the financial or other interests of Municipal Advisor. Municipal Advisor will eliminate or provide full and fair disclosure (included herein) to Issuer about each material conflict of interest (as applicable). Municipal Advisor will not engage in municipal advisory activities with Client as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in Client's best interests.

4. Term of this Engagement.

This Agreement shall become effective on the date executed by the Client, and unless terminated by either party, this Agreement will remain in effect for a period of five (5) years from the effective date. Unless Municipal Advisor or Client notify the other party in writing at least thirty (30) days in advance of the applicable anniversary date that this Agreement will not be renewed, this Agreement will be automatically renewed on the fifth anniversary of the effective date for an additional one (1) year period and thereafter will be automatically renewed on each anniversary date for successive one (1) year periods. This Agreement may be terminated with or without cause by either party upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination.

5. Compensation.

(a) **Fees and expenses.** The fees due to Municipal Advisor hereunder shall be, and expenses incurred by Municipal Advisor in connection with any services provided hereunder shall be reimbursed, as set forth in **Appendix B** hereto.

(b) **Limitation of liability.** In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Municipal Advisor or any of its associated persons, Municipal Advisor and its associated persons shall have no liability to Client for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from Client's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by Municipal Advisor to Client. No recourse shall be had against Municipal Advisor for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of Client arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any Issue or otherwise relating to the tax treatment of any Issue, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by Client of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived, nor shall it constitute a waiver or diminution of Municipal Advisor's fiduciary duty to Client under Section 15B(c)(1) of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

6. Required Disclosures.

MSRB Rule G-42 requires that Municipal Advisor provide you with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in Municipal Advisor's Disclosure Statement delivered to Client together with this Agreement.

Municipal Advisor, represent that, to the extent this Agreement constitutes a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2270 of the Texas Government Code, and subject to applicable Federal law including without limitation, 50 U.S.C. Section 4607, none of the Municipal Advisor, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Municipal Advisor (i) boycotts Israel or (ii) will boycott Israel through the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

7. Recommendations

If Municipal Advisor makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by Client and is within the scope of the engagement, Municipal Advisor will determine, based on the information obtained through reasonable diligence of Municipal Advisor whether a municipal securities transaction or municipal financial product is suitable for Client. In addition, Municipal Advisor will inform Client of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Municipal Advisor reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for Client; and
- whether Municipal Advisor has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Client objectives.

If Client elects a course of action that is independent of or contrary to the advice provided by Municipal Advisor, Municipal Advisor is not required on that basis to disengage from Client.

8. Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Municipal Advisor is required to maintain in writing, all communication and created documents between Municipal Advisor and Client for 5 years.

9. Waiver of Jury Trial.

EACH PARTY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNITIVE DAMAGES.

10. Choice of Law.

This Agreement shall be construed and given effect in accordance with the laws of Texas.

11. Binding Effect; Assignment.

This Agreement shall be binding upon and inure to the benefit of Client and Municipal Advisor, their respective successors and permitted assigns; provided however, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

12. Entire Agreement.

This instrument, including all appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

13. Severability.

If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. No Third Party Beneficiary.

This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

15. Authority.

The undersigned represents and warrants that (s)he has full legal authority to execute this Agreement on behalf of Client. The following individual has the authority to direct Municipal Advisor's performance of its activities under this Agreement:

DREW MASTERON, MANAGING DIRECTOR, MASTERSON ADVISORS LLC

16. Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original, but which taken together, shall constitute one and the same instrument.

17. **Municipal Securities Rulemaking Board Rule G-10 Disclosure**

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- Municipal Advisor is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
- Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, Client may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

MASTERTON ADVISORS LLC

By: 

Drew Masterson
Managing Director

Date: 5/3/18

ACCEPTED AND AGREED:

CITY OF SPRING VALLEY VILLAGE, TEXAS

By: 

Title: City Administrator

Date: May 1, 2018

APPENDIX A – SCOPE OF SERVICES

The Scope of Services to be provided under this Agreement shall consist of the activities described below with respect to Client's new and outstanding issues of bonds issued or outstanding during the term of this Agreement (the "Issue(s)"). The Scope of Services shall also include activities during the term of this Agreement. In addition, Municipal Advisor is designated as Client's independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption") with respect to the aspects of the Issue(s) described in this Appendix A.

Activities

Municipal Advisor shall or may undertake some or all of the following activities for or on behalf of Client with respect to the Issue(s) in carrying out this engagement, as directed by Client

- A. **New Issues.** Provide some or all of the following services with respect to Client's new Issue(s):
1. Evaluate options or alternatives with respect to the proposed new Issue
 2. Review recommendations made by other parties to Client with respect to the new Issue
 3. Review financial and other information regarding Client, the proposed Issue and any source of repayment of or security for the Issue
 4. Consult with and/or advise Client on actual or potential changes in market place practices, market conditions, regulatory requirements or other matters that may have an impact on Client and its financing plans
 5. Assist Client in establishing a plan of financing
 6. Assist Client in establishing the structure, timing, terms and other similar matters concerning the Issue
 7. Prepare the financing schedule
 8. Provide assistance as to scheduling, coordinating and meeting procedural requirements relating to any required bond referendum, other than through cash or in-kind contributions with respect to such referendum
 9. Consult and meet with representatives of Client and its agents or consultants with respect to the Issue
 10. Attend meetings of Client's governing body, as requested
 11. Advise Client on the manner of sale of the Issue
 12. Assist in the gathering of information with respect to financial, statistical and factual information relating to Client in connection with the preparation of the preliminary and final official statement
 13. If the Issue is to be sold on a competitive bid basis and Client has not engaged disclosure counsel to prepare the preliminary and final official statement, prepare the preliminary and final official statement and the bid package, obtain CUSIP numbers and provide an electronic version of the official statement to the winning underwriter
 14. If the Issue is to be sold on a negotiated basis, assist in the preparation and/or review the preliminary and final official statement
 15. Make arrangements for printing, advertising and other vendor services necessary or appropriate in connection with the Issue
 16. In a competitive bid sale, assist Client in collecting and analyzing bids submitted by underwriters and in connection with Client's selection of a winning bidder
 17. In a negotiated sale, assist Client in the selection of underwriters
 18. At the time of sale, provide Client with relevant data on comparable issues recently or currently being sold nationally and by comparable Clients
 19. In a negotiated sale, coordinate pre-pricing discussions, supervise the sale process, advise Client on matters relating to retail or other order periods and syndicate priorities, review the order book, advise on the acceptability of the underwriter's pricing and offer to purchase
 20. Advise Client with respect to recommendations made by the underwriters and other interactions between Client and the underwriters
 21. Review required underwriter disclosures to Client
 22. Assist Client in selecting legal and other professionals (such as trustee, escrow agent, accountant, feasibility consultant, etc.) to work on the Issue
 23. Respond to questions from bidders, underwriters or potential investors
 24. Arrange and facilitate visits to, prepare materials for, and make recommendations to Client in connection with credit ratings agencies, insurers and other credit or liquidity providers

25. Work with bond counsel and other transaction participants to prepare and/or review necessary authorizing documentation of Client and other documents necessary to finalize and close the Issue
26. Coordinate working group sessions, closing, delivery of the new Issue and transfer of funds
27. Prepare a closing memorandum or transaction summary, together with general guidance for Client with respect to post-closing requirements relating to the use and investment of bond proceeds and the payment of debt service
28. Provide such other usual and customary financial advisory services as may be requested by Client

B. **Outstanding or Potential Issues.** Provide some or all of the following services with respect to Client's outstanding Issue(s):

1. Advise Client on potential exercise of optional or other call rights, or potential tender offers, for outstanding Issue(s)
2. Advise Client on potential refunding or other refinancing opportunities of its outstanding Issue(s)
3. Review recommendations made by other parties to Client with respect to outstanding Issue(s)
4. Evaluate options or alternatives for Client with respect to, and assist in identifying, financing opportunities, including recommendations by other parties to Client for potential financings
5. Consult with and/or advise Client on actual or potential changes in market place practices, market conditions, regulatory requirements or other matters that may have an impact on Client's outstanding Issue(s)
6. Advise Client on post-issuance disclosure compliance matters, including specific issues that may arise from time to time and the preparation, review and revision of applicable policies and procedures, relating to outstanding Issue(s)
7. Advise Client on matters relating to compliance with, including testing and/or reporting on compliance with, bond or other covenants relating to outstanding Issue(s)
8. Review documentation of outstanding Issue(s) with Client personnel and with Client's bond counsel and other consultants
9. Assist Client in responding to inquiries from investors or other market participants in connection with Client's outstanding Issue(s)

C. **Products.** Provide some or all of the following services with respect to Client's Product(s) relating to its Issue(s):

1. Advise Client on the investment of proceeds of Client's Issue(s) or on municipal escrow investments relating to such Issue(s), including but not limited to advice on or brokerage of guaranteed investment contracts for the investment of proceeds of the Issue or for municipal escrow investments, or the recommendation and brokerage of municipal escrow investments in connection with the Issue(s)
2. Advise Client on municipal derivatives

APPENDIX B – COMPENSATION

The fees due to Municipal Advisor will not exceed those contained in our customary fee schedule as listed below:

\$7,500	for the first	\$ 500,000 of bonds issued
plus \$4.00 per \$1,000	for the next	\$ 1,500,000 of bonds issued
plus \$2.00 per \$1,000	for the next	\$ 3,000,000 of bonds issued
plus \$1.75 per \$1,000	thereafter	

The above charges shall be multiplied by 1.25 times for the completion of an application to federal or state government agency or for the issuance of revenue bonds or refunding bonds, reflecting the additional services required.

The payment of charges for financial advisory services described in the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered.

If we are requested to perform additional financial advisory services for the Issuer other than in connection with the issuance and sale of the securities, such additional services will be billed at the hourly rates shown below based on the time spent by the personnel who work on the matter. Prior to Municipal Advisor performing any such additional financial advisory services, the Issuer and Municipal Advisor must first agree in writing as to a scope of work and budget for such services.

The fees due Municipal Advisor during interim financing shall be calculated on an hourly basis in accordance with the fee schedule set forth below:

Position	Rate per Hour
Managing Director/Director	\$475.00
Vice President	\$375.00
Assistant Vice President	\$275.00
Associate	\$225.00
Analyst	\$200.00
Clerical/Administrative	\$100.00

Municipal Advisor bills in quarter-hour increments.

- Maximum Fee for interim financing: \$30,000 per issuance

The Issuer shall be responsible for the following expenses, if and when applicable, whether they are charged to the Issuer directly as expenses or charged to the Issuer by Municipal Advisor as reimbursable expenses:

- Bond counsel
- Bond printing
- Bond ratings
- Computer structuring
- Credit enhancement
- CPA fees for refunding
- Official statement preparation and printing
- Paying agent/registrar/trustee
- PSF application fees
- Travel expenses
- Underwriter and underwriters counsel
- Miscellaneous, including copy, delivery, and phone charges

The payment of reimbursable expenses that Municipal Advisor has assumed on behalf of the Client shall NOT be contingent upon the delivery of the bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice submitted by Municipal Advisor.

DISCLOSURE STATEMENT OF MUNICIPAL ADVISOR

This Disclosure Statement is provided by **MASTERTON ADVISORS LLC** (the "**Municipal Advisor**") to you (the "**Client**") in connection with our current municipal advisory agreement, (the "**Agreement**"). This Disclosure Statement provides information regarding conflicts of interest and legal or disciplinary events of Municipal Advisor that are required to be disclosed to Client pursuant to MSRB Rule G- 42(b) and (c)(ii).

PART A - Disclosures of Conflicts of Interest

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable.

Material Conflicts of Interest – Municipal Advisor makes the disclosures set forth below with respect to material conflicts of interest in connection with the Scope of Services under the Agreement with the Municipal Advisor together with explanations of how the Firm addresses or intends to manage or mitigate each conflict.

General Mitigations - As general mitigations of the Municipal Advisor conflicts, with respect to all of the conflicts disclosed below, Municipal Advisor mitigates such conflicts through its adherence to its fiduciary duty to Client, which includes a duty of loyalty to Client in performing all municipal advisory activities for Client. This duty of loyalty obligates the Municipal Advisor to deal honestly and with the utmost good faith with Client and to act in Client's best interests without regard to the Municipal Advisor's financial or other interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

- I. **Other Municipal Advisor Relationships.** Municipal Advisor serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of Client. For example, Municipal Advisor serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to Client. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Municipal Advisor could potentially face a conflict of interest arising from these competing client interests. None of these other engagements or relationships would impair Municipal Advisor's ability to fulfill its regulatory duties to Client.
- II. **Compensation-Based Conflicts.** Fees that are based on the size of the issue are contingent upon the delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for the Firm to recommend unnecessary financings or financings that are disadvantageous to Client, or to advise Client to increase the size of the issue. This conflict of interest is mitigated by the general mitigations described above.

Fees based on a fixed amount are usually based upon an analysis by Client and Municipal Advisor of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by Municipal Advisor. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, Municipal Advisor may suffer a loss. Thus, Municipal Advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.

Hourly fees, if any, are calculated with, the aggregate amount equaling the number of hours worked by Municipal Advisor personnel times an agreed upon hourly billing rate. This form of compensation presents a potential conflict of interest if Client and Municipal Advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the Municipal Advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. This conflict of interest is mitigated by the general mitigations described above.

PART B - Disclosures of Information Regarding Legal Events and Disciplinary History

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel.

Accordingly, Municipal Advisor sets out below required disclosures and related information in connection with such disclosures.

- I. **Material Legal or Disciplinary Event.** There are no legal or disciplinary events that are material to Client's evaluation of Municipal Advisor or the integrity of Municipal Advisor's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC.
- II. **How to Access Form MA and Form MA-I Filings.** Municipal Advisor's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system. For purposes of accessing reports, Municipal Advisor's CIK number is 0001733756 and SEC number is 867-02338.

PART C - Future Supplemental Disclosures

As required by MSRB Rule G-42, this Municipal Advisor Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of the Municipal Advisor. The Municipal Advisor will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

Herrera, Jennifer

From: Loren B. Smith <LSmith@olsonllp.com>
Sent: Tuesday, April 24, 2018 12:56 PM
To: Herrera, Jennifer; Julie Robinson; Michelle Yi
Subject: RE: Copy of Executed Contract

Jennifer,

Pursuant to our conversation this morning, let this email reflect that for more than 20 years, Olson and Olson has served as General Counsel for the City of Spring Valley Village without a contract or engagement letter. Olson and Olson will represent the City of Spring Valley Village on this matter in the same manner.

Please let me know if you need anything further.

Loren B. Smith
OLSON & OLSON, L.L.P.
Wortham Tower, Suite 600
2727 Allen Parkway
Houston, Texas 77019
(713) 533-3800
(713) 533-3888 Facsimile
Email: lsmith@olsonllp.com

CONFIDENTIALITY NOTICE

This email and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to which they are addressed. This communication may contain material protected by the attorney-client privilege. If you are not the intended recipient or the person responsible for delivering the email to the intended recipient, be advised that you may have received this email in error and that any use, dissemination, forwarding, printing, copying or the taking of any action in reliance on the contents of this email is strictly prohibited. If you have received this email in error, please immediately notify the sender.

From: Herrera, Jennifer [mailto:Jennifer.Herrera@wsp.com]
Sent: Monday, April 23, 2018 12:10 PM
To: Julie Robinson; Michelle Yi
Cc: Loren B. Smith
Subject: Copy of Executed Contract

Good morning Ms. Smith,

I am assisting the City of Spring Valley Village with the Texas Water Development Board SWIFT loan application for the new groundwater well project. As part of that application, I will need to upload a copy of the draft or executed contract/letter requesting your services as the assigned legal counsel.

Can you please provide a copy of this contract or letter to be included into the loan application?
I greatly appreciate your help.
Please let me know if you have any questions.

Jennifer Herrera
Assistant Project Environmental Scientist



Phone: + 1 512.501.5568
Email: jennifer.herrera@wsp.com
Please note I have a new email address.

WSP USA
1101 S. Capital of Texas Hwy. Suite B-220
Austin, TX 78746

wsp.com

Leggette, Brashears & Graham | LBG-Guyton Associates is now WSP.

A6 & A7

Counties

Harris

Identify the Applicant's total service area population:: 4,452

Funding Program(s)

Funding Programs

SWIFT: \$2,500,000

Other Funding Sources

Other Funding Sources

Funding Source	Type of Funds (Loan, Grant, etc.)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
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Other Funding Comments: N/A

Funding_1 N/A

Funding & Project Type

Has this project received TWDB funding for any other project phases?: N

Requesting Funding for Planning: Y

Requesting Funding for Acquisition: Y

Requesting Funding for Design: Y

Requesting Funding for Construction: Y

Is the project a water project?: Y

Is the project a wastewater project?: N

Is Applicant requesting funding to refinance existing debt?: N

DUNS:

Federal Awards information:

1. Did applicant receive over 80% of their revenue from Federal Awards last year?:
2. Did applicant receive over \$25 million in Federal Awards last year?:
3. Does the public have access to executive compensation information via SEC or IRS reports?:

Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts):

TWDB-0215 N/A

Contractors & Loan/Grant Participation Summary

Have you already solicited contractors?: N

Have contracts already been awarded?: N

Legal Information

Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues.: City Council

What type of pledge will be used to repay the proposed debt?: SYSTEMS_REVENUE

Provide the full legal name of the security for the proposed debt issue(s): City of Spring Valley Village, Texas Water & Wastewater System Revenue Bonds, Series 2018

Describe the pledge being offered and any existing rate covenants.: The City of Spring Valley Village, Texas (the "Issuer"), Waterworks and Sewer System Revenue Bonds, Series 2018 (the "Bonds"), will be secured by a first lien pledge of Net Revenues of the System as collected and received by the Issuer, on a parity with Parity Bonds.

"System" means all properties, facilities, improvements, equipment, interests, rights and powers constituting the waterworks and sanitary sewer system of the Issuer, and all future extensions, replacements, betterments, additions, improvements, enlargements, acquisitions, purchases and repairs to the waterworks and sanitary sewer system, including without limitation, all those heretofore or hereafter acquired as a result of the annexation and dissolution of water districts or the acquisition of the properties or assets of any other public, private or non-profit entities. The System does not include certain special project.

"Net Revenues" means all Gross Revenues remaining after deducting the Maintenance and Operation Expenses. "Gross Revenues" means all income, revenues and receipts of every nature derived from and received by virtue of the access, use and operation of the System; provided that the fees paid to the Issuer for access to the System shall not be included in Gross Revenues unless such fees have actually been received by the Issuer. "Maintenance and Operation Expenses" means the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, replacements, improvements, or extensions necessary to render efficient service, and all payments including payments of amounts equal to all or a part of the debt service on bonds issued under contracts with "issuers", within the meaning of Texas Government Code section 1201.002 (or any successor statute thereto) which may now or hereafter be "operating expenses" of the System under Texas Government Code section 1502.056(c), or any successor statute thereto, or similar statute now in effect or hereinafter enacted by Legislature of the State of Texas. Depreciation shall never be considered as a Maintenance and Operation Expense. Maintenance and Operation Expenses shall include, without limitation, all payments under contracts for the impoundment, conveyance or treatment of water or

otherwise which are now or hereafter defined as operating expenses by the Legislature of the State of Texas and the treatment of such payments as Maintenance and Operation Expenses shall not be affected in any way if, subsequent to the entering into such contracts, the Issuer acquires as a part of the System title to any properties or facilities used to impound, convey or treat water under such contracts, or if the Issuer contracts to acquire title to such properties or facilities as a part of the System upon the final payment of debt service on the bonds issued to finance such properties or facilities.

“Parity Bonds” means any or all of the Issuer’s Waterworks and Sewer System Revenue Bonds, Series 2014, the Bonds, and any Additional Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding. “Additional Bonds” means additional revenue bonds permitted to be issued by the Issuer pursuant the ordinance authorizing the Series 2014 Bonds and subsequent Parity Bond ordinances.

Application Filing and Authorized Representative Resolution

A RESOLUTION by the City Council of the City of Spring Valley Village, Texas requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SPRING VALLEY VILLAGE, TEXAS:

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$2,500,000 to provide for the costs of constructing improvements and extensions to the water and wastewater system.

SECTION 2: That Julie M. Robinson, City Administrator, City of Spring Valley Village, Texas is hereby designated the authorized representative of the City of Spring Valley Village, Texas for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the City of Spring Valley Village, Texas before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: Masterson Advisors LLC
4400 Post Oak Parkway, Suite 2370
Houston, Texas 77027

Engineer: WSP USA
1101 S. Capital of Texas Hwy., Suite B-220
Austin, Texas 78746

Bond Counsel: Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, Texas 77010

PASSED AND APPROVED, this the 15th day of May, 2018.

ATTEST: _____

By: _____

(Seal)

Application Affidavit

THE STATE OF TEXAS §
COUNTY OF HARRIS §
APPLICANT CITY OF SPRING VALLEY VILLAGE, TEXAS §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Julie M. Robinson as the Authorized Representative of the City of Spring Valley Village, Texas, who being by me duly sworn, upon oath says that:

1. The decision by the City Council of the City of Spring Valley Village, Texas (authority, city, county, corporation, district) to request financial assistance from the Texas Water Development Board ("TWDB") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the City of Spring Valley Village, Texas (authority, city, county, corporation, district) .

2. The information submitted in the application is true and correct according to my best knowledge and belief.

3. The City of Spring Valley Village, Texas (authority, city, county, corporation, district) has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none").

None.

4. The City of Spring Valley Village, Texas (authority, city, county, corporation, district) warrants compliance with the representations made in the application in the event that the TWDB provides the financial assistance; and

5. the City of Spring Valley Village, Texas (authority, city, county, corporation, district) will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the TWDB.

Official Representative

Title: _____

SWORN TO AND SUBSCRIBED BEFORE ME, by _____,
on this _____ day of _____, 20_____.

(NOTARY'S SEAL)

Notary Public, State of Texas

Bonds, CCN, Enforcement Action

Is the applicant proposing to issue revenue bonds?: Y

Does the applicant possess a Certificate of Convenience and Necessity (CCN)?:

Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?: N

ORDINANCE NO. 2018-__

CITY OF SPRING VALLEY VILLAGE, TEXAS

**AN ORDINANCE AUTHORIZING ISSUANCE OF THE CITY OF SPRING VALLEY
VILLAGE, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES
2018; AUTHORIZING EXECUTION OF A PAYING AGENCY AGREEMENT;
AUTHORIZING AN INVESTOR LETTER; AND OTHER MATTERS IN CONNECTION
THEREWITH**

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**AN ORDINANCE AUTHORIZING ISSUANCE OF THE CITY OF
SPRING VALLEY VILLAGE, TEXAS, WATER AND WASTEWATER
SYSTEM REVENUE BONDS, SERIES 2018; AUTHORIZING
EXECUTION OF A PAYING AGENCY AGREEMENT; AUTHORIZING
AN INVESTOR LETTER; AND OTHER MATTERS IN CONNECTION
THEREWITH.**

**BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SPRING
VALLEY VILLAGE, TEXAS:**

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.1. Findings and Determinations. It is hereby officially found and determined that:

(a) The Issuer is authorized by chapter 1502, Texas Government Code, as amended, to issue revenue bonds payable from the revenues of its water and wastewater system for the purpose of constructing improvements and extensions to the Issuer's water and wastewater system.

(b) The Governing Body now deems it to be in the best interest of the Issuer to issue, sell and deliver the Bonds as hereinafter authorized.

(c) The Issuer is authorized to issue the Bonds and make the pledges and covenants set forth herein.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1. Definitions. For purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires:

(1) The terms defined in this Section have the meanings assigned to them in this Section.

(2) All terms defined herein include the plural as well as the singular.

(3) references in this Ordinance to designated "*Articles*", "*Sections*", "*Exhibits*", and other subdivisions are to the designed Articles, Sections, Exhibits, and other subdivisions of this Ordinance as originally adopted.

(4) the words "*herein*", "*hereof*", and "*hereunder*" and other words of similar import refer to this Ordinance as a whole and not to any particular Article, Section, Exhibit, or other subdivision.

“*Additional Bonds*” means the additional revenue bonds permitted to be issued by the Issuer pursuant to **Section 6.1**.

“*Average Annual Principal and Interest Requirements*” means the average annual principal and interest requirements for all Parity Bonds. Upon the issuance of the Bonds, the Average Annual Principal and Interest Requirements are hereby determined to be \$_____ and shall be recomputed upon the issuance of each series of Additional Bonds and set forth in each ordinance authorizing the issuance of Additional Bonds.

“*Bond*” or “*Bonds*” shall mean any or all of the Issuer’s Water & Wastewater System Revenue Bonds, Series 2018.

“*Business Day*” means any day other than (i) a Saturday, Sunday or other day on which commercial banks located in the State of New York or the State of Texas are authorized or required by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

“*Dated Date*” has the meaning stated in **Section 3.2**.

“*Fiscal Year*” means the Issuer’s fiscal year, which currently runs from October 1 to September 30, but which may be changed from time to time by the Issuer.

“*Funds*” means the Revenue Fund, Interest and Sinking Fund and Reserve Fund established in **Section 5.3**.

“*Governing Body*” means the City Council of the Issuer.

“*Governmental Obligations*” means (1) direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, or (2) obligations authorized under Texas law from time to time for discharge and final payment of political or governmental obligations which, when deposited have been assigned ratings in the highest rating category of either Moody’s Investors Service or Standard & Poor’s Corporation, or any successor to the bond operations of either of such corporations, *but* in the case of both *Clauses* (1) and (2) only if such obligations may not be called for redemption prior to maturity.

“*Gross Revenues*” means all income, revenues and receipts of every nature derived from and received by virtue of the access, use and operation of the System; provided that the fees paid to the Issuer for access to the System shall not be included in Gross Revenues unless such fees have actually been received by the Issuer.

“*Interest Payment Date*” means February 15, 2019 and each August 15 and February 15 thereafter until maturity.

“*Issuer*” means the City of Spring Valley Village, Texas

“*Maintenance and Operation Expenses*” means the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs,

replacements, improvements, or extensions necessary to render efficient service, and all payments including payments of amounts equal to all or a part of the debt service on bonds issued under contracts with “issuers”, within the meaning of Texas Government Code section 1201.002 (or any successor statute thereto) which may now or hereafter be “operating expenses” of the System under Texas Government Code section 1502.056(c), or any successor statute thereto, or similar statute now in effect or hereinafter enacted by Legislature of the State of Texas. Depreciation shall never be considered as a Maintenance and Operation Expense. Maintenance and Operation Expenses shall include, without limitation, all payments under contracts for the impoundment, conveyance or treatment of water or otherwise which are now or hereafter defined as operating expenses by the Legislature of the State of Texas and the treatment of such payments as Maintenance and Operation Expenses shall not be affected in any way if, subsequent to the entering into such contracts, the Issuer acquires as a part of the System title to any properties or facilities used to impound, convey or treat water under such contracts, or if the Issuer contracts to acquire title to such properties or facilities as a part of the System upon the final payment of debt service on the bonds issued to finance such properties or facilities.

“*Maturity*” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity, by call for redemption, or otherwise.

“*Net Revenues*” means all Gross Revenues remaining after deducting the Maintenance and Operation Expenses.

“*Ordinance*” means this Bond Ordinance and all amendments hereof and supplements hereto.

“*Outstanding*” when used with reference to the Bonds and any Parity Bond means, as of a particular date, all such Bonds and other Parity Bonds theretofore delivered except: (a) any such Bond or other Parity Bond canceled by or on behalf of the Issuer at or before said date; (b) any such Bond or Parity Bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; (c) any such Bond or Parity Bond in lieu of or in substitution for which another Bond or Parity Bond of the same series shall have been delivered pursuant to the ordinance authorizing the issuance of such Bond or Parity Bond; and (d) any Bond or Parity Bond alleged to have been destroyed, lost, or stolen which have been paid as provided in the ordinance authorizing its issuance.

“*Owner*”, “*Registered Owner*”, “*Holder*”, or “*Bondholder*” when used with respect to any Bond, means the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners of the Bonds of a particular class or series of Bonds shall mean the Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds or the Bonds of such class or series then Outstanding.

“*Parity Bonds*” means any or all of the Series 2014 Bonds; the Bonds, and any Additional Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding within the meaning of this Ordinance.

“*Paying Agent*” means The Bank of New York Mellon Trust Company, N.A., Houston, Texas and its successors in that capacity.

“*Purchaser*” means the initial purchaser or purchasers of the Bonds named in **Section 9.1**.

“*Record Date*” for the interest payable on any Interest Payment Date means the last day of the calendar month next preceding such Interest Payment Date.

“*Redemption Date*” means the date fixed for redemption of a Bond pursuant to the terms of this Ordinance.

“*Redemption Price*” means the price specified in the Form of Bond in **Section 4.2** as the price at which a Bond may be redeemed pursuant to the terms of the Ordinance.

“*Register*” means the books of registration kept by the Paying Agent in which are maintained the names and addresses of and the principal amounts registered to each Owner of Bonds.

“*Reserve Fund*” means the fund of such name established and maintained pursuant to **Section 5.5**.

“*Reserve Fund Requirement*” means the lesser of maximum annual debt service, 125% of average annual adjusted debt service, or 10% of the par amount on the Parity Bonds, which may be determined and redetermined each year by the City but in no event less frequently than upon the issuance of each series of Parity Bonds.

“*Reserve Fund Surety Policy*” means a surety bond, insurance policy, letter of credit, or other similar instrument issued by a financial institution, provided that the claims paying ability of such issuer is rated in one of the highest category of ratings by Standard & Poor’s, a division of the McGraw Hill Companies, Inc., and Moody’s Investors Service, Inc.

“*Series 2014 Bonds*” means the Waterworks and Sewer System Revenue Bonds, Series 2014, dated May 1, 2014.

“*Series 2014 Ordinance*” means the City of Spring Valley Village, Texas ordinance adopting the issuance of its Series 2014 Bonds, dated April 22, 2014.

“*Special Project*” means, to the extent permitted by law, any water or wastewater system property, improvement or facility declared by the Issuer not to be part of the System, for which the costs of acquisition, construction and installation are paid from proceeds of a financing transaction other than the issuance of bonds payable from ad valorem taxes or revenues of the System and for which all maintenance and operation expenses are payable from sources other than ad valorem taxes or revenues of the System, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction and installation under such financing transaction.

“*Stated Maturity*” when used with respect to any Bond means the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

“*Subordinate Lien Obligations*” means the obligations permitted to be issued by the Issuer pursuant to Section 6.2 hereof.

“*System*” means all properties, facilities, improvements, equipment, interests, rights and powers constituting the water and wastewater system of the Issuer, and all future extensions, replacements, betterments, additions, improvements, enlargements, acquisitions, purchases and repairs to the water and wastewater system, including without limitation, all those heretofore or hereafter acquired as a result of the annexation and dissolution of water districts or the acquisition of the properties or assets of any other public, private or non-profit entities. The System shall not include any Special Project.

ARTICLE III

TERMS OF THE BONDS

Section 3.1. Name, Amount, Purpose, Authorization. The Bonds, to be known and designated as the “CITY OF SPRING VALLEY VILLAGE, TEXAS WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2018” (the “*Bonds*”) in the original aggregate principal amount of \$2,380,000, shall be issued in fully registered form, without coupons. The Bonds are being issued for the purpose of paying for improvements and expansions to the System, and to pay costs of issuance incurred in connection with the issuance of the Bonds, all under and pursuant to the laws of the State of Texas, particularly chapter 1502, Texas Government Code, as amended, and all other applicable law.

Section 3.2. Numbers, Date, and Denomination. The definitive Bonds shall be numbered separately from R-1 upward, the initial Bonds shall be numbered separately from T-1 and upward, and in each case such bonds shall be dated as of _____, 2018 (the “*Dated Date*”) and shall be in the denomination of \$5,000 or any integral multiple thereof.

Section 3.3. Interest Payment Dates, Interest Rates, and Maturities. The Bonds shall bear interest from the initial date of delivery to the purchasers at the rate or rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months and payable semiannually on February 15 and August 15 of each year, commencing February 15, 2019 until maturity or prior redemption.

The Bonds shall mature and become payable on August 1 in the years and in the respective principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
2019	\$	
2020		
2021		
2022		
2023		

2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038

Section 3.4. Optional and Mandatory Redemption Prior to Maturity. (a) The Bonds are subject to redemption at the option of the Issuer and by mandatory redemption prior to Stated Maturity on the Redemption Dates and Redemption Prices as provided in the Form of Bonds in **Section 4.2.**

(b) *Exercise of Redemption Option.* The exercise by the Issuer of its option to redeem Bonds must be evidenced by an order or resolution of the Governing Body entered into its minutes. The Issuer at least 45 days prior to each Redemption Date (unless a shorter notice shall be satisfactory to the Paying Agent) must notify the Paying Agent of such Redemption Date and of the principal amount of Bonds of each Stated Maturity to be redeemed.

(c) *Selection of Bonds for Redemption.* If less than all Outstanding Bonds of a Stated Maturity are to be redeemed, then not more than 60 days prior to the Redemption Date the Paying Agent shall select the particular Bonds within such Stated Maturity to be redeemed from the Outstanding Bonds not previously called for redemption by such random method as the Paying Agent deems fair and appropriate. The method of selection may provide for the selection for redemption of portions (equal to denomination of \$5,000 or any integral multiple thereof) of the principal of Bonds of a denomination larger than \$5,000.

The Paying Agent will promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

For purposes of this Ordinance, unless the context otherwise requires, all provisions relating to the redemption of Bonds relates, in the case of any Bond redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

(d) *Notice of Redemption.* The Paying Agent shall mail notice of redemption in the name and at the expense of the Issuer not less than 30 days prior to the Redemption Date to each Registered Owner of Bonds to be redeemed, stating:

- (1) the Redemption Date,
- (2) the Redemption Price,
- (3) the principal amount, the identification (by title, Stated Maturity, interest rate, and Dated Date) and, in the case of partial redemption, the respective principal amounts and Bond numbers of the Bonds to be redeemed, and
- (4) that on the Redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that interest thereon ceases to accrue from and after said date.

Neither the failure to give any notice to any Registered Owner nor any defect therein will affect the sufficiency of notice given to Registered Owners as hereinabove stated. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Notice having been so given, the Bonds called for redemption shall become due and payable on the specified Redemption Date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

(e) *Payment of the Redemption Price.* Upon the surrender of such Bonds for redemption in accordance with such notice, the Paying Agent shall pay such Bonds at the Redemption Price out of money supplied by the Issuer.

If any Bond called for redemption is not so paid upon surrender thereof for redemption, the same continues to bear interest from the Redemption Date at the rate borne by such Bond.

(f) *Partial Redemption.* Any Bond which is to be redeemed only in part must be surrendered at the Place of Payment (with, if the Issuer or the Paying Agent so requires, due endorsement by, or written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Issuer shall execute and the Paying Agent shall register and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same Stated Maturity and of any authorized denomination or denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 3.5. Manner of Payment, Characteristics, Execution, and Authentication. The Paying Agent shall be the paying agent for the Bonds. The Bonds shall be payable, have the characteristics, and be signed, executed and authenticated, all as provided and in the manner indicated in the form of bonds set forth in *Article IV*. The Bonds initially delivered shall also have attached or affixed thereto the registration certificate of the Comptroller of Public Accounts of the State of Texas. If any officer of the Issuer whose manual or facsimile signature shall appear on the Bonds, as provided in the form of bonds, shall cease to be such officer before the authentication of the Bonds or before the delivery of the Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond. The definitive Bonds shall be printed, lithographed, engraved, or typewritten or produced by any combination of these methods, or produced in any other manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof, but the initial Bonds submitted to the Attorney General of Texas may be typewritten, photocopied or otherwise reproduced.

The approving legal opinion of Norton Rose Fulbright US LLP, Houston, Texas, Bond Counsel, may be printed on the back of the Bonds over the certification of the Issuer Secretary (or acting Secretary) which may be executed in facsimile. and a statement of insurance, if any, also may be printed on Bonds, as applicable, but errors or omissions in the printing of the opinion, the numbers or the statement of insurance shall have no effect on the validity of the Bonds.

Section 3.6. Ownership. The Issuer, the Paying Agent and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of mailing payment of the principal of and premium, if any, thereon, and for the further purpose of making payment of interest thereon, for the purpose of giving notice to the Owners of the Bonds, and for all other purposes, whether or not such Bond is overdue, and neither the Issuer nor the Paying Agent shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this section shall be valid and effectual and shall discharge the liability of the Issuer and the Paying Agent upon such Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer, and Exchange. So long as any Bonds remain Outstanding, the Paying Agent shall keep the Register at its principal corporate trust office and a copy thereof at an office in the State of Texas, in which, subject to such reasonable regulations as it may prescribe, the Paying Agent shall provide for the registration and transfer of the Bonds in accordance with the terms of this Ordinance.

Each Bond shall be transferable only upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent. Upon due presentation of any Bond for transfer, the Paying Agent shall authenticate and deliver in exchange therefor, within 72 hours after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing or accruing interest at the same rate as the Bond or Bonds so presented.

Each Bond shall be exchangeable upon presentation and surrendered at the principal corporate trust office of the Paying Agent for a Bond or Bonds of the same maturity and bearing or accruing interest at the same rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each exchanged or replaced Bond delivered by the Paying Agent in accordance with this Section shall be entitled to the

benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The Issuer or the Paying Agent may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent for such transfer or exchange shall be paid by the Issuer.

The Paying Agent shall not be required to transfer or exchange any Bond called for redemption, in whole or in part, during the 45-day period immediately prior to the redemption date; provided, however, that such limitation shall not apply to the transfer or exchange by the Owner of the unredeemed portion of a Bond called for redemption in part.

Section 3.8. Cancellation. All Bonds paid or redeemed in accordance with this Ordinance, and all Bonds in lieu of which exchanged Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment or redemption. The Paying Agent shall periodically furnish the Issuer with certificates of destruction of such Bonds.

ARTICLE IV

FORM OF BONDS

The Bonds, including the Form of Comptroller’s Registration Certificate; Form of Paying Agent Authentication Certificate, Form of Assignment and Statement of Insurance, if any, shall be in substantially the following forms, with such omissions, insertions and variations as may be permitted or desirable, and not prohibited by this Ordinance:

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF SPRING VALLEY VILLAGE, TEXAS,
WATER AND WASTEWATER SYSTEM REVENUE BOND,
SERIES 2018

NUMBER	DENOMINATION
R-	\$
REGISTERED	REGISTERED

<u>INTEREST RATE:</u>	<u>DATED DATE:</u>	<u>MATURITY DATE:</u>
	November 15, 2018	

Registered Owner:	
Principal Amount:	DOLLARS

THE CITY OF SPRING VALLEY VILLAGE, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the “Issuer”), for value received, hereby promises to pay, to the Registered Owner identified above or registered assigns, solely from certain pledged revenues and funds as hereinafter specified and from no other source, on the Maturity Date specified above, upon presentation and surrender of this bond at the principal corporate trust office of the “Paying Agent,” initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas, in any coin or currency of the United States of America, which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, the Principal Amount identified above, and to pay, solely from such pledged revenues and funds, interest thereon at the Interest Rate shown above, calculated on the basis of a 360-day year composed of twelve 30-day months, from the later of the date the bonds are delivered to the initial purchaser thereof or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this bond is payable on each February 15 and August 15 beginning February 15, 2019, until the maturity or prior redemption of this bond or until the Issuer’s obligation with respect to this bond has been satisfied. Interest on this bond shall be payable by check mailed by the Paying Agent to the Registered Owner of record as of the closed business and the last business day of the month next preceding the interest payment date as shown on the books of registration kept by the Paying Agent. Any accrued interest due at maturity or prior redemption shall be paid upon presentation and surrender of this bond at the principal corporate trust office of the Paying Agent in Houston, Texas.

THIS BOND IS ONE OF A DULY AUTHORIZED SERIES OF BONDS (herein the “Bonds”) in the aggregate principal amount of \$2,380,000 issued pursuant to an ordinance adopted by the Governing Body of the Issuer (herein the “Ordinance”) for the purpose of paying for improvements and expansions to the Issuer’s water and wastewater system under and pursuant to the authority of chapter 1502, Texas Government Code, as amended, and all other applicable law.

THIS BOND AND THE SERIES OF BONDS of which it is a part are special obligations of the Issuer that are equally and ratably payable from and secured by a first lien on the “Net Revenues” collected and received by the Issuer from the operation and ownership of the Issuer’s water and wastewater system as defined and provided in the Ordinance, which Net Revenues are required to be set aside for and pledged to the payment of the Bonds and all additional bonds issued on a parity therewith, in the interest and sinking fund and the reserve fund required to be maintained for the payment of all such bonds, all as more fully described and provided for in the Ordinance. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from Net Revenues do not constitute an indebtedness or general obligation of the Issuer. The Issuer has reserved the right to issue additional water and wastewater system Revenue Bonds, subject to the restrictions contained in the Ordinance, which bonds may be secured by a lien on a parity with, or subordinate and inferior to, the lien on the Net Revenues securing this Bond and the series of which it is a part.

THE ISSUER RESERVES THE RIGHT, at its option, to redeem prior to maturity the Bonds maturing on and after August 15, 2029, in whole or in part, in such manner as the Issuer may select, on August 15, 2028, or on any date thereafter, at a price equal to the principal amount to be redeemed, plus accrued interest on the principal amount called for redemption from the most recent interest Payment Date to the redemption date. Optional redemption may be conditioned on issuance of refunding bonds or other obligations to pay the redemption price.

Bonds maturing on August 15, 2029, are subject to mandatory redemption prior to maturity in the principal amounts and on the redemption dates set out below, at a price equal to such principal amounts plus accrued interest from the most recent interest payment date to such redemption dates:

\$2,380,000 Bonds maturing August 15, 2029

Redemption Date <u>(August 15)</u>	Principal <u>Amount</u>
2019	\$
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	

2029
2030
2031
2032
2033
2034
2035
2036
2037
2039 (Stated Maturity)

Such Bonds to be redeemed shall be selected by lot from and among the Bonds of such maturity then subject to redemption. The Issuer, at its option, may credit against any mandatory sinking fund redemption requirement Bonds of the maturity then subject to redemption which have been purchased and canceled by the Issuer or have been redeemed and theretofore applied as a credit against any mandatory sinking fund redemption requirement.

NOT LESS THAN 30 DAYS prior to a redemption date, a notice of redemption will be sent by U.S. Mail, first class postage prepaid, in the name of the Issuer to each registered owner of a Bond to be redeemed in whole or in part at the address of the registered owner appearing on the registration books of the Paying Agent at the close of business on the business day next preceding the date of mailing. When Bonds or portions thereof have been called for redemption and due provision has been made to redeem the same, the amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the Bonds or portions thereof called for redemption shall terminate on the redemption date.

THE PAYING AGENT IS NOT REQUIRED to accept for transfer or exchange any Bond called for redemption in whole or in part during the 45-day period immediately prior to the redemption date; provided, however, that such limitation shall not apply to the transfer or exchange by the Registered Owner of the unredeemed portion of any Bond called for redemption in part.

THE HOLDER OF THIS OBLIGATION IS NOT ENTITLED TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY MONEY RAISED BY TAXATION.

REFERENCE IS HEREBY MADE TO THE ORDINANCE, a copy of which is on file in the office of the Paying Agent, and to all of the provisions of which the Registered Owner of this bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the priority for the application and use of the income and revenues of the System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the liens and pledges securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations, including Additional Bonds; the terms and conditions for amending the Ordinance; the terms and conditions relating to the transfer or exchange of this bond; the rights, duties, and obligations of the Issuer and the Paying Agent; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged

at or prior to the maturity of this bond, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof Capitalized terms used herein, unless otherwise defined, have the same meanings assigned in the Ordinance.

IT IS HEREBY DECLARED AND REPRESENTED that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; that the Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this bond and all of the Bonds by the aforesaid first lien on and pledge of the Net Revenues.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas or (ii) authenticated by the Paying Agent by due execution of the authentication certificate manually endorsed hereon. Such duly executed certificate of authentication shall be conclusive evidence that this bond was delivered by the Paying Agent under the provisions of the Ordinance.

IN WITNESS WHEREOF, the Issuer has in the Ordinance directed this bond to be signed by the Mayor and countersigned by the City Secretary by their printed facsimile signatures.

**CITY OF SPRING VALLEY
VILLAGE, TEXAS**

Mayor

Countersignature:

City Secretary

* * *

The following form of Assignment shall appear on each of the Bonds.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee):
.....
.....
(Social Security or other identify number:)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
.....
attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Signature guaranteed:
.....

.....
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

ARTICLE V

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Section 5.1. Pledge and Source of Payment. The Issuer hereby covenants and agrees that Gross Revenues of the System shall, as collected and received by the Issuer, be deposited and paid into the special funds hereinafter established, and shall be applied in the manner hereinafter set forth, in order to provide for the payment of all Maintenance and Operation Expenses and to provide for the payment of principal of, interest on and any redemption premiums on the Bonds and all expenses of paying same; and to provide for the disposition of the remaining Net Revenues.

The Bonds shall constitute special obligations of the Issuer that shall be payable from and shall be equally and ratably secured by a first lien on the Net Revenues, as collected and received by the Issuer, on a parity with the lien granted all Parity Bonds, which Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Bonds in the Interest and Sinking Fund and the Reserve Fund as hereinafter provided, and the Bonds shall be, in all respects, on a parity with and of equal dignity with one another with respect to Net Revenues. The Owners of the Bonds shall never have the right to demand payment of either the principal of, interest on, or any redemption premium on the Bonds out of any funds raised or to be raised by taxation.

Texas Government Code chapter 1208 applies to the issuance of the Bonds and the pledge of the Net Revenues granted hereunder, and such pledge is therefore valid, effective, and perfected. If Texas law is hereafter amended at any time while the Bonds are Outstanding and unpaid so that the pledge of Net Revenues hereunder is subject to the filing requirements of chapter 9, Texas Business & Commerce Code, then in order to preserve to the Holders of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in such pledge to occur.

Section 5.2. Rates and Charges. So long as any Bonds remain Outstanding, the Issuer shall fix, charge and collect rates and charges for the use and services of the System which are calculated to be fully sufficient to produce Net Revenues in each Fiscal Year which, are at least equal to 110% of the principal and interest requirements scheduled to occur in such Fiscal Year on all Parity Bonds then Outstanding plus an amount equal to the sum of all deposits required to be made to the Reserve Fund in such Fiscal Year; but in no event shall Net Revenues ever be less than the amount required to establish and maintain the Interest and Sinking Fund and the Reserve Fund as hereinafter provided, and, to the extent that funds for such purpose are not otherwise available, to pay all other outstanding obligations payable from the Net Revenues of the System, including all amounts owed by the Issuer to a provider of a Surety Policy, if any, as and when the same shall become due.

The Issuer will not grant or permit any free service from the System, except for public

buildings and institutions operated by the Issuer. In addition, the Issuer will not grant or permit any free service from the System permitted by the previous sentence if to do so would violate any condition or covenant to which the Issuer is bound in connection with any federal grant agreement or otherwise.

Section 5.3. Special Funds. The following special funds shall be established, maintained and accounted for as hereinafter provided so long as any of the Bonds remain Outstanding:

- (a) Revenue Fund;
- (b) Interest and Sinking Fund for payment of Parity Bonds; and
- (c) Reserve Fund.

All of such Funds shall be maintained as separate accounts on the books of the Issuer. The Interest and Sinking Fund and the Reserve Fund shall constitute trust funds which shall be held in trust for the Owners of the Bonds and the proceeds of which shall be pledged to the payment of the Bonds. All of the Funds named above shall be used solely as herein provided so long as any Bonds remain Outstanding.

Section 5.4. Flow of Funds. Gross Revenues of the System shall be deposited as collected into the Revenue Fund. Moneys from time to time on deposit to the credit of the Revenue Fund shall be applied in the following manner and in the following order of priority:

- (a) First, to pay Maintenance and Operation Expenses and to provide by encumbrance for the payment of all obligations incurred by the Issuer for Maintenance and Operation Expenses and to establish and maintain an operating reserve equal to one month's estimated Maintenance and Operation Expenses;
- (b) Second, to make all deposits into the Interest and Sinking Fund required by any ordinance authorizing the issuance of Parity Bonds;
- (c) Third, to make all deposits into the Reserve Fund (and any Reserve Subaccounts therein) required by any ordinance authorizing the issuance of Parity Bonds;
- (d) Fourth, to make all deposits, as may be required by any ordinance of the Issuer authorizing the issuance of Subordinate Lien Obligations, as described in *Section 6.2* hereof, in order to provide for the payment of and security for such Subordinate Lien Obligations; and
- (e) Fifth, for any lawful purpose.

Section 5.5. Interest and Sinking Fund. So long as any Bonds remain Outstanding, on or before the last Business Day of each month, after making all required payments and provision for payment of Maintenance and Operation Expenses, there shall be transferred into the Interest and Sinking Fund from the Revenue Fund the following amounts:

(a) Such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the interest scheduled to become due on the Parity Bonds on the next Interest Payment Date; and

(b) Such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the next maturing principal of the Parity Bonds (i.e., the principal amount payable on the next February 15), including the principal amounts of, and any redemption premiums on, any Parity Bonds payable as a result of the operation or exercise of any mandatory or optional redemption provision contained in any ordinance authorizing the issuance of Parity Bonds.

Whenever the total amounts on deposit to the credit of the Interest and Sinking Fund and the Reserve Fund with respect to the Bonds are equivalent to the sum of the aggregate principal amount of all Outstanding Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further payments need be made into the Interest and Sinking Fund or the Reserve Fund with respect to the Bonds, and such Bonds shall not be regarded as being Outstanding except for the purpose of being paid with the moneys on deposit in such Funds.

Moneys deposited to the credit of the Interest and Sinking Fund shall be used solely for the purpose of paying principal of (at maturity or prior redemption or to purchase Parity Obligations in the open market to be credited against mandatory redemption requirements), and interest and redemption premiums on the Parity Bonds, plus all bank charges and other costs and expenses relating to the Parity Bonds.

On or before each date principal becomes due and/or the Interest Payment Date on the Bonds, the Issuer shall transfer from the Special Interest and Sinking Fund Account to the Paying Agent an amount equal to the principal and interest and any redemption premium on the Bonds on such date, together with an amount equal to all bank charges and other costs and expenses relating to such payment. The Paying Agent shall destroy all paid Bonds and provide the Issuer with an appropriate certificate of destruction.

Section 5.6. Reserve Fund. Upon issuance of the Bonds, the Issuer shall deposit from Bond proceeds to the Reserve Fund the amount of the Reserve Fund Requirement, which is determined to be \$_____. If not funded from proceeds of Outstanding Parity Bonds, then on or before the last Business Day of each month so long as any Bonds remain Outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses and after making all required transfers into the Interest and Sinking Fund, there shall be transferred into the Reserve Fund from the Revenue Fund amounts equal to one-sixtieth (1/60th) of the Reserve Fund Requirement on the Outstanding Parity Bonds unless or until there has been accumulated in the Reserve Fund money and investments in an aggregate amount at least equal to the Reserve Fund Requirement on the Outstanding Parity Bonds; provided that additional deposits into the Reserve Fund sufficient to provide for the increased reserve requirements resulting from the issuance of any Additional Bonds shall be made by not later than 60 months from the date of issuance of such Additional Bonds as required by Section 6.1(a) hereof. Such additional deposits into the Reserve Fund in connection with the issuance of any Additional Bonds shall be made each month in amounts equal to one-sixtieth (1/60th) of the Reserve Fund Requirement on the Outstanding Parity Bonds and such Additional Bonds. After

such amount has accumulated in the Reserve Fund and so long thereafter as such Fund contains such amount, no further deposits shall be required to be made into the Reserve Fund, and any excess amounts in the Fund may be transferred to the Revenue Fund; but if and whenever the balance in the Reserve Fund is reduced below such amount, monthly deposits into such Fund shall be resumed and continued in amounts at least equal to one-sixtieth (1/60th) of the Average Annual Principal and Interest Requirements on the Outstanding Parity Bonds until the Reserve Fund has been restored to such amount.

To the extent permitted by law and subject to appropriation of legally available funds, the amount required to be deposited in the Reserve Fund may be satisfied in whole or in part with one or more Reserve Fund Surety Policies. Such Policies may be drawn upon only after all other amounts in the Reserve Fund have been used or applied, In the event that the Reserve Fund contains two or more Reserve Fund Surety Policies, in each instance in which a draw upon the Reserve Fund is necessary, such Policies shall be drawn upon on a pro rata basis. Subsequent to each draw on any Reserve Fund Surety Policy, the first available Net Revenues, after making all required deposits to the Interest and Sinking Fund, shall be used first, on a pro rata basis, to reimburse the providers of such Policies for amounts advanced under the Policies in accordance with the respective agreements with such providers, second to make any other required deposits to the Reserve Fund, and third, to pay to the providers of the Policies, on a pro rata basis, interest on amounts advanced under such Policies. Upon the expiration or termination of any Reserve Fund Surety Policy, the Issuer shall immediately deposit in the Reserve Fund an amount which, together with other amounts on deposit in the Reserve Fund, shall equal the average Annual Principal and Interest Requirements on all Parity Bonds Outstanding on such expiration or termination date.

Monies deposited to the credit of the Reserve Fund shall be used to pay the principal of and interest on the Outstanding Parity Bonds at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose and it may be used finally to pay and retire the last Bonds to mature or be redeemed.

Section 5.7. Deficiencies in Funds. If in any month there shall not be deposited into any Fund maintained pursuant to this Article the full amounts required hereinabove, amounts equivalent to such deficiency shall be set apart and paid into such Fund or Funds from the first available and unallocated moneys in the Revenue Fund, and such payment shall be in addition to the amounts otherwise required to be paid into such Funds during any succeeding month or months. To the extent necessary, the rates and charges for the System shall be increased to make up for any such deficiencies.

Section 5.8. Investment of Funds: Transfer of Investment Income.

(a) Money in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund may, at the option of the Issuer, be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities of the United States of America or as otherwise permitted by state law; provided that all such deposits and investments shall be made in such manner (which may include repurchase

agreements for such investments with any national bank) that the money required to be expended from any Fund will be available at the proper time or times, and provided further that in no event shall such deposits or investments of moneys in the Reserve Fund mature later than the final maturity date of the Bonds. All such investments shall be valued in terms of current market value no less frequently than the last Business Day of the Issuer's Fiscal Year, except that any direct obligations of the United States of America—State and Local Government Series shall be continuously valued at their par value or principal face amount. Any obligation in which money is so invested shall be kept and held in an official depository of the Issuer, except as hereinafter provided. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the Issuer, in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository of the Issuer, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such fund are held by or on behalf of each such fund. If necessary, such investments shall be promptly sold to prevent any default.

(b) All interest and income derived from such deposits and investments shall be credited monthly to the Fund from which such investment was made.

Section 5.9. Security for Uninvested Funds. So long as any Bonds remain Outstanding, all uninvested moneys on deposit in, or credited to, the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund shall be secured by the pledge of security as provided by law for cities in the State of Texas.

ARTICLE VI

ADDITIONAL BONDS

Section 6.1. Additional Bonds. (a) The Issuer reserves the right to issue, for any lawful purpose, including the refunding of any previously issued Parity Bonds or any other bonds or obligations of the Issuer issued in connection with the System or payable from Net Revenues, one or more series of Additional Bonds on a parity with the Parity Bonds then Outstanding, payable from, and secured by first liens on, the Net Revenues of the System; provided, however, that no Additional Bonds may be issued unless:

(i) All Additional Bonds shall mature only on August 15 and interest thereon shall be payable only on February 15 and August 15;

(ii) The Interest and Sinking Fund and the Reserve Fund each contains the amount of money then required to be on deposit therein;

(iii) For either the preceding Fiscal Year or any consecutive 12-month period ending no more than 90 days prior to adoption of such ordinance authorizing such Additional Bonds (the "Base Period") either:

(1) The Net Revenues equal to at least 125% of the Average Annual Principal and Interest Requirements on all Parity Bonds that will be Outstanding after the issuance of the Additional Bonds then proposed to be issued, as certified by the Issuer's chief financial officer or chief accountant, or by an independent certified accountant or firm of certified public accountants; or

(2) The Net Revenues eligible to be deposited into the Interest and Sinking Fund, adjusted to give effect to any rate increase or annexation of territory placed into effect or consummated prior to the adoption of the ordinance authorizing the Additional Bonds to the same extent as if such rate increase or annexation had been placed into effect or consummated prior to the commencement of the Base Period, would have been equal to at least the amount required in paragraph (1) above, as certified by an independent consulting engineer or independent firm of consulting engineers;

provided, however, that the requirement in subsection (iii) shall not apply to the issuance of any series of Additional Bonds for refunding purposes that will not have the result of increasing the Average Annual Principal and Interest Requirements on the Parity Bonds; and

(iv) Provision is made in the ordinance authorizing the Additional Bonds then proposed to be issued for (1) additional payments into the Interest and Sinking Fund sufficient to provide for the payment of the increased principal of and interest on the Parity Bonds resulting from the issuance of such Additional Bonds, and (2) additional payments into the Reserve Fund sufficient to provide for the accumulation therein of the increased reserve requirement resulting from the issuance of such Additional Bonds, by no later than 60 months from the date of issuance of such Additional Bonds.

Section 6.2. Subordinate Lien Obligations. The Issuer reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the liens on Net Revenues securing payment of the Bonds. Such Subordinate Lien Obligations may be further secured by any other source of payment lawfully available for such purposes.

Deposits may be made pursuant to Section 5.4(d) of this Ordinance into such funds as may be created and maintained for the payment of and security for Subordinate Lien Obligations described in this Section (including a reserve fund not to exceed the average annual principal and interest requirements on such Subordinate Lien Obligations and any provisions for curing deficiencies in such funds), but only to the extent that the aggregate outstanding principal amount of such Subordinate Lien Obligations does not exceed 50% of the aggregate principal amount of Bonds and Subordinate Lien Obligations Outstanding on the date of such calculation.

Section 6.3. Special Project Bonds. The Issuer reserves the right to issue revenue bonds secured by liens on and pledges of revenues and proceeds derived from Special Projects.

ARTICLE VII

COVENANTS AND PROVISIONS RELATING TO BONDS

Section 7.1. Punctual Payment of Bonds. The Issuer covenants that it will punctually pay or cause to be paid the principal of and interest on all Bonds according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in any other ordinance authorizing the issuance of Bonds.

Section 7.2. Power to Own and Operate System: Ratemaking Power. The Issuer covenants that it has all necessary power and authority to own and operate the System as herein described and provided and that it possesses, and shall exercise, all necessary power and authority to establish, fix, increase, impose and collect rates and charges for the use and services of the System in the amounts required to comply with the covenants and provisions contained herein.

Section 7.3. Maintenance of System. So long as any Bonds remain Outstanding, the Issuer covenants that it will at all times maintain the System, or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. In operating and maintaining the System, the Issuer will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative or judicial body promulgating same, noncompliance with which would materially and adversely affect the operation of the System.

Section 7.4. Sale or Encumbrance of System. So long as any Bonds remain Outstanding, the Issuer covenants that it will not sell, dispose of or, except as permitted in Article VI, further encumber the System; provided, however, that this provision shall not prevent the Issuer from disposing of any portion of the System which is being replaced or is deemed by the Issuer to be obsolete, worn out, surplus or no longer needed for the proper operation of the System. Net proceeds from any such disposition may be deposited in the Revenue Fund and, notwithstanding any other provision contained herein, shall be used only for System purposes. Any agreement pursuant to which the Issuer contracts with a person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

Section 7.5. Insurance. The Issuer covenants that it will keep the System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by political subdivisions of the State of Texas operating similar properties, to the extent that such insurance is available. All net proceeds of such insurance shall be applied to repair or replace the insured property that is damaged or destroyed, or shall be deposited in the Revenue Fund, or shall be used to redeem Outstanding Bonds. The cost of all such insurance, together with any additional insurance, shall be a part of the Maintenance and Operation Expenses.

Section 7.6. Accounts, Records and Audits. So long as any Bonds remain Outstanding, the Issuer covenants that it will maintain a proper and complete system of records and accounts pertaining to the operation of the System in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the System or the Gross Revenues or the Net Revenues thereof. The Issuer shall after the close of each Fiscal Year prepare financial statements of the System, and have those financial statements audited by an independent certified public accountant or independent firm of certified public accountants. After the audit, the Issuer shall furnish a copy of these audited financial statements, together with the independent certified public accountant's report thereon, without cost, to the Municipal Advisory Council of Texas, the major municipal rating agencies, and any Owners of Bonds who shall request the same. All expenses incurred in preparing such audits shall be Maintenance and Operation Expenses.

Section 7.7. Competition. To the extent it legally may, the Issuer covenants that it will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System and will prohibit the operation of any such competing facilities to the extent that such competing facilities would impair the Issuer's ability to pay principal of or interest on the Bonds.

Section 7.8. Pledge and Encumbrance of Net Revenues. The Issuer covenants that it has the lawful power to create a lien on and to pledge the Net Revenues to secure the payment of the Bonds, and has lawfully exercised such power under the Constitution and laws of the State of Texas. The Issuer further covenants that, other than to the payment of the Bonds, the Net Revenues are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the Issuer, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Bonds. The Issuer covenants to take all such actions as may be necessary or required from time to time under Texas law to preserve or perfect the priority of the first lien on Net Revenues created in this section.

Section 7.9. Bondholders Rights and Remedies. This Ordinance shall constitute a contract between the Issuer and the Owners of the Bonds from time to time Outstanding and this Ordinance shall be and remain irrevocable until the Bonds and the interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein. In the event of a default in the payment of the principal of or interest on any of the Bonds or a default in the performance of any duty or covenant provided by law or in this Ordinance, the Owner or Owners of any of the Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the Issuer to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Bonds may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the Issuer under this Ordinance, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of the revenues thereof into the special funds herein provided, and the application of such revenues in the manner required in this Ordinance.

Section 7.10. Defeasance. Any Bond is deemed paid and is no longer considered to be a Bond within the meaning of this Ordinance when payment of the principal of and interest on such Bond to the Stated Maturity thereof or (if notice of redemption has been duly given, irrevocably provided for, or waived as provided herein) to the Redemption Date has been made or has been provided for by deposit with the Paying Agent for such payment (or with any other bank or trust company which has agreed to hold the same for such purpose) (1) money sufficient to make such payment, (2) Governmental Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Governmental Obligations together so certified sufficient to make such payment, provided that all the expenses pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Paying Agent (and to such other bank or trust company). The City reserves the right, subject to satisfying the requirements of (1) through 3 above, to substitute other Governmental Obligations for the Governmental Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Issuer moneys in excess of the amount required for such defeasance.

If such deposit is made with respect to some but not all of the Bonds then Outstanding, the Issuer shall designate the Stated Maturities of Bonds with respect to which such deposit is made. If such deposit is sufficient to provide for the payment of the principal of and interest on some but not all Outstanding Bonds of a particular Stated Maturity so designated, the Paying Agent shall select the Outstanding Bonds of such Stated Maturity with respect to which such deposit is made by such random method as the Paying Agent deems fair and appropriate and which may provide for the selection of portions (equal to and leaving unredeemed an authorized denomination) of Bonds a denomination larger than \$5,000.

Notwithstanding anything herein to the contrary, no such deposit has the effect described in this Section (a) if made during the subsistence of a default in the payment of any Bond unless made with respect to all of the Bonds then Outstanding or (b) unless accompanied by an opinion of counsel of recognized standing in the field of federal income taxation to the effect that neither such deposit nor the investment thereof adversely affects the excludability of interest on any Bond from the gross income of any owner thereof for federal income tax purposes.

The Paying Agent (or other bank or trust company) with which a deposit is made of money and Governmental Obligations for such purpose shall hold the deposit in a segregated account in trust or escrow for the Registered Owners of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, the deposit may be disbursed solely to pay the principal of and interest on such Bonds when due, except that cash receipts may be withdrawn and paid to the Issuer provided the date and amount of such withdrawals are taken into account in the most recent verification of the accounting firm referred to in this Section. No money or Governmental Obligations so deposited may be invested or reinvested unless in Governmental Obligations and unless such money and Governmental Obligations not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of

either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment.

At such times as a Bond is deemed to be paid hereunder, as aforesaid, it is no longer entitled to the benefits of this Ordinance, except for the purposes of any such payment from such money or Governmental Obligations and for the provisions of *Sections 3.7* and *3.10* and for the continuing compliance of the Issuer with the provisions of *Section 9.4*.

The Issuer reserves the option, to be exercised at the time of the defeasance of the Bond, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the Issuer (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 7.11. Legal Holidays. In any case where the payment date of principal of or interest on the Bonds or the redemption date of any Bonds shall not be a Business Day, then payment of principal or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the payment date or the redemption date and no interest shall accrue for the period from the payment date or redemption date to the date of actual payment.

Section 7.12. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the Issuer or the Paying Agent for the Bonds shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof

Section 7.13. No Recourse Against Issuer Officials. No recourse shall be had for the payment of principal of or interest on any Bonds or for any claim based thereon or on this Ordinance against any official of the Issuer or any person executing any Bonds.

Section 7.14. Amendment to Ordinance. The Issuer may, without the consent of Owners of any Bonds, make any amendment to this ordinance which, in the opinion of the Issuer, is not determined to adversely affect the Owners of any Bond, including the curing of any ambiguity, inconsistencies, incongruity or formal defect or omission. The Issuer may, with the consent of Owners holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of Outstanding Bonds, no such amendment, addition or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Parity

Bond over any other Parity Bond, or (3) reduce the aggregate principal amount of Parity Bonds required to be held by Owners for consent to any such amendment, addition or rescission.

ARTICLE VIII

CONCERNING THE PAYING AGENT

Section 8.1. Acceptance. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as the initial Paying Agent for the Bonds. Such initial Paying Agent and any successor Paying Agent, by undertaking the performance of the duties of the Paying Agent hereunder, and in consideration of the payment of fees and/or deposits of money pursuant to this Ordinance, shall be deemed to accept and agree to abide by the terms of this Ordinance.

Section 8.2. Fiduciary Account. All money transferred to the Paying Agent under this Ordinance (except sums representing Paying Agent's fees) shall be (i) held in a fiduciary account for the benefit of the Issuer, (ii) the property of the Issuer, and (iii) disbursed in accordance with this Ordinance.

Section 8.3. Bonds Presented: Unclaimed Funds. Subject to the provisions of Section 8.4, all matured Bonds presented to the Paying Agent for payment shall be paid without the necessity of further instructions from the Issuer. Such Bonds shall be canceled as provided herein.

Funds held by the Paying Agent that represent principal of and interest on the Bonds remaining unclaimed by any Registered Owner after the expiration of three years from the date such funds have become due and payable (a) shall be reported and disposed of by the Paying Agent in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent such provisions are applicable to such funds, or (b) to the extent such provisions do not apply to the funds, shall be paid by the Paying Agent to the Issuer upon receipt by the Paying Agent of a written request therefor from the Issuer.

The Paying Agent shall have no liability to the Owners of the Bonds by virtue of actions taken in compliance with this Section.

Section 8.4. Paying Agent May Own Bonds. The Paying Agent in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent.

Section 8.5. Successor Paying Agents. The Issuer reserves the right to replace the Paying Agent. The Issuer covenants to maintain and provide a Paying Agent at all time that is a commercial bank or trust company organized under the laws of the United States or any state that is duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent for the Bonds. Upon any change in the Paying Agent for the Bonds, the Issuer will promptly cause a written notice of the change to be sent to each registered owner of the Bonds by United States mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent.

The Issuer reserves the right to change the Paying Agent for the Bonds on not less than 60 days' written notice to the Paying Agent, as long as any such notice is effective not less than 60 days prior to the next succeeding principal or Interest Payment Date for the Bonds. Promptly upon the appointment of any successor Paying Agent, the previous Paying Agent shall deliver the Register or a copy thereof to the new Paying Agent and the new Paying Agent shall notify each Registered Owner, by first-class mail, postage prepaid, of such change and of the address of the new Paying Agent. Each Paying Agent hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Ordinance.

ARTICLE IX

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF BONDS

Section 9.1. Sale of Bonds; Execution of Purchase Agreement; Offering Documents; Insurance; Ratings. The sale of the Bonds to the Texas Water Development Board (the "*Purchaser*"), having all the rights, benefits, and obligations of a Holder), at the price of par is hereby approved and confirmed in accordance with the terms and conditions set forth in the Private Placement Bid Sheet and Bid Form, which terms and conditions are hereby found and determined to be the most advantageous reasonably obtainable by the Issuer and in its best interest. The Mayor and the Mayor Pro Tem of the Governing Body, or either of them, are hereby authorized and instructed to execute and accept the Investor Letter as the act and deed of the Governing Body.

The Issuer confirms the offering of the Bonds as a private offering, and confirms the engagement of Coastal Securities, Inc., as placement agent for the Bonds.

Section 9.2. Approval, Registration and Delivery. The Mayor of the Issuer is authorized and directed to execute and the Secretary of the Issuer to attest the Initial Bond in the name of the initial purchaser. The Mayor and the Issuer Secretary (or the Acting Secretary) are also hereby authorized to have control and custody of the Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor, the Issuer Secretary (or the Acting Secretary), the Issuer Administrator and other officers and employees of the Issuer are hereby authorized, directed and instructed to make such certifications and to execute such instruments (including by printed facsimile signature, the Bonds) as may be necessary to accomplish the delivery of the Bonds and to assure the investigation, examination and approval thereof by the Attorney General of Texas and the registration of the initial Bonds by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of Public Accounts of the State of Texas (or a deputy designated in writing to act for him) shall be requested to sign manually the registration certificate prescribed herein to be attached or affixed to each Bond initially delivered and the seal of the Comptroller of Public Accounts of the State of Texas shall be impressed or printed or lithographed thereon. If requested by the Attorney General or its representatives, or if otherwise deemed necessary to properly evidence the intent of the Issuer in the adoption of this Ordinance, the Mayor or Mayor Pro Tem of the Governing Body may make such ministerial changes in the written text of this Ordinance, which determination shall be final.

Section 9.3. Application of Proceeds of the Bonds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the Issuer, be applied as follows as designated in the Closing Memorandum of the Issuer’s financial advisor, or as otherwise approve by the City Administration or Governing Body:

(a) Accrued interest and premium, if any, shall be deposited into the Interest and Sinking Fund.

(b) A portion of the proceeds shall be applied to pay expenses arising in connection with the Bonds.

(c) A portion of the proceeds shall be deposited into the Reserve Fund, if necessary.

(d) Any proceeds from the sale of the Bonds remaining after making all of the foregoing deposits and payments shall be deposited into a construction fund and used to improve and expand the System.

Section 9.4. Covenants to Maintain Tax-Exempt Status.

(a) *Definitions.* When used in this Section, the following terms have the following meanings:

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) *Not to Cause Interest to Become Taxable.* The Issuer shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Issuer receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Issuer shall comply with each of the specific covenants in this Section.

(c) *No Private Use or Private Payments.* Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds other than taxes of general application within the Issuer or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) *No Private Loan.* Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax

purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) *Not to Invest at Higher Yield.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) *Not Federally Guaranteed.* Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the Issuer shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) *Information Report.* The Issuer shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) *No Rebate Required.* The Issuer warrants and represents that it satisfies the requirements of paragraph (2) and (3) of section 148(f) of the code with respect to the Bonds without making the payments for the United States described in such section. Specifically, the Issuer warrants and represents that:

- (1) the Issuer is a governmental unit with general taxing powers;
- (2) at least 95% of the net proceeds of the Bonds will be used for the local governmental activities of the Issuer;
- (3) the aggregate face amount of all tax exempt obligations issued or expected to be issued by the Issuer (and all subordinate entities thereof) in the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000.

Provided, however, should additional tax-exempt obligations be issued or incurred, including lease purchase financings, in the 2018 calendar year which would cause the total face amount of tax-exempt obligations issued and incurred in such calendar year to exceed \$5,000,000, the Issuer agrees and covenants that it will maintain complete records regarding the investments of the proceeds of sale of the Bonds and rebate any “arbitrage profits” to the United States as required by Section 148(f) of the Code.

(i) *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss

than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) *Elections.* The Issuer hereby directs and authorizes the Mayor and City Administrator, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

Section 9.5. Paying Agent Agreement. The registration of and payment of the principal of, premium, if any, and interest on the Bonds when due shall be effectuated pursuant to the terms of a Paying Agent Agreement to be entered into by and between the Issuer and the Paying Agent, which shall be substantially in the form presented on this date to the Governing Body, the terms and provisions of which are hereby approved, and the Mayor is hereby authorized to execute and deliver such Paying Agent Agreement on behalf of the Issuer in multiple counterparts and the Issuer Secretary (or the Acting Secretary) is hereby authorized to attest thereto and affix the Issuer's seal.

Section 9.6. Bond Counsel. Bond Counsel services in connection with the issuance of the Bonds shall be provided pursuant to the terms of an Engagement Letter to be entered into by and between the Issuer and Norton Rose Fulbright US LLP, Houston Texas ("Bond Counsel"), which shall be substantially in the form presented on this date to the Governing Body, the terms and provisions of which are hereby approved, and the Mayor is authorized to execute and deliver such Engagement Letter on behalf of the Issuer in multiple counterparts and the Issuer Secretary (or the Acting Secretary) is authorized to attest thereto and affix the Issuer's seal.

Section 9.7. Related Matters. In order that the Issuer shall satisfy, in a timely manner, all of its obligations under the Ordinance, the Mayor, the Issuer Secretary (or the Acting Secretary), and other appropriate officers and agents of the Issuer are hereby authorized and directed to take all other actions that are reasonably necessary to provide for issuance and delivery of the Bonds, including executing by manual or facsimile signature and delivering on behalf of the Issuer all certificates, consents, receipts, requests, notices, investment agreements and other documents as may be reasonably necessary to satisfy the Issuer's obligations under the Ordinance and to direct the transfer and application of funds of the Issuer consistent with the provisions of the Ordinance. If requested by the Attorney General of Texas or his representatives, the Mayor may authorize such

- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the Bonds; and
- (k) Rating changes.

ARTICLE X

CONTINUING DISCLOSURE UNDERTAKING

Section 10.1. Not Applicable. The Bonds are privately placed, and are not subject to the Continuing Disclosure requirements of Security and Exchange Commission Rule 15c-2(12).

ARTICLE XI

MISCELLANEOUS

Section 11.1. Bond Insurance. In order to obtain the lowest attainable interest rates on the Bonds, the Governing Body has purchased municipal bond insurance (the “Bond Insurance”) from Financial Security Assurance, Inc. The Governing Body has also purchased municipal bond debt service reserve fund policy insurance (“Reserve Fund Policy”) in an amount equal to the debt reserve fund requirement. In consideration of the issuance of the Bond Insurance and the Reserve Fund Policy, the agreements and covenants of the City in favor of the Bond Insurer substantially in the forms set forth herein are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to satisfy the conditions set forth in the commitments of the Bond Insurer to issue the Bond Insurance and Reserve Fund Policy.

Section 11.2. Further Proceeding. The Mayor of the Issuer, the City Secretary (or the Acting Secretary) and other appropriate officials of the Issuer are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

Section 11.3. Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 11.4. Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Governing Body at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the Issuer for the time required by law preceding this meeting, as required by the Open Meetings Act, chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The Governing Body further ratifies, approves and confirms such written notice and the contents and posting thereof

Section 11.5. Declaration of Emergency. It is hereby officially found and determined that a case of emergency affecting life, health, property and the public peace exists which requires the holding of the meeting at which this Ordinance is passed and further requires that this Ordinance be passed finally and take effect immediately on the date of its introduction, such emergency and urgent public necessity being that the proceeds from the sale of the Bonds are required as soon as possible and without delay for the purposes set forth herein.

Section 11.6. Repealer. All ordinances, or parts thereof inconsistent herewith, are hereby repealed to the extent of such inconsistency.

[The remainder of this page is intentionally left blank.]

PASSED AND ADOPTED on _____, 2018.

/s/ Tom Ramsey
Mayor, City of Spring Valley Village, Texas

ATTEST:

/s/ Roxanne Benitez
City Secretary, City of Spring Valley Village, Texas

Municipality

Is the area to be served by the project within the service area of a municipality or other public utility?: N

Board Approved WCP

If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than FIVE years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.): N

ORDINANCE NO. 2000-21

AN ORDINANCE FINDING AND DETERMINING THAT THE WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN FOR THE CITY OF SPRING VALLEY, TEXAS, A COPY OF WHICH IS ATTACHED HERETO AND MARKED EXHIBIT "A", HAS BEEN PREPARED IN ACCORDANCE WITH ALL APPLICABLE LAWS, RULES, REGULATIONS, STANDARDS, AND GUIDELINES, AND FURTHER, THAT SUCH PLAN IS ADEQUATE TO PROVIDE AN EFFECTIVE MEANS FOR WATER CONSERVATION AND DROUGHT CONTINGENCY WITHIN THE CITY LIMITS OF THE CITY OF SPRING VALLEY; ADOPTING THE SAME AS THE OFFICIAL WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN FOR THE CITY OF SPRING VALLEY, TEXAS, AND REQUIRING ADHERENCE TO ALL REQUIREMENTS, CONDITIONS AND PROCEDURES SPECIFIED IN THIS ORDINANCE AND SUCH PLAN; PROVIDING A PENALTY NOT TO EXCEED \$100.00 PER OFFENSE; PROVIDING FOR THE REPEAL OF CONFLICTING ORDINANCES; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, the City of Spring Valley has undertaken such studies and surveys as were necessary to determine facts upon which to base and develop a Water Conservation and Drought Contingency Plan for the City of Spring Valley; and

WHEREAS, as a result of such preliminary work, a Water Conservation and Drought Contingency Plan has been prepared, which fairly represents a sound policy for the City of Spring Valley; **NOW THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SPRING VALLEY, TEXAS:

Section 1. That the City Council of the City of Spring Valley hereby finds and determines that the Water Conservation and Drought Contingency Plan, a copy of which is attached hereto and marked Exhibit "A", has been prepared in accordance with all applicable laws, rules, regulations, standards, and guidelines.

Section 2. That the City Council of the City of Spring Valley further finds and determines that the said Water Conservation and Drought Contingency Plan is adequate to provide an effective means for water conservation and drought management within the City limits of the City of Spring Valley.

Section 3. That the Water Conservation and Drought Contingency Plan, a copy of which is attached hereto and marked Exhibit "A", is incorporated herein and is adopted as the official Water Conservation and Contingency Plan for the City of Spring Valley, Texas.

Section 4. Further, that all of the requirements, conditions and procedures specified in the attached Water Conservation and Drought Contingency Plan for the City of Spring Valley shall be adhered to by all affected persons, including, but not limited to, all residents, citizens, and inhabitants of the City of Spring Valley.

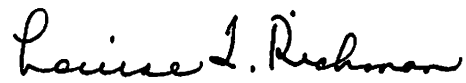
Section 5. Penalty. Any person, firm, partnership, association, corporation, company, or organization of any kind who or which violates any of the provisions of this Ordinance shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be fined in an amount not to exceed \$100. Each day during which such violation shall exist or occur shall constitute a separate offense. The owner or owners of any property or premises and any agent, contractor, builder, architect, person, or corporation who commits or assists in the commission of such offense shall be guilty of a separate offense, and upon conviction thereof, shall be punished as above provided.

Section 6. Severability. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstances shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a

whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Spring Valley, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 7. Repealer. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict, hereby repealed.

PASSED, APPROVED, AND ADOPTED this 24th day of October, 2000.



Louise T. Richman, Mayor

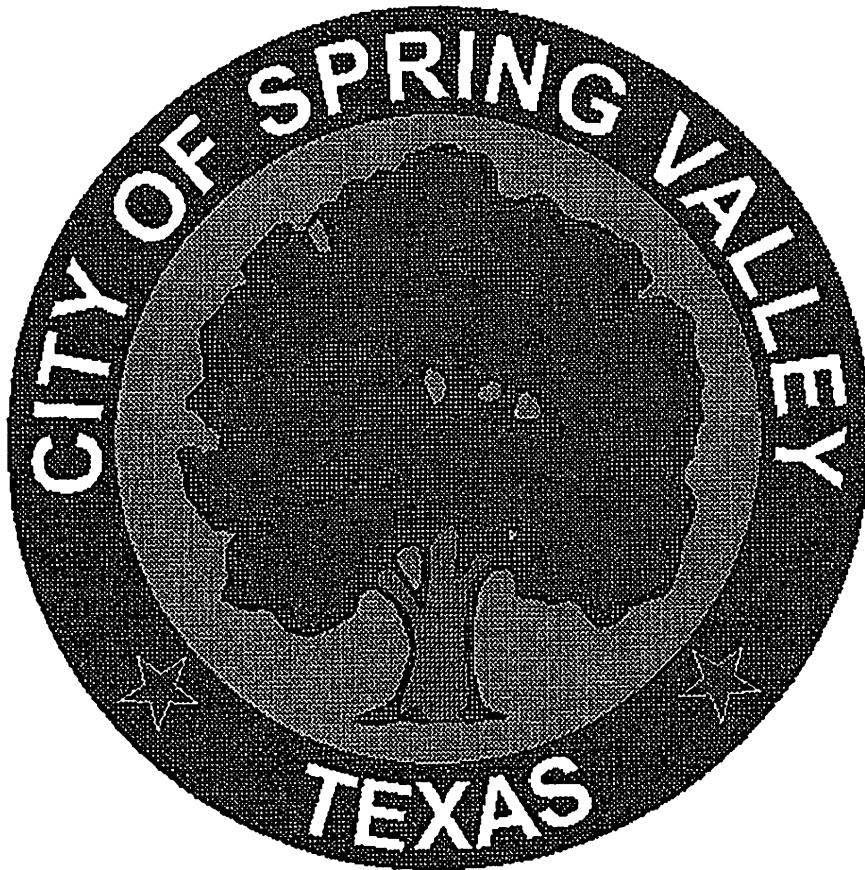
ATTEST:


Betty Lusk, City Secretary

"Exhibit A"

City of Spring Valley

**WATER CONSERVATION AND
DROUGHT CONTINGENCY PLAN**



October 24, 2000



CMI Job No. 00-050

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INTRODUCTION

In response to recent problems with drought across the State, the 75th legislature has passed Senate Bill 1 (SB1). This legislation requires Regional Water Planning Groups to develop water plans to be incorporated into a State Water Plan. The goal is to " ... provide for the orderly development, management, and conservation of water resources and preparation for and response to drought conditions, in order that sufficient water will be available at a reasonable cost to ensure public health, safety, and welfare; further economic development; and protect the agricultural and natural resources of the entire state." As part of the Regional and State Water Plans, all communities are required to develop Water Conservation and Drought Contingency Plans. This coordinated effort by all communities across Texas will ensure success in achieving the goals set by SB1. Acting in concert with other communities throughout the State, the City of Spring Valley has prepared this Water Conservation and Drought Contingency Plan.

The City of Spring Valley's water production and distribution and wastewater collection systems are owned by the City of Spring Valley. Wastewater is collected and treated by the City of Houston under contract. Under policy direction of the City Council, the City Administrator has the managing control and operation of the City's water and wastewater facilities. The City Council must approve final budgets and rates.

The system serves an area of approximately 800 acres. All residential and commercial sites use the City water and wastewater systems.

It is the goal of the City to enact a Water Conservation and Drought Contingency Plan to achieve a 10% reduction in water consumption through conservation and to protect the City from the adverse effects of drought.

UTILITY PROFILE

- Population – 3565
- Projected population in 2010 – 4593
- Connections
 - Residential – 1397
 - Commercial – 45
 - Industrial – 0
 - Public & Institutional – 10
- Total connections – 1452
- Total projected connections in 2010 – 1871
- New connections in 1999 – 8
- Monthly water production, billing, and sales (1999)

	Production (million gallons)	Billing (million gallons)	Sales (dollars)
January	15.9	13.5	\$39,470
February	16.4	13.6	\$39,816
March	19.1	15.8	\$44,786
April	27.5	18.9	\$51,782
May	28.0	19.0	\$50,123
June	18.0	16.2	\$45,897
July	22.0	17.9	\$49,579
August	36.0	32.1	\$77,365
September	35.9	32.9	\$92,979
October	26.5	20.6	\$55,797
November	22.7	21.4	\$57,527
December	16.4	12.9	\$38,245
Total	284.4	234.8	\$643,366

- Total water revenues (1998-1999 fiscal year) – \$636,494
- Total water expenditures (1998-1999 fiscal year) –\$ 631,822
- Peak daily production (1999) – 1,598,000 gallons
- Water production system
 - 1- 1300 gpm water well
 - 3 – 210,000 gallon ground storage tanks
 - 3 – 800 gpm booster pumps
 - 2 – 1250 gpm booster pumps
 - 2 – 20,000 gallon hydro-pneumatic tanks
 - One (1) interconnection to the City of Houston
- Wastewater treatment system – All wastewater is treated by the City of Houston under contract

CONSERVATION GOALS

- Per capita water use – 219 gallons per person per day
- Projected per capita water use (2010) = 197 gallons per person per day

Conservation is expected to be a long term program, with a time frame of at least ten years duration. It is expected to take ten years to obtain the full benefits of applying retrofits and replacing fixtures in the community, as well as getting the community to practice water conservation techniques.

The City will encourage all new construction or substantial modification to use water saving plumbing fixtures, e.g. low flow toilets, showerheads, and faucets. Owners of existing structures will be encouraged to retrofit with water-saving devices. High consumption users will be identified and encouraged to retrofit with water-saving devices. The City will investigate and identify uses for recycled water for public and institutional irrigation. Owners of new construction or substantial modification will be encouraged to use xeriscape landscaping. Low flow designs will be encouraged for new irrigation systems. High consumption irrigation users will be identified and encouraged to modify their designs to reduce consumption.

The following percentage reductions are used for estimating projected consumption:

Costing and pricing (10% increase)	3% reduction
Conservation practices	2% reduction
Retrofits (toilets, showerheads, faucets)	2% reduction
Outdoor irrigation reduction	2% reduction
<u>Fixture replacements</u>	<u>1% reduction</u>
Total	10% reduction

The basis for estimates of savings are the USEPA Water Conservation Guidelines, Appendix B.

The City will monitor monthly the efficiency and effectiveness of the Water Conservation Plan by comparing with previous consumption patterns. The success of the Water Conservation Plan can thus be gauged, and any necessary changes made.

METERING

The City uses production meters on its well and emergency supply lines to measure the amount of water supplied. These meters are checked for accuracy and calibrated once a year to within plus-or-minus 5.0% accuracy. In addition the water operators monitor daily production for unusual changes in apparent usage. Any unusual change will trigger a meter test by volumetric means.

The City measures 100% of the water used, and has a policy that all connections will be metered. A portable meter is available for metering water use from fire hydrants. Other water uses, such as major water line leaks and fire fighting, are estimated. Meter readings are monitored each month for abnormally high or low usage, with high usage indicating a possible customer leak and low usage indicating a possible inaccurate meter. Both situations are investigated by City staff. All meters are subjected to the following regular testing and/or repair schedule:

- Production meters – once a year
- Service meters 2 inch or larger – once every three years
- Service meters less than 2 inch – once every five years

Meters indicating a possible inaccuracy are tested and/or repaired. Subsequent to repair, meters failing an accuracy requirement of plus-or-minus 5.0 per cent are replaced.

WATER LOSS

Distribution crews periodically inspect the distribution system for leaks. They look for suspicious water flow in streets and storm sewers. They respond immediately to reports of leaks and effect repairs in a timely fashion. Meter readers inspect for illegal connections as part of their meter reading duties. Distribution crews abandon services properly and promptly to prevent illegal usage. The Building Inspection Department notifies the Water Distribution Department promptly of vacant properties so that service can be disconnected and prevent illegal usage.

Monthly comparisons are made of water production and usage to identify and correct discrepancies. Customers with abnormally high usage are identified and investigated for onsite leaks or illegal connections.

PUBLIC EDUCATION AND INFORMATION

A program of education will be instituted to inform the public of issues regarding Water Conservation and Drought Contingency. A packet of information will be made available to the public, which will include:

- o The reasons Water Conservation and Drought Contingency planning must be practiced
- o Suggestions for how the public may conserve water in their daily activities
- o The availability of low consumption appliances and fixtures
- o How to retrofit existing fixtures with water saving devices
- o Use of xeriscape landscaping and water saving irrigation
- o Trigger Conditions and Drought Response Measures to Drought Stages
- o Implementation and Enforcement of Drought Response Measures

This packet will be made available to new residents of the City. Selected excerpts will be used as bill stuffers and mailouts quarterly during the first year of the program. Thereafter a semi-annual distribution will be timed to correspond with the peak summer and winter demand periods. Select City personnel will give talks to area groups concerning Water Conservation and Drought Contingency. News articles will be placed in local media, with the initial article explaining the new Water Conservation and Drought Contingency programs. City personnel will be trained in advising and educating customers on Water Conservation and Drought Contingency issues.

The public is to be notified of discussion and possible action on the Water Conservation and Drought Contingency Plan at its regularly scheduled meeting of October 17, 2000. The public will have an opportunity for comments and questions at this meeting. Suggestions by the public at this meeting will be taken under advisement.

Information as listed in Appendix B and sources as listed in Appendix A will be the basis for public education.

RATE STRUCTURE

The city of Spring Valley has a water rate structure that is cost-based and does not promote excessive use of water. The wastewater rates are based on water consumption. Customers pay both water and wastewater charges for the water they consume, which promotes conservation.

Residential rates

- **Water rate:**
 - \$12.00 for the first 3,000 gallons
 - \$2.25 for each additional 1,000 gallons
- **Sewer rate:**
 - \$13.00 monthly fixed fee
 - \$2.71 for each 1,000 gallons

Commercial rates

- **Water rate:**
 - \$15.00 for the first 3,000 gallons
 - \$2.75 for each additional 1,000 gallons
- **Wastewater rate:**
 - \$13.00 monthly fixed fee
 - \$3.96 for each 1,000 gallons

ORDINANCE NO. 2000-21

AN ORDINANCE FINDING AND DETERMINING THAT THE WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN FOR THE CITY OF SPRING VALLEY, TEXAS, A COPY OF WHICH IS ATTACHED HERETO AND MARKED EXHIBIT "A", HAS BEEN PREPARED IN ACCORDANCE WITH ALL APPLICABLE LAWS, RULES, REGULATIONS, STANDARDS, AND GUIDELINES, AND FURTHER, THAT SUCH PLAN IS ADEQUATE TO PROVIDE AN EFFECTIVE MEANS FOR WATER CONSERVATION AND DROUGHT CONTINGENCY WITHIN THE CITY LIMITS OF THE CITY OF SPRING VALLEY; ADOPTING THE SAME AS THE OFFICIAL WATER CONSERVATION AND DROUGHT CONTINGENCY PLAN FOR THE CITY OF SPRING VALLEY, TEXAS, AND REQUIRING ADHERENCE TO ALL REQUIREMENTS, CONDITIONS AND PROCEDURES SPECIFIED IN THIS ORDINANCE AND SUCH PLAN; PROVIDING A PENALTY NOT TO EXCEED \$100.00 PER OFFENSE; PROVIDING FOR THE REPEAL OF CONFLICTING ORDINANCES; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, the City of Spring Valley has undertaken such studies and surveys as were necessary to determine facts upon which to base and develop a Water Conservation and Drought Contingency Plan for the City of Spring Valley; and

WHEREAS, as a result of such preliminary work, a Water Conservation and Drought Contingency Plan has been prepared, which fairly represents a sound policy for the City of Spring Valley; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SPRING VALLEY, TEXAS:

Section 1. That the City Council of the City of Spring Valley hereby finds and determines that the Water Conservation and Drought Contingency Plan, a copy of which is attached hereto and marked Exhibit "A", has been prepared in accordance with all applicable laws, rules, regulations, standards, and guidelines.

Section 2. That the City Council of the City of Spring Valley further finds and determines that the said Water Conservation and Drought Contingency Plan is adequate to provide an effective means for water conservation and drought management within the City limits of the City of Spring Valley.

Section 3. That the Water Conservation and Drought Contingency Plan, a copy of which is attached hereto and marked Exhibit "A", is incorporated herein and is adopted as the official Water Conservation and Contingency Plan for the City of Spring Valley, Texas.

Section 4. Further, that all of the requirements, conditions and procedures specified in the attached Water Conservation and Drought Contingency Plan for the City of Spring Valley shall be adhered to by all affected persons, including, but not limited to, all residents, citizens, and inhabitants of the City of Spring Valley.

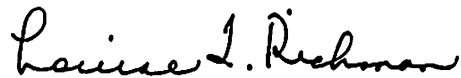
Section 5. Penalty. Any person, firm, partnership, association, corporation, company, or organization of any kind who or which violates any of the provisions of this Ordinance shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be fined in an amount not to exceed \$100. Each day during which such violation shall exist or occur shall constitute a separate offense. The owner or owners of any property or premises and any agent, contractor, builder, architect, person, or corporation who commits or assists in the commission of such offense shall be guilty of a separate offense, and upon conviction thereof, shall be punished as above provided.

Section 6. Severability. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstances shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a

whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Spring Valley, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 7. Repealer. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict, hereby repealed.

PASSED, APPROVED, AND ADOPTED this 24th day of October, 2000.



Louise T. Richman, Mayor

ATTEST:


Betty Lusk, City Secretary

REGIONAL WATER PLANNING

Region H is the Regional Water Planning Group for the Houston-Galveston area. As part of its planning and management goals, Region H is required to submit its Regional Plan to be incorporated into the State Water Plan. Region H is also working with the Harris-Galveston Subsidence District to alleviate subsidence by promoting conversion from groundwater sources to surface water sources.

The population projection for 2010 is taken from the Region H projection. The plans to convert from groundwater to surface water are consistent with Region H and the Harris-Galveston Subsidence District planning to reduce groundwater pumping. This Water Conservation and Drought Contingency Plan is consistent with the goal of Region H in the conservation of water resources and preparation for and response to drought conditions.

The City is in Area 3 as designated by the Harris-Galveston Subsidence District. In coordination with the Subsidence District, the City will submit a plan by January 1, 2003 outlining the methods the City will take to reduce groundwater usage to less than 20% of total consumption. Tentative plans call for making three connections to the City of Houston to obtain surface water, thus meeting the Subsidence District requirement.

The City will submit a copy of this Water Conservation and Drought Contingency Plan to Region H upon adoption of this Plan by the City.

DROUGHT CONTINGENCY TRIGGER CONDITIONS

The following trigger conditions indicate when Drought Contingency Measures will be put into effect. Trigger conditions will be set for Mild, Moderate, and Severe conditions.

A. Mild Drought

1. Average Daily Water Usage reaches 1.3 million gallons per day (70% of plant capacity) for three consecutive days.
2. Consideration will be given to weather conditions, time of year, and customer complaints of low water pressure.

B. Moderate Drought

1. Average Daily Water Usage reaches 1.5 million gallons per day (80% of plant capacity) for three consecutive days.
2. Water pressures drop below 40 psi in the distribution system as measured by the pressure gauges in the system.

C. Severe Drought

1. The imminent or actual failure of a major component of the system which would cause a reduction in production capacity.
2. Average Daily Water Usage reaches 1.6 million gallons per day (85% of plant capacity) for two consecutive days.
3. Water Usage meets or exceeds 1300 gallons per minute (100% of plant capacity) for a period of 5 consecutive hours.
4. Contamination of the supply source, water well, or storage tanks.
5. Water pressures drop below 30 psi in the distribution system as measured by the pressure gauges in the system.

These Drought Stages reflect a response to the 1996 drought, the Drought of Record. The following Drought Contingency Measures respond to stages that preceded the 1996 occurrences of the water well running continuously for a period of more than twenty-four hours, and the water level in the ground storage tanks dropping to the low level alarm. These Drought Stages address the production limitations as well as the conditions of pressure and delivery in the distribution system.

DROUGHT CONTINGENCY MEASURES

The City may impose the following Curtailments as a response to Drought Trigger Conditions.

- **Step I Curtailment**

The City may restrict the use of water for outdoor sprinkling, watering of lawns and shrubs, and washing driveways and automobiles to certain areas of the city by days and to certain hours. Said restrictions will remain in effect until the City lifts the restrictions. The Curtailment shall include the following:

- Inform the public through the news media that a trigger condition has been reached, and that they should look for ways to voluntarily reduce water use. Specific voluntary steps which can be taken will be provided to the public by the City.
- Notify major commercial water users of the situation and request voluntary water use restrictions.
- The following mandatory lawn watering schedule shall be implemented. Customers with even numbered addresses may water on even numbered days of the month. Customers with odd numbered addresses may water on odd days of the month. Watering shall occur only between the hours of 8:00 pm to 6:00 am.
- During winter months, request water users to insulate pipes rather than running water to prevent freezing.

- **Step II Curtailment**

The City will ban the use of water for outdoor sprinkling, watering of lawns and shrubs, and washing driveways and automobiles. Said restrictions will remain in effect until the City lifts the restrictions. The Curtailment shall include the following:

- Continue implementation of all relevant actions in preceding phase.
- Car washing, window washing, and driveway washing will be prohibited except when a bucket is used.
- The following water uses, not essential for public health or safety, are prohibited:
 - Street washing
 - Water hydrant flushing
 - Filling swimming pools
 - Golf course watering
 - Athletic field watering
 - Lawn and shrub watering

The Curtailments will be effective upon the City's giving Notice of Curtailment to the customers within the City, the posting of a Notice of Curtailment and notifying the news media of Curtailment. The Curtailments will be terminated upon the City giving Notice of Termination. The City Council may amend, add, or delete any of these Rules and Regulations and shall notify the City Administrator at its regular

meeting of said amendments, additions, or deletions. Any violation of the Curtailments adopted by the City shall carry a penalty and possible interruption of water service. The City Council may grant variances on a case-by-case basis on advice of the City Administrator. The Executive Director of the Texas Natural Resource Conservation Commission will be notified within five business days of implementation of either Step I or Step II Curtailment.

The following measures will be a response to Drought Contingency Trigger Conditions:

A. Mild Drought Contingency Measures

- Inform the customers within the City of a Mild Drought by the posting of a Notice of Mild Drought Condition and notifying the news media of a Mild Drought Condition.
- Included in the information to the public will be the recommendation that water users look for ways to conserve water.
- The public will be advised of the Mild Drought situation daily.

B. Moderate Drought Contingency Measures

- The Public will be informed of a Moderate Drought as above.
- The Step I Curtailment will be enacted by the City.
- The public will be advised of the Moderate Drought situation daily.

C. Severe Drought Contingency Measures

- The Public will be informed of a Severe Drought as above.
- The Step II Curtailment will be enacted by the City.
- The public will be advised of the Severe Drought situation daily.

In addition, the City may respond to a Moderate or Severe Drought situation with the following measures:

- The City may at its discretion operate one or more of the emergency interconnects to maintain pressure in the Distribution System.
- The City may prohibit certain industrial and commercial water users, not essential to the health and safety of the community, from using water.

Termination of the Drought Contingency Measures will take place when the Trigger Conditions which initiated the drought measures have subsided and a recurrence of those Trigger Conditions is unlikely to occur. The City will determine when Termination is appropriate. The public will be informed of the Termination of the Drought Contingency Measures in the same manner that they were informed of the initiation of the Drought Contingency Measures.

The Drought Contingency Plan will be reviewed at least every five years, or upon receipt of updated information concerning the water system, or upon revision of the Regional Water Plan of the Region H Regional Water Planning Group.

IMPLEMENTATION AND ENFORCEMENT

Any violation of the mandatory provisions of the Drought Contingency Plan may result in a penalty and/or interruption of water service. The City Administrator is empowered to enforce the mandatory provisions and may interrupt water service based upon repeated violations. Penalties shall be paid before water service is restored. Violations will be reported by all City personnel to the City Administrator.

APPENDIX A

WATER CONSERVATION & DROUGHT MANAGEMENT INFORMATION SOURCES

Texas Water Development Board
P.O. Box 13231
1700 N. Congress Ave.
Austin Tx 78711-3231
(512) 463 7847 voice
(512) 475 2053 fax
www.twdb.state.tx.us

Texas Natural Resource Conservation Commission
P.O. Box 13087
Austin Tx 78711-3087
(512) 239 1000
www.tnrcc.state.tx.us

Water Resource Center
U.S. EPA
Mail Code RC-4100
401 M Street, S.W.
Washington, D.C. 20460
Telephone: (202) 260-7786
Fax: (202) 260-0386
Internet: waterpubs@epamail.epa.gov
www.epa.gov/ow

American Water Works Association
6666 West Quincy Ave.
Denver Co 80235
(303) 794 7711
www.awwa.org

APPENDIX B

PUBLIC INFORMATION SUGGESTIONS

Suggestions on ways to save water which may be included in public information are listed below.

A. Bathroom

1. Take a shower instead of filling the tub and taking a bath. Showers usually use less water than tub baths.
2. Install a low-flow shower head which restricts the quantity of flow at 60 psi to no more than 3.0 gallons per minute.
3. Take short showers and install a cutoff valve or turn the water off while soaping and back on again only to rinse.
4. Do not use hot water when cold will do. Water and energy can be saved by washing hands with soap and cold water; hot water should only be added when hands are especially dirty.
5. Reduce the level of the water being used in a bath tub by one or two inches if a shower is not available.
6. Turn water off when brushing teeth until it is time to rinse.
7. Do not let water run when washing hands. Instead, hands should be wet, and water should be turned off while soaping and scrubbing and turned on again to rinse. A cutoff valve may also be installed on the faucet.
8. Shampoo hair in the shower. Shampooing in the shower takes only a little more water than is used to shampoo hair during a bath and much less than shampooing and bathing separately.
9. Hold hot water in the basin when shaving instead of letting the faucet continue to run.
10. Test toilets for leaks. To test for a leak, a few drops of food coloring can be added to the water in the tank. The toilet should not be flushed. The customer can then watch to see if the coloring appears in the bowl within a few minutes. If it does, the fixture needs adjustment or repair.
11. Use a toilet tank displacement device. A one-gallon plastic milk bottle can be filled with stones or with water, recapped, and placed in the toilet tank. This will reduce the amount of water in the tank but still provide enough for flushing. (Bricks, which some people use for this purpose, are not recommended, since they crumble eventually and could damage the working mechanism.) Displacement devices should never be used with new low-volume flush toilets.
12. Install faucet aerators to reduce water consumption.
13. Never use the toilet to dispose of cleaning tissues, cigarette butts, or other trash. This can waste a great deal of water and also places an unnecessary load on the wastewater treatment plant.
14. Install a new low-volume toilet that uses 1.6 gallons or less per flush when building a new home or remodeling a bathroom.

B. Kitchen

1. Use a pan of water (or place a stopper in the sink) for rinsing pots and pans and cooking implements when cooking rather than turning on the water faucet each time a rinse is needed.
2. Never run the dishwasher without a full load. In addition to saving water, expensive detergent will last longer and a significant energy saving will appear on the utility bill.
3. Use the sink disposal sparingly, and never use it for just a few scraps.
4. Keep a container of drinking water in the refrigerator. Running water from the tap until it is cool is wasteful. Better still, both water and energy can be saved by keeping cold water in a picnic jug on a kitchen counter to avoid opening the refrigerator door frequently.
5. Use a small pan of cold water when cleaning vegetables rather than letting the faucet run.
6. Use only a little water in the pot and put a lid on it for cooking most food. Not only does this method save water, but food is more nutritious since vitamins and minerals are not poured down the drain with the extra cooking water.
7. Use a pan of water for rinsing when hand washing dishes rather than running the faucet.
8. Always keep water conservation in mind, and think of other ways to save in the kitchen. Small kitchen savings from not making too much coffee or letting ice cubes melt in a sink can add up over a year's time.

C. Laundry

1. Wash only a full load when using an automatic washing machine (32 to 59 gallons are required per load).
2. Use the lowest water level setting on the washing machine for light loads whenever possible.
3. Use cold water as often as possible to save energy and to conserve the hot water for uses which cold water cannot serve. (This is also better for clothing made of today's synthetic fabrics.)

D. Appliances and Plumbing

1. Check water requirements of various models and brands when considering purchasing any new appliance that uses water. Some use less water than others.
2. Check all water connections and faucets for leaks. A slow drip can waste as much as 170 gallons of water EACH DAY, and can add as much as \$10.00 per month to the water bill.
3. Learn to replace washers so that drips can be corrected promptly. It is easy to do, costs very little, and can represent a substantial amount saved in plumbing and water bills.
4. Check for water leakage you may be unaware of, such as a leak between the water meter and the house. To check, all indoor and outdoor faucets should be turned off, and the water meter should be

checked. If it continues to run or turn, a leak probably exists and needs to be located.

5. insulate all hot water pipes to avoid the delays (and wasted water) experienced while waiting for the water to turn hot.
6. Be sure the hot water heater thermostat is not set too high. Extremely hot settings waste water and energy because the water often has to be cooled with cold water before it can be used.
7. Use a moisture meter to determine when house plants need water. More plants die from over-watering than from being on the dry side.

E. Out-of-Doors Use

1. Water lawns between the hours of 8:00 pm to 6:00 am during the hotter summer months. Much of the water used on the lawn can simply evaporate between the sprinkler and the grass.
2. Use a sprinkler that produces large drops of water, rather than a fine mist, to avoid evaporation.
3. Turn soaker hoses so the holes are on the bottom to avoid evaporation.
4. Water slowly for better absorption, and never water in high winds.
5. Forget about watering the streets, walks, and driveways. They will never grow a thing.
6. Condition the soil with compost before planting grass or flower beds so that water will soak in rather than run off.
7. Fertilize lawns at least twice a year for root stimulation. Grass with a good root system makes better use of less water.
8. Learn to know when grass needs watering. If it has turned a dull gray-green or if footprints remain visible, it is time to water.
9. Do not water too frequently. Too much water can overload the soil so that air cannot get to the roots and can encourage plant diseases.
10. Do not over-water. Soil can absorb only so much moisture and the rest simply runs off. A timer will help, and either a kitchen timer or an alarm clock will do. An inch and one-half of water applied one a week will keep most Texas grasses alive and healthy.
11. Operate automatic sprinkler systems only when the demand on the town's water supply is lowest. Set the system to operate between four and six am.
12. Do not scalp lawns when mowing during hot weather. Taller grass holds moisture better. Rather, grass should be cut fairly often, so that only ½ to ¾ inch is trimmed off. A better looking lawn will result.
13. Use a watering can or hand water with the hose in small areas of the lawn that need more frequent watering (those near walks or driveways or in especially hot, sunny spots).
14. Learn what types of grass, shrubbery, and plants do best in the area and in which parts of the lawn, and then plant accordingly. If one has a heavily shaded yard, no amount of water will make roses bloom. In

especially dry sections of the state, attractive arrangements of plants that are adapted to arid or semi-arid climates should be chosen.

15. Consider decorating areas of the lawn with rocks, gravel, wood chips, or other materials now available that require no water at all.
16. Do not "sweep" walks and driveways with the hose. Use a broom or rake instead.
17. Use a bucket of soapy water and use the hose only for rinsing when washing the car.

ORDINANCE NO. 2011-11

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SPRING VALLEY VILLAGE, TEXAS, FINDING THAT THE CITY IS IN A SEVERE DROUGHT; IMPLEMENTING DROUGHT CONTINGENCY MEASURES INCLUDING RESTRICTING LAWN WATERING; PROVIDING FOR NOTICE; PROVIDING A PENALTY OF UP TO \$500.00 PER DAY; AND MAKING OTHER PROVISIONS RELATED THERETO.

WHEREAS, the City Council adopted a water conservation and drought contingency plan (Article 11.700 of the City's Code of Ordinances) to provide for the orderly management and conservation of water resources in drought conditions; and

WHEREAS, the City is experiencing record high temperatures and record low rainfalls; and

WHEREAS, the trigger conditions for the City's drought contingency measures have occurred; and

WHEREAS, the City Council finds it necessary and proper to implement Step I Curtailment drought contingency measures; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SPRING VALLEY VILLAGE, TEXAS, THAT:

Section 1. Findings. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. Water Curtailment Required. The City imposes the following Step I Water Curtailment Regulations:

- A. A person commits an offense if the person waters a lawn at an even numbered address on Tuesday, Thursday, Saturday, or Sunday.
- B. A person commits an offense if the person waters a lawn at an odd numbered address on Monday, Wednesday, Friday, or Sunday.
- C. A person commits an offense if the person waters a lawn with a lawn irrigation system other than between the hours of 9:00 pm and 3:00 am on the permitted day.
- D. It is an affirmative defense to prosecution under this section that the person watered the lawn by hand held hose or by a sprinkler attached to a hose.

Section 3. Notice.

- A. Notice of this Ordinance may be given by either (1) posting on the City's website, or (2) first class mail.
- B. The Mayor or City Administrator are directed to inform the public through the news media that a trigger condition has been reached.
- C. The Mayor and City Administrator are authorized to provide to the public specific steps that the public may take to reduce water use including minimizing non-essential water use.

Section 4. Enforcement.

- A. If a person is charged with violation of this ordinance on three or more days within any 90 day period, the City Administrator, upon 24 hours written notice to the customer, may discontinue water service to the premises where such violations have occurred. Services discontinued under such circumstances will be restored only upon payment of a reconnection charge of \$50.00, and any other costs incurred by the City in discontinuing service.
- B. Any person in apparent control of the premises where a violation occurs or originates is presumed to be the violator, and proof that the violation occurred on the person's premises constitutes a rebuttable presumption that the person in apparent control of the property committed the violation. Parents are presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on the premises under the parent's control constitutes a rebuttable presumption that the parent committed the violation. The presumption may be rebutted by proof that the parent had previously directed the child not to use the water as it was used in violation of the Plan and that the parent could not have reasonably known of the violation.

Section 5. Notice To TCEQ. The City Administrator is directed to give notice of the implementation of the Step I curtailment measures to the Executive Director of the Texas Commission on Environment Quality within 5 business days.


Section 6. Penalty. Any person who shall intentionally, knowingly, recklessly, or with criminal negligence, violates any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction, shall be fined in an amount not to exceed \$500. Each day of violation shall constitute a separate offense.

Section 7. Repealer. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict with this Ordinance only, hereby repealed.

Section 8. Severability. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional and the City Council of the City of Spring Valley Village, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 9. This Ordinance shall take effect when adopted; provided, however, that the penalty, fine and forfeiture provided herein shall take effect when published in accordance with Chapter 52 of the Texas Local Government Code.

PASSED, APPROVED, AND ADOPTED on this 23rd day of August 2011.



Michael Andrews, Mayor

ATTEST:



Betty Lusk, City Secretary

ORDINANCE NO. 2013-16

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SPRING VALLEY VILLAGE, TEXAS, FINDING THAT THE CITY IS IN A MILD DROUGHT; IMPLEMENTING DROUGHT CONTINGENCY MEASURES INCLUDING RESTRICTING LAWN WATERING; PROVIDING FOR NOTICE; PROVIDING A PENALTY OF UP TO \$500.00 PER DAY; AND MAKING OTHER PROVISIONS RELATED THERETO.

WHEREAS, the City Council adopted a water conservation and drought contingency plan (Article 11.700 of the City's Code of Ordinances) to provide for the orderly management and conservation of water resources in drought conditions; and

WHEREAS, the City is experiencing high temperatures and low rainfalls; and

WHEREAS, the trigger conditions for the City's drought contingency measures have occurred; and

WHEREAS, the City Council finds it necessary and proper to implement Step I Curtailment drought contingency measures; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SPRING VALLEY VILLAGE, TEXAS, THAT:

Section 1. Findings. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. Water Curtailment Required. The City imposes the following Step I Water Curtailment Regulations:

A. A person commits an offense if the person waters a residential lawn at an even numbered address (ending in: 0, 2, 4, 6, 8) on Monday, Tuesday, Thursday, Friday, or Sunday. Even numbered addresses are permitted to water with a lawn with a lawn irrigation system on Wednesdays and Saturdays.

B. A person commits an offense if the person waters a residential lawn at an odd numbered address (ending in: 1, 3, 5, 7, 9) on Monday, Tuesday, Wednesday, Friday, or Saturday. Odd numbered addresses are permitted to water with a lawn with a lawn irrigation system on Thursdays and Sundays.

C. A non-residential business (Businesses, Apartments, Parks & Common Areas) commits an offense if it uses an irrigation system to water on Monday, Wednesday, Thursday, Saturday or Sunday. Non-residential businesses are permitted to water with a lawn with a lawn irrigation system on Tuesdays and Fridays.

D. A person or non-residential business commits an offense if either waters a lawn with a lawn irrigation system on a Monday

E. A person or non-residential business commits an offense if either waters a lawn with a lawn irrigation system between the hours of 10:00 a.m. and 6:00 p.m.

F. It is an affirmative defense to prosecution under this section that the person watered the lawn by hand held hose or by a sprinkler attached to a hose.

Section 3. Notice.

A. Notice of this Ordinance may be given by either (1) posting on the City's website, or (2) first class mail.

B. The Mayor or City Administrator are directed to inform the public through the news media that a trigger condition has been reached.

C. The Mayor and City Administrator are authorized to provide to the public specific steps that the public may take to reduce water use including minimizing non-essential water use.

Section 4. Enforcement.

A. If a person is charged with violation of this ordinance on three or more days within any 90 day period, the City Administrator, upon 24 hours written notice to the customer, may discontinue water service to the premises where such violations have occurred. Services discontinued under such circumstances will be restored only upon payment of a reconnection charge of \$50.00, and any other costs incurred by the City in discontinuing service.

B. Any person in apparent control of the premises where a violation occurs or originates is presumed to be the violator, and proof that the violation occurred on the person's premises constitutes a rebuttable presumption that the person in apparent control of the property committed the violation. Parents are presumed to be responsible for violations of their minor children and proof that a violation, committed by a child, occurred on the premises under the parent's control constitutes a rebuttable presumption that the parent committed the violation. The presumption may be rebutted by proof that the parent had previously directed the child not to use the water as it was used in violation of the Plan and that the parent could not have reasonably known of the violation.

Section 5. **Notice To TCEQ.** The City Administrator is directed to give notice of the implementation of the Step I curtailment measures to the Executive Director of the Texas Commission on Environment Quality within 5 business days.


Section 6. **Penalty.** Any person who shall intentionally, knowingly, recklessly, or with criminal negligence, violates any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction, shall be fined in an amount not to exceed \$500. Each day of violation shall constitute a separate offense.

Section 7. **Repealer.** All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict with this Ordinance only, hereby repealed.

Section 8. **Severability.** In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional and the City Council of the City of Spring Valley Village, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 9. This Ordinance shall take effect when adopted; provided, however, that the penalty, fine and forfeiture provided herein shall take effect when published in accordance with Chapter 52 of the Texas Local Government Code.

PASSED, APPROVED, AND ADOPTED on this 27th day of August, 2013.


Tom Ramsey
Tom Ramsey, Mayor

ATTEST:

Betty Lusk
Betty Lusk, City Secretary

Providing a Water Conservation Plan (WCP) for Spring Valley Village is not applicable because they do not have any surface water rights. John Sutton with the TWDB was kind enough to confirm with TCEQ.

The screenshot shows an Outlook email client interface. The main window displays an email thread with the following content:

From: John Sutton (mailto:John.Sutton@twdb.texas.gov)
Sent: Monday, April 9, 2018 2:32 PM
To: Herrera, Jennifer <jennifer.herrera@wsp.com>
Cc: Shae Luther <Shae.Luther@twdb.texas.gov>; Siobhan Scott <Siobhan.Scott@twdb.texas.gov>
Subject: RE: Spring Valley Village - Water Conservation / Drought Contingency Plan

Jennifer,
I am thinking no. Its not if they use surface water, but if they are the owner of the water right permit. I checked on TCEQ's web site and it doesn't look like they have a surface water right, seems that they purchase water from Houston. SO, the city does not need to submit a water conservation plan.

John

From: Herrera, Jennifer (mailto:Jennifer.Herrera@wsp.com)
Sent: Monday, April 09, 2018 2:23 PM
To: John Sutton
Subject: RE: Spring Valley Village - Water Conservation / Drought Contingency Plan

John,


Thank you for your help.
I just spoke with Spring Valley Village.

They are 70% groundwater and 30% surface water.
I guess they will need an updated approved and adopted WCP for the SWIFT application.

Is that correct?

Thanks,

Jennifer Herrera
Assistant Project Environmental Scientist


Phone: + 1 512 501 5568

The screenshot also shows a sidebar with a list of folders and a list of recent emails. The top navigation bar includes options like File, Home, Send/Receive, Folder, View, PDF-XChange VB, and Search. The bottom status bar shows the current date and time as 4/10/2018 12:27 PM.

Retail Water Services

Does the applicant provide retail water services?: Y

If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last THREE years?: Y

Potable Water Services

Is the applicant a retail public utility that provides potable water?: Y

If yes, has the applicant already submitted a most recently required water loss audit to the TWDB?: Y

Provide Wastewater Services

Does the applicant provide wastewater services?: Y

Spring Valley Village – Wastewater Services

Sewer Ranked Top 10

Sewer Ranked Top 10				
Water Customer	Rank	Revenue	% of Total Water Revenue	COMSUMPTION
SPRING BRANCH ISD	1	\$ 44,729.26	3.72%	4,388,000
10 VOSS LTD	2	\$ 23,519.78	1.96%	2,308,000
SPRING VALLEY TOWN CENTER	3	\$ 21,479.16	1.79%	2,107,000
10 VOSS LTD	4	\$ 14,499.76	1.21%	1,411,000
10 VOSS LTD	5	\$ 12,698.87	1.06%	1,248,000
SPRING VALLEY TOWN CENTER	6	\$ 11,555.95	0.96%	1,123,000
DAD'S CLUB	7	\$ 10,770.92	0.90%	1,043,000
SPRING VALLEY TOWN CENTER	8	\$ 8,964.16	0.75%	863,000
MEMORIAL DESIGN CENTER	9	\$ 8,769.29	0.73%	844,000
SV PHYSICIANS PROPERTIES	10	\$ 8,565.52	0.71%	822,000
Total Water Revenue		\$ 1,202,016.00		

Provide Regional or Wholesale Water Services

Does the applicant provide regional or wholesale water services?: N

Top Ten Customers of Water System

Top Ten Water Customers

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Christ Evangelical Presb Church	2,927,000	2.45%	N
Spring Branch ISA	5,148,000	2.25%	N
10 Voss LTD	2,362,000	1.65%	N
Spring Valley Town Center	2,041,000	1.53%	N
The Home Depot	2,082,000	1.44%	N
Spring Valley Town Center	1,116,000	1.26%	N
10 Voss LTD	1,449,000	1.00%	N
SV Physicians Properties	872,000	0.97%	N
10 Voss LTD	1,114,000	0.90%	N
Campbell Court HOA	856,000	0.79%	N

Top Ten Water System Customers Comments:

Current average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer (\$)	Projected Monthly Increase Necessary (\$)	Anticipated Date of Projected Rate Increase (Date)
Water	09-01-2017	4,732	\$32.6	\$0.15	\$3,200	05-01-2018

Top Ten Customers of Wastewater System

Top Ten Wastewater Customers

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Spring Branch ISD	4,388,000	3.72%	N
10 Voss LTD	2,308,000	1.96%	N

Spring Valley Town Center	2,107,000	1.79%	N
10 Voss LTD	1,411,000	1.21%	N
10 Voss LTD	1,248,000	1.06%	N
Spring Valley Town Center	1,123,000	0.96%	N
Dad's Club	1,043,000	0.90%	N
Spring Valley Town Center	863,000	0.75%	N
Memorial Design Center	844,000	0.73%	N
SV Physicians Properties	822,000	0.71%	N

Top Ten Wastewater System Customers Comments:

Current average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer (\$)	Projected Monthly Increase Necessary (\$)	Anticipated Date of Projected Rate Increase (Date)
Wastewater	04-01-2017	4,739	\$45.06	\$5.74	\$1.26	05-01-2018

Number of Customers in Past 5 Years

Customers in Past 5 Years

2018: 1,574

2017: 1,552

2016: 1,557

2015: 1,487

2014: 1,542

Debt

Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc): No issues

Has the applicant ever defaulted on any debt?: N

Taxing Authority

Does the applicant have taxing authority?: Y

Tax Assessed Valuations

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate (\$)	General Fund (\$)	Interest & Sinking Fund (\$)	Tax Levy (\$)	Percentage Current Collections (%)	Percentage Total Collections (%)
2017	\$1,084,622,094	\$0.43	\$0.35	\$0.08	\$4,688,384	99.98%	99.37%
2016	\$978,676,056	\$0.45	\$0.36	\$0.09	\$4,404,650	99.73%	101.80%
2015	\$864,379,143	\$0.49	\$0.49	\$0	\$4,212,362	97.35%	97.95%
2014	\$759,529,059	\$0.51	\$0.51	\$0	\$3,893,084	99.70%	99.90%
2013	\$702,977,603	\$0.54	\$0.54	\$0	\$3,795,231	99.34%	99.94%

Tax Assessed Values Comments:

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

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village:				
Operating tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760
Debt service tax rate	-	-	-	-
Total Direct Rates	<u>\$ 0.565000</u>	<u>\$ 0.548659</u>	<u>\$ 0.539760</u>	<u>\$ 0.539760</u>
Spring Branch Independent School District	\$ 1.285000	\$ 1.382500	\$ 1.394500	\$ 1.394500
Harris County	0.392390	0.389230	0.388050	0.391170
Harris County Flood Control	0.031060	0.030860	0.029230	0.028090
Port of Houston Authority	0.014370	0.017730	0.020540	0.018560
Harris County Hospital District	0.192160	0.192160	0.192160	0.192160
Harris County Education Department	0.005850	0.005840	0.006580	0.006580
Total Overlapping Rates	<u>\$ 1.920830</u>	<u>\$ 2.018320</u>	<u>\$ 2.031060</u>	<u>\$ 2.031060</u>
Total Direct and Overlapping Rates	<u>\$ 2.485830</u>	<u>\$ 2.566979</u>	<u>\$ 2.570820</u>	<u>\$ 2.570820</u>

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

Source: Tax department records of the various governments.

Spring Valley Tax Classification for FY - 2018

		2018
Residential		1,235,056,129
Vacant		26,961,668
Commercial and industrial		132,394,739
Utilities		10,933,668
Real properties		24,829,317
Governmental and charities		157,791,301
Total assessed value (1)		1,587,966,822
Less: Tax exempt property		(397,302,742)
Total Taxable Assessed Valuation		1,190,664,080

Spring Valley Village – Tax Assessed Values Delineated by Classification (Residential, Commercial and Industrial).

Category	Taxable Appraised Value, Fiscal Year Ending September 30									
	2017		2016		2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 1,147,232,344	78.66%	\$ 1,057,666,553	79.30%	\$ 938,839,232	79.77%	\$ 816,582,662	78.55%	\$ 749,621,556	77.71%
Vacant	20,219,114	1.39%	22,897,005	1.72%	23,119,734	1.96%	16,982,310	1.63%	16,340,891	1.69%
Commercial and Industrial	104,087,202	7.14%	69,321,629	5.20%	71,949,422	6.11%	54,623,908	5.25%	50,298,328	5.21%
Utilities	11,484,003	0.79%	10,289,952	0.77%	4,250,555	0.36%	10,542,288	1.01%	10,776,364	1.12%
Real Properties	23,553,054	1.61%	25,945,101	1.95%	8,625	0.00%	23,360,586	2.25%	23,043,294	2.39%
Government and Charities	151,935,233	10.42%	147,694,988	11.07%	138,803,675	11.79%	117,469,367	11.30%	114,503,217	11.87%
Total Appraised Value Before Exemptions	\$ 1,458,510,950	100.00%	\$ 1,333,815,228	100.00%	\$ 1,176,971,243	100.00%	\$ 1,039,561,121	100.00%	\$ 964,583,650	100.00%
Less: Total Exemptions/Reductions	373,888,856		355,139,172		312,592,100		280,032,062		261,606,047	
Taxable Assessed Value	\$ 1,084,622,094		\$ 978,676,056		\$ 864,379,143		\$ 759,529,059		\$ 702,977,603	

Spring Valley Village – Tax Assessed Values Delineated by Classification (Residential, Commercial and Industrial).

Category	Taxable Appraised Value, Fiscal Year Ending September 30									
	2017		2016		2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 1,147,232,344	78.66%	\$ 1,057,666,553	79.30%	\$ 938,839,232	79.77%	\$ 816,582,662	78.55%	\$ 749,621,556	77.71%
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Utilities	11,484,003	0.79%	10,289,952	0.77%	4,250,555	0.36%	10,542,288	1.01%	10,776,364	1.12%
Real Properties	23,553,054	1.61%	25,945,101	1.95%	8,625	0.00%	23,360,586	2.25%	23,043,294	2.39%
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Commercial and Industrial	104,087,202	7.14%	69,321,629	5.20%	71,949,422	6.11%	54,623,908	5.25%	50,298,328	5.21%
Utilities	11,484,003	0.79%	10,289,952	0.77%	4,250,555	0.36%	10,542,288	1.01%	10,776,364	1.12%
Real Properties	23,553,054	1.61%	25,945,101	1.95%	8,625	0.00%	23,360,586	2.25%	23,043,294	2.39%
Government and Charities	151,935,233	10.42%	147,694,988	11.07%	138,803,675	11.79%	117,469,367	11.30%	114,503,217	11.87%
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Spring Valley Village – Tax Assessed Values Delineated by Classification (Residential, Commercial and Industrial).

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Commercial and Industrial	104,087,202	7.14%	69,321,629	5.20%	71,949,422	6.11%	54,623,908	5.25%	50,298,328	5.21%
Utilities	11,484,003	0.79%	10,289,952	0.77%	4,250,555	0.36%	10,542,288	1.01%	10,776,364	1.12%
Real Properties	23,553,054	1.61%	25,945,101	1.95%	8,625	0.00%	23,360,586	2.25%	23,043,294	2.39%
Government and Charities	151,935,233	10.42%	147,694,988	11.07%	138,803,675	11.79%	117,469,367	11.30%	114,503,217	11.87%
Total Appraised Value Before Exemptions	\$ 1,458,510,950	100.00%	\$ 1,333,815,228	100.00%	\$ 1,176,971,243	100.00%	\$ 1,039,561,121	100.00%	\$ 964,583,650	100.00%
Less: Total Exemptions/Reductions	373,888,856		355,139,172		312,592,100		280,032,062		261,606,047	
Taxable Assessed Value	\$ 1,084,622,094		\$ 978,676,056		\$ 864,379,143		\$ 759,529,059		\$ 702,977,603	

Top Ten Taxpayers

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
Ten Voss LTD	\$21,651,944	2.00%	N
Campbell Project Partners LLC	\$21,074,820	1.94%	N
HD Development Properties	\$19,781,840	1.82%	N
Spring Valley One Center LTD	\$16,971,347	1.56%	N
SV Physician Properties I LP	\$14,178,000	1.31%	N
Memorial Design Center LTD	\$10,496,597	0.97%	N
Southwestern Bell	\$9,012,191	0.83%	N
Managed Rehabilitation INC	\$7,677,757	0.71%	N
Wellington Fidelis Campbell I LP	\$6,667,560	0.61%	N
Spring Valley Shopping Center II LTD	\$5,056,250	0.47%	N

Top Ten Taxpayer Comments:

Tax Rate and Sales Tax

Provide the maximum tax rate permitted by law per \$100 of property value.: \$0.51

Does the applicant collect sales tax?: Y

2017: \$1,262,647

2016: \$1,197,292

2015: \$1,191,356

2014: \$1,106,384

2013: \$1,082,352

Sales Tax History Comments:

Is the proposed loan tax-exempt?: Y

**Pro-Forma Income Statement
UTILITY FUND
City of Spring Valley Village
FOR 2017 THROUGH 2023**

	PRIOR YEAR ACTUAL 2017	CURRENT BUDGET 2018	YEAR 1 PROJECTED 2019	YEAR 2 PROJECTED 2020	YEAR 3 PROJECTED 2021	YEAR 4 PROJECTED 2022	YEAR 5 PROJECTED 2023
BEGINNING FUND BALANCE							
BEGINNING BALANCE OF CURRENT ASSETS MINUS CURRENT LIAB	\$ 844,601	\$ 1,131,063	\$ 703,295	\$ 738,549	\$ 765,694	\$ 789,709	\$ 786,624
REVENUES:							
WATER SERVICE	\$ 1,365,737	\$ 1,350,000	\$ 1,404,000	\$ 1,446,120	\$ 1,489,504	\$ 1,534,189	\$ 1,580,214
SEWER SERVICE	1,202,016	1,150,000	\$ 1,196,000	1,231,880	1,255,286	1,279,136	1,303,440
GARBAGE SERVICE	330,683	340,000	\$ 350,200	350,200	350,200	350,200	350,200
WATER TAPS	41,600	25,000	25,750	25,000	25,000	25,000	25,000
SEWER TAPS	821	410	422	410	410	410	410
MISCELLANEOUS	54,920	23,000	23,690	24,401	25,133	25,887	26,663
TOTAL REVENUE	\$ 2,995,777	\$ 2,888,410	\$ 3,000,062	\$ 3,078,011	\$ 3,145,532	\$ 3,214,822	\$ 3,285,927
TOTAL AVAILABLE FUNDS	\$ 3,840,378	\$ 4,019,473	\$ 3,703,357	\$ 3,816,560	\$ 3,911,226	\$ 4,004,530	\$ 4,072,552
EXPENSES/TRANSFERS:							
ADMINISTRATION	\$ 617,407	\$ 684,724	\$ 718,960	\$ 754,908	\$ 792,654	\$ 832,286	\$ 873,901
DEBT SERVICE	242,763	245,487	\$ 412,942	\$ 417,071	\$ 421,242	\$ 425,454	\$ 429,709
WATER DIVISION	710,698	579,535	\$ 596,921	\$ 614,829	\$ 614,829	\$ 633,274	\$ 652,272
SEWER DIVISION	817,898	874,432	\$ 900,665	\$ 918,678	\$ 937,052	\$ 960,478	\$ 989,292
GARBAGE	320,550	332,000	\$ 335,320	\$ 345,380	\$ 355,741	\$ 366,413	\$ 377,406
CAPITAL PROJECTS		600,000					
TOTAL FUND EXPENSES	\$ 2,709,315	\$ 3,316,178	\$ 2,964,808	\$ 3,050,866	\$ 3,121,517	\$ 3,217,906	\$ 3,322,579
REMAINING NET CURRENT ASSET BALANCE	\$ 1,131,063	\$ 703,295	\$ 738,549	\$ 765,694	\$ 789,709	\$ 786,624	\$ 749,972
RESERVED FOR BOND AND PROJECT	\$ 841,982	\$ 245,891	\$ 245,891	\$ 245,891	\$ 245,891	\$ 245,891	\$ 245,891
AVAILABLE FUNDS	\$ 289,081	\$ 457,404	\$ 492,658	\$ 519,803	\$ 543,818	\$ 540,733	\$ 504,081



EST. 1955

SPRING VALLEY VILLAGE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING

SEPTEMBER 30, 2017



*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

**CITY OF SPRING
VALLEY VILLAGE, TEXAS**

**For the Year Ended
September 30, 2017**

Prepared by:

**Julie Robinson
City Administrator**

**Michelle Yi
City Treasurer**

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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EST. 1955
SPRING VALLEY
V I L L A G E

March 8, 2018

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Spring Valley Village, Texas (the “City”) for the fiscal year ended September 30, 2017. 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 present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2017. 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 of Spring Valley Village, Texas (the “City”) was incorporated under the laws of State of Texas in 1955. The City operates as a “General Law” City, which provides for a “Mayor-Council” form of government.

The City provides the following municipal services: public safety, parks, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. Spring Valley Village is one of the six Memorial Villages and located ten miles west of downtown Houston. As of September 30, 2017, the City an estimated population of approximately 4,328. 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.

The City Ordinance establishes the fiscal year as October 1 through September 30. The Ordinance requires the City Administrator to submit a proposed budget and accompanying budget message to the City Council each year. The proposed budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Administrator is required to inform any revisions of expenditures of any fund or department must be approved by the Council.

Budgetary control has been established at the department level. Monthly financial reports for City Council are produced showing budget and actual revenues and expenditures. Individual line items are reviewed and analyzed for budgetary compliance.

ECONOMIC CONDITION AND OUTLOOK

The City encompasses a 1.6 square mile area located along the north side of Interstate 10. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Hilshire Village, Hedwig Village, and Hunters Creek Village. The City is primarily a residential area whose approximately 4,328 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. Currently, there are two buildings completed and fully occupied. The City continues to enjoy a stable outlook with property taxable values at \$1,190,872,304, up 22 percent over the previous year. Among reasons for this strength is the City's convenient proximity to the Energy Corridor and downtown Houston, as well as the ever-evolving Memorial area.

The City's tax rate is among the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Greater Houston area economy.

The City's relative stability is the result of a desire for suburban families to live closer to work. The City's low crime rate and hometown appeal have 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 2018. 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.

LONG-TERM FINANCIAL PLANNING

Capital improvement projects are funded with general governmental revenues. The City annually adopts a Five-year Capital Improvement Plan and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities, and parks. These plans are prepared by staff and presented to the City Council for review and acceptance. The plans require funding sources to be identified for each project.

For the last several years, the City has able to maintain its infrastructure on a cash basis. A portion of general fund revenues is allocated to the Capital Improvement Fund each year. Debt is issued when necessary to finance long-term capital improvements.

The City approved a stable tax rate for tax year 2017, fiscal year 2018.

Major Initiatives

Fiscal Year 2016-2017 was a year of accomplishments for the City of Spring Valley Village. The list below highlights some of the significant City activities:

- The Spring Oak East and West General Obligation Bond project was completed in 2017. This project included Peck road, Cedarbrake and Green valley.
- The New City Hall and Police Department were completed in May 2017.
- The Phase I Park Improvement was under design and construction will start in fiscal year 2018 and scheduled to be completed in spring of 2018.
- The Hilldale, Bade, and Cardwell project is under design phase and paving and utility improvement will start in fiscal year 2018.

The City also made strategic acquisitions on equipment and installed new traffic signals to better serve our residents and visitors.

Annual Budget

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator each year. The City Administrator uses these requests as the starting point for developing a proposed budget, which is presented to the City Council for review. The appropriated budget is prepared by fund, department, and function. Department heads may request a budget amendment with approval of the City Council.

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, but not absolute, assurance that these objectives are met.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Spring Valley Village for its CAFR for the fiscal year ended September 30, 2016. This was the third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michelle Yi". The signature is written in a cursive style with a small dot above the first letter.

Michelle Yi
City Treasurer

CITY OF SPRING VALLEY VILLAGE, TEXAS

LIST OF ELECTED OFFICIALS AND KEY STAFF

For the Year Ended September 30, 2017

Elected Officials	Position
Tom S. Ramsey	Mayor
Bo Bothe	Council Member
Allen Carpenter	Council Member
Tom Donaho	Council Member
Aaron Stai	Council Member
Marcus Vajdos	Council Member

Key Staff	Position
Julie Robinson	City Administrator
Roxanne Benitez	City Secretary
Michelle Yi	City Treasurer
Loyd R. Evans	Chief of Police

CITY OF SPRING VALLEY VILLAGE, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

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

Presented to

**City of Spring Valley Village
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

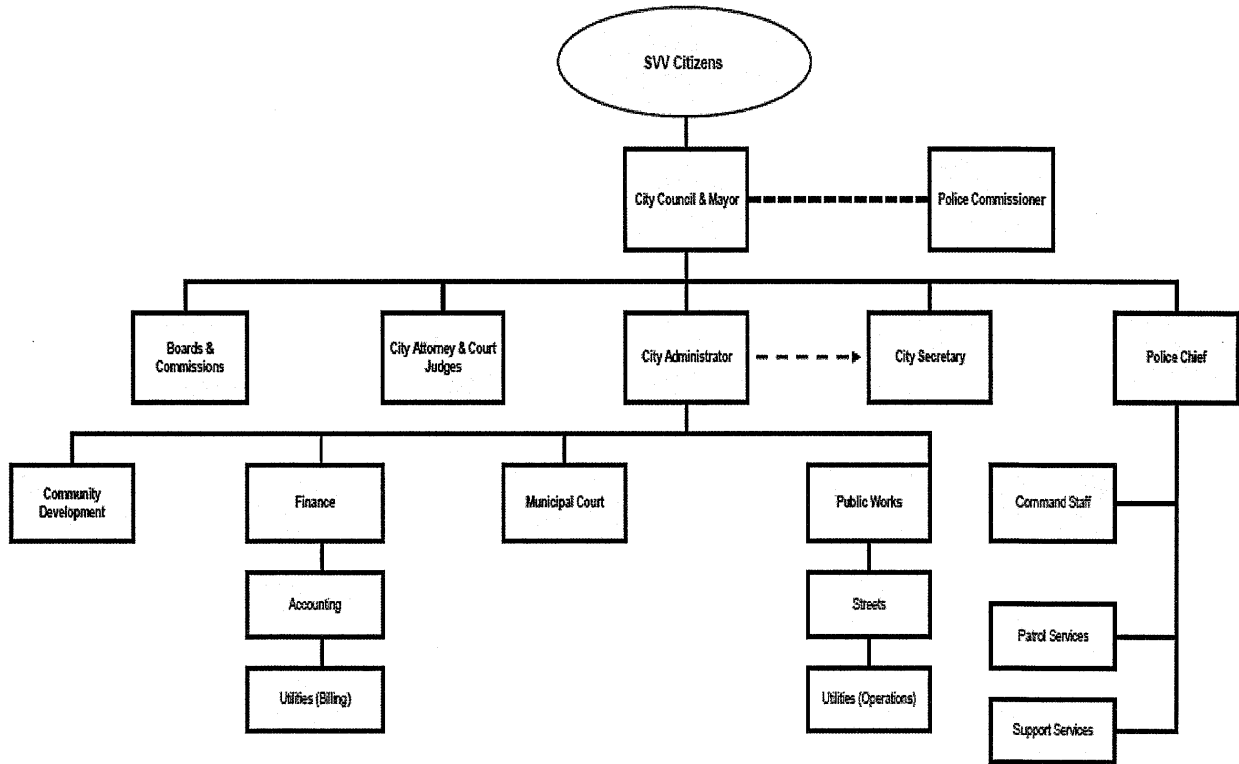
Christopher P. Morill

Executive Director/CEO

CITY OF SPRING VALLEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2017



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Spring Valley Village, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 8, 2018

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

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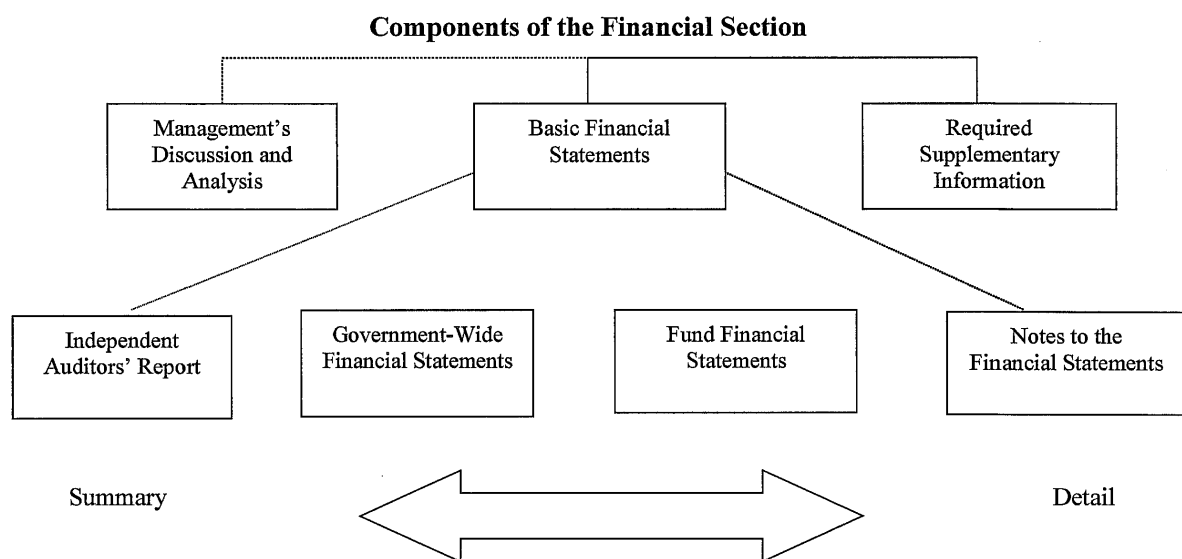
CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2017

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 Spring Valley Village, Texas (the "City") for the year ended September 30, 2017. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analyses of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

GOVERNMENT-WIDE STATEMENTS

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal 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.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate corporation, the Spring Valley Legacy Fund Inc., for which the City is financially accountable. Financial information for this component unit is included in the financial information presented for the primary government.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains five governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered to be major funds for reporting purposes. The debt service fund, asset forfeiture fund, and legacy fund are nonmajor funds but the City has elected to present them as major funds for reporting purposes.

The City adopts annual appropriated budgets for its general fund and debt service fund. Budgetary comparison schedules have been provided for the general fund and debt service fund to demonstrate compliance with these budgets.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Proprietary Funds

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

The City also uses an internal service fund to account for its equipment replacement program. This internal service fund has been included within governmental activities in the governmental-wide financial statements.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$44,128,952 as of September 30, 2017. The largest portion of the City's net position (77%) reflects its investment in capital assets (e.g., land and City hall, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 10,495,535	\$ 1,606,940	\$ 12,102,475	\$ 20,584,206	\$ 1,265,992	\$ 21,850,198
Capital assets, net	40,870,108	7,628,446	48,498,554	30,721,845	8,145,964	38,867,809
Total Assets	51,365,643	9,235,386	60,601,029	51,306,051	9,411,956	60,718,007
Deferred outflows - pensions	617,415	122,426	739,841	770,904	150,249	921,153
Total Deferred Outflows of Resources	617,415	122,426	739,841	770,904	150,249	921,153
Long-term liabilities	13,321,964	2,597,600	15,919,564	13,834,220	2,776,072	16,610,292
Other liabilities	783,649	443,287	1,226,936	1,776,326	412,315	2,188,641
Total Liabilities	14,105,613	3,040,887	17,146,500	15,610,546	3,188,387	18,798,933
Deferred inflows - pensions	55,672	9,746	65,418	21,382	4,046	25,428
Total Deferred Inflows of of Resources	55,672	9,746	65,418	21,382	4,046	25,428
Net Position:						
Net investment in capital assets	28,189,939	5,764,333	33,954,272	26,621,889	6,446,443	33,068,332
Restricted	4,924,112	871,778	5,795,890	160,271	965,480	1,125,751
Unrestricted	4,707,722	(328,932)	4,378,790	9,662,867	(1,042,151)	8,620,716
Total Net Position	\$ 37,821,773	\$ 6,307,179	\$ 44,128,952	\$ 36,445,027	\$ 6,369,772	\$ 42,814,799

A portion of the City's net position, \$5,795,890, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$4,378,790, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$1,314,153 during the current fiscal year, an increase of 3% over the prior year. The overall condition of the City improved during the year primarily due to increases in property tax, sales taxes, and other revenues.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Activities:

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

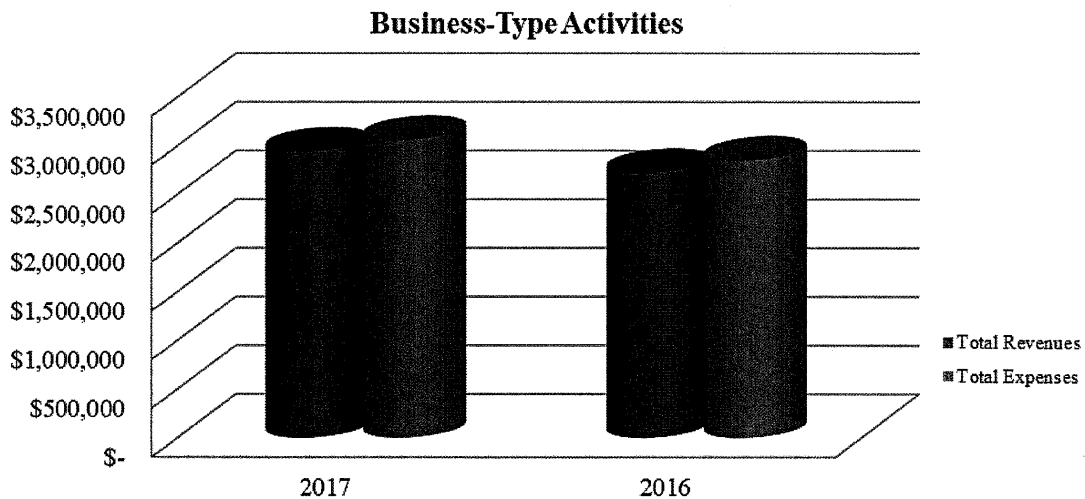
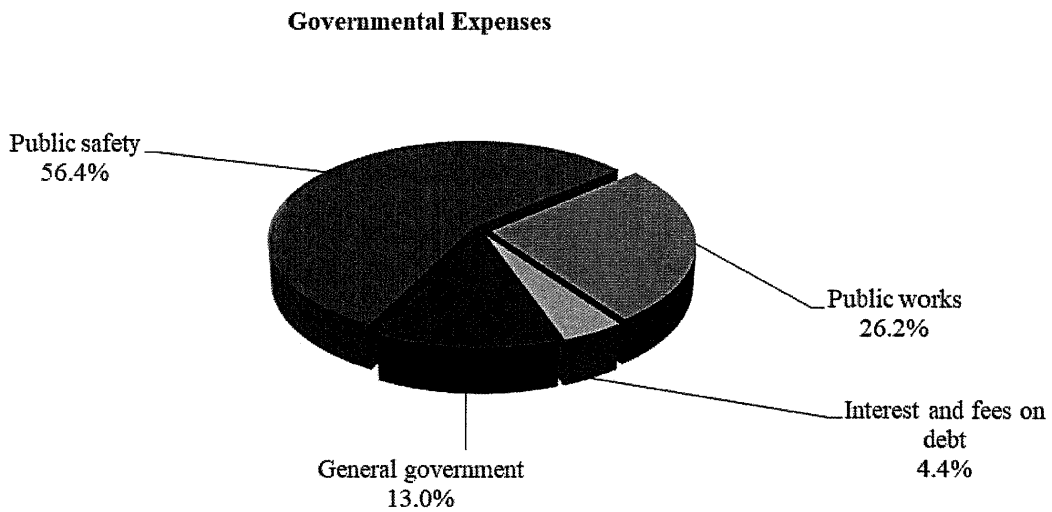
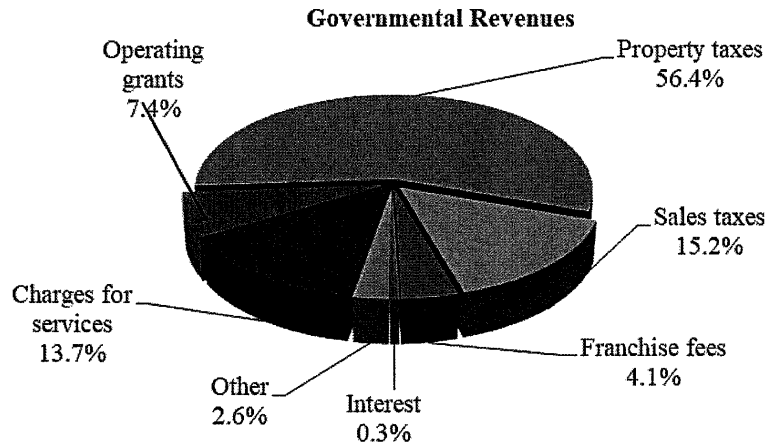
	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,140,544	\$ 2,940,857	\$ 4,081,401	\$ 1,204,115	\$ 2,720,856	\$ 3,924,971
Operating grants	620,005	-	620,005	661,046	-	661,046
General revenues:						
Property taxes	4,693,922	-	4,693,922	4,402,210	-	4,402,210
Sales taxes	1,262,647	-	1,262,647	1,197,292	-	1,197,292
Franchise fees	339,607	-	339,607	353,381	-	353,381
Interest	57,565	-	57,565	30,566	-	30,566
Other	214,149	54,920	269,069	136,207	26,066	162,273
Total Revenues	8,328,439	2,995,777	11,324,216	7,984,817	2,746,922	10,731,739
Expenses						
General government	903,011	-	903,011	800,723	-	800,723
Public safety	3,922,109	-	3,922,109	3,880,246	-	3,880,246
Public works	1,818,890	-	1,818,890	1,906,985	-	1,906,985
Interest and fees on debt	307,683	67,187	374,870	432,200	71,644	503,844
Water, sewer, and waste	-	2,991,183	2,991,183	-	2,776,634	2,776,634
Total Expenses	6,951,693	3,058,370	10,010,063	7,020,154	2,848,278	9,868,432
Change in Net Position	1,376,746	(62,593)	1,314,153	964,663	(101,356)	863,307
Beginning net position	36,445,027	6,369,772	42,814,799	35,480,364	6,471,128	41,951,492
Ending Net Position	\$ 37,821,773	\$ 6,307,179	\$ 44,128,952	\$ 36,445,027	\$ 6,369,772	\$ 42,814,799

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

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



CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Charges for services for governmental activities decreased \$63,571 or 5% due primarily to a decrease in court fine and fees. Property tax revenue increased by \$291,712 or 7% due to an increase in property tax values and increased collections from delinquent property taxes. Sales taxes revenue increased by \$65,355 or 5% due to consumer spending increase. Governmental total expenses increased \$68,461. General government expense increased \$102,288 or 13% mainly due to increases in personnel related costs, utility expense and computer service and maintenance. Public safety expenses increased \$41,863 or 1% mainly due to an increase in overtime salary expense for hurricane Harvey. Public work expense decreased \$88,095 or 5% mainly due to a decrease in contract labor cost and personnel related costs.

Revenues for business-type activities increased by \$248,855 or 9% from the prior year due to customers consuming more water. Business-type expenses increased by \$210,092 or 7% mainly due to increase in water purchasing and personnel related costs, and engineering fees for water and sewer projects.

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 \$8,353,881. At the end of the current year, \$3,428,566 was unassigned. \$2,475,631 was assigned for capital outlay of equipment and capital improvements. \$2,272,228 was assigned for 120 days' expenditures. Total restricted fund balance for other various purposes was \$176,253 and \$1,203 was nonspendable for prepaid purposes.

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 \$3,447,225, while total fund balance reached \$6,208,020. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 8 months of the general fund's expenditures. The general fund fund balance demonstrated an overall increase of \$103,917 primarily due to an increase in revenue from property and sales taxes.

The City's debt service fund had a deficit fund balance of \$18,659, which was a decrease of \$17,777. The debt service fund will collect property tax revenue to pay down debt principal and interest in subsequent years.

Overall, there was a decrease of \$9,073,257 in the capital improvements fund due primarily to the capital projects expenditures. The fund balance was \$2,116,364.

The asset forfeiture fund had a fund balance of \$16,105, which was a decrease of \$1,776 from the prior year due to expenditures for public safety.

The legacy fund had a fund balance of \$32,051, which was an increase of \$13,925 primarily due to the donation received.

Proprietary Funds – The City's proprietary fund had a net position of \$6,307,179, which was a decrease of \$62,593 mainly due to water purchases, personnel related costs and engineering fees.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded budgeted revenues by \$183,937 during the year. This net positive variance includes the positive variance of \$56,107 for sales taxes due to an increase in consumer spending and \$40,053 in interest income due to higher interest rates for investments. General fund expenditures were under the final budget by \$580,965 mainly due to a positive variance of \$230,165, \$56,714 and \$173,128 for police department, general government and street and drainage, respectively. These positive variances are a result of incurring less costs for public safety, general government and public works than expected.

CAPITAL ASSETS

At the end of the year, the City's had invested \$48,498,554 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$10,148,263 from the prior year.

Major capital asset events during the year included the following:

- City Hall and Police Station for \$7,777,566.
- Spring Oak East and West paving project for \$3,524,627.
- Park improvement for \$167,729
- Bracher Road improvement project for \$137,027.
- Purchase of three new police vehicles for \$163,862.

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

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt outstanding of \$15,055,000. Of this amount, \$12,565,000 was general obligation debt and \$2,490,000 was revenue bond debt.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved of a \$10.97 million budget for the 2017/2018 year. The property tax rate for 2017 was \$0.433500 per \$100 of property valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Michelle Yi, City Treasurer, Spring Valley Village City Hall, 1025 Campbell Road, Houston, Texas, 77055; telephone (713) 465-8308.

BASIC FINANCIAL STATEMENTS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 4,800,436	\$ 343,436	\$ 5,143,872
Restricted	137,983	871,778	1,009,761
Investments	5,172,338	-	5,172,338
Receivables, net	280,066	364,773	644,839
Due from other government	103,509	26,953	130,462
Prepaid items	1,203	-	1,203
	<u>10,495,535</u>	<u>1,606,940</u>	<u>12,102,475</u>
Noncurrent assets:			
Nondepreciable capital assets	2,362,315	5,207	2,367,522
Net depreciable capital assets	38,507,793	7,623,239	46,131,032
	<u>40,870,108</u>	<u>7,628,446</u>	<u>48,498,554</u>
Total Assets	<u>51,365,643</u>	<u>9,235,386</u>	<u>60,601,029</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	617,415	122,426	739,841
	<u>617,415</u>	<u>122,426</u>	<u>739,841</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	655,546	286,783	942,329
Accrued interests	67,738	8,186	75,924
Customer deposits	60,365	148,318	208,683
Long-term liabilities due within one year	630,967	187,024	817,991
	<u>1,414,616</u>	<u>630,311</u>	<u>2,044,927</u>
Noncurrent liabilities:			
Net pension liability	523,010	99,336	622,346
Long-term liabilities due in more than one year	12,167,987	2,311,240	14,479,227
	<u>12,690,997</u>	<u>2,410,576</u>	<u>15,101,573</u>
Total Liabilities	<u>14,105,613</u>	<u>3,040,887</u>	<u>17,146,500</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	55,672	9,746	65,418
	<u>55,672</u>	<u>9,746</u>	<u>65,418</u>
Net Position			
Net investment in capital assets	28,189,939	5,764,333	33,954,272
Restricted:			
Municipal court - child safety	63,892	-	63,892
Municipal court - security	64,205	-	64,205
Debt service	-	245,891	245,891
Asset forfeitures	16,105	-	16,105
120 days expenditures	2,272,228	-	2,272,228
Capital outlay and projects	2,475,631	625,887	3,101,518
Legacy fund	32,051	-	32,051
Unrestricted	4,707,722	(328,932)	4,378,790
	<u>4,707,722</u>	<u>(328,932)</u>	<u>4,378,790</u>
Total Net Position	<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 903,011	\$ 260,442	\$ -
Public safety	3,922,109	880,102	-
Public works	1,818,890	-	620,005
Interest and other charges on long-term debt	307,683	-	-
Total Governmental Activities	6,951,693	1,140,544	620,005
Business-Type Activities			
Water, sewer, and solid waste	3,058,370	2,940,857	-
Total Business-Type Activities	3,058,370	2,940,857	-
Total Primary Government	\$ 10,010,063	\$ 4,081,401	\$ 620,005

General Revenues:

- Taxes:
 - Property taxes
 - Sales taxes
- Franchise fees
- Investment income
- Other

**Total General Revenues and Transfers
Change in Net Position**

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (642,569)	\$ -	\$ (642,569)
(3,042,007)	-	(3,042,007)
(1,198,885)	-	(1,198,885)
<u>(307,683)</u>	<u>-</u>	<u>(307,683)</u>
<u>(5,191,144)</u>	<u>-</u>	<u>(5,191,144)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>(5,191,144)</u>	<u>(117,513)</u>	<u>(5,308,657)</u>
4,693,922	-	4,693,922
1,262,647	-	1,262,647
339,607	-	339,607
57,565	-	57,565
214,149	54,920	269,069
<u>6,567,890</u>	<u>54,920</u>	<u>6,622,810</u>
1,376,746	(62,593)	1,314,153
<u>36,445,027</u>	<u>6,369,772</u>	<u>42,814,799</u>
<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,185,568	\$ 4,998	\$ 2,456,672	\$ 16,105
Investments	5,172,338	-	-	-
Receivables, net	277,128	2,938	-	-
Due from other government	103,509	-	-	-
Due from other funds	-	15,519	26,322	-
Prepaid items	1,203	-	-	-
Restricted cash	137,983	-	-	-
Total Assets	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 267,907	\$ 17,114	\$ 366,630	\$ -
Deposits	60,365	-	-	-
Due to other funds	316,841	25,000	-	-
Total Liabilities	645,113	42,114	366,630	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	24,596	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	1,203	-	-	-
Restricted:				
Municipal court - child safety	63,892	-	-	-
Municipal court - security	64,205	-	-	-
Asset forfeitures	-	-	-	16,105
Legacy fund	-	-	-	-
Assigned:				
120 days expenditures	2,272,228	-	-	-
Capital outlay and projects	359,267	-	2,116,364	-
Unassigned	3,447,225	(18,659)	-	-
Total Fund Balances	6,208,020	(18,659)	2,116,364	16,105
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ 32,051	\$ 3,695,394
-	5,172,338
-	280,066
-	103,509
-	41,841
-	1,203
-	137,983
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>
\$ -	\$ 651,651
-	60,365
-	341,841
<u>-</u>	<u>1,053,857</u>
-	24,596
-	1,203
-	63,892
-	64,205
-	16,105
32,051	32,051
-	2,272,228
-	2,475,631
-	3,428,566
<u>32,051</u>	<u>8,353,881</u>
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>

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

September 30, 2017

Total fund balances for governmental funds	\$	8,353,881
Amounts reported for governmental activities in the Statement of Net Position are different, because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, nondepreciable		2,362,315
Capital assets, net depreciable		38,507,793
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		24,596
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		
		1,401,147
Deferred outflows and deferred inflows related to pension activity are not reported in the governmental funds.		
Deferred outflows - pensions		617,415
Deferred inflows - pensions		(55,672)
Net pension liability		(523,010)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(67,738)
Noncurrent liabilities due in one year		(630,967)
Noncurrent liabilities due in more than one year		(12,167,987)
		37,821,773
Net Position of Governmental Activities	\$	37,821,773

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
Property taxes	\$ 3,798,654	\$ 892,042	\$ -	\$ -
Sales taxes	1,262,647	-	-	-
Franchise fees	339,607	-	-	-
Fines and forfeitures	460,809	-	-	-
Licenses and permits	260,442	-	-	-
Hilshire police contract	419,293	-	-	-
Investment income	52,053	-	5,512	-
Intergovernmental	620,005	-	-	-
Other	208,210	-	-	-
Total Revenues	7,421,720	892,042	5,512	-
<u>Expenditures</u>				
Current:				
General government	1,427,121	-	-	-
Public safety	3,393,780	-	-	1,776
Public works	305,642	-	-	-
Capital outlay	-	-	11,414,618	-
Debt service:				
Principal	-	510,000	-	-
Interest and fiscal charges	-	399,819	-	-
Total Expenditures	5,126,543	909,819	11,414,618	1,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,295,177	(17,777)	(11,409,106)	(1,776)
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	2,335,849	-
Transfers (out)	(2,192,011)	-	-	-
Sale of capital assets	751	-	-	-
Total Other Financing Sources (Uses)	(2,191,260)	-	2,335,849	-
Net Change in Fund Balances	103,917	(17,777)	(9,073,257)	(1,776)
Beginning fund balances	6,104,103	(882)	11,189,621	17,881
Ending Fund Balances	\$ 6,208,020	\$ (18,659)	\$ 2,116,364	\$ 16,105

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ -	\$ 4,690,696
-	1,262,647
-	339,607
-	460,809
-	260,442
-	419,293
-	57,565
-	620,005
23,601	231,811
<u>23,601</u>	<u>8,342,875</u>
-	1,427,121
9,676	3,405,232
-	305,642
-	11,414,618
-	510,000
-	399,819
<u>9,676</u>	<u>17,462,432</u>
<u>13,925</u>	<u>(9,119,557)</u>
-	2,335,849
-	(2,192,011)
-	751
-	<u>144,589</u>
13,925	(8,974,968)
<u>18,126</u>	<u>17,328,849</u>
<u>\$ 32,051</u>	<u>\$ 8,353,881</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

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

Net change in fund balances - total governmental funds	\$ (8,974,968)
--	----------------

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	12,096,671
Depreciation expense	(1,948,408)

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

Net change in unavailable revenue - property taxes	3,226
--	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Accrued interest expense	85,738
Premium on debt	6,398
Principal payment	510,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(20,137)
Net pension liability	15,995
Deferred outflows - pensions	(153,489)
Deferred inflows - pensions	(34,290)

An internal service fund is used by management to charge the costs of providing various services and benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

	<u>(209,990)</u>
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Change in Net Position of Governmental Activities	\$ <u>1,376,746</u>
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See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash	871,778	-
Receivables, net	364,773	-
Due from other government	26,953	-
Due from general fund	-	300,000
Total Current Assets	1,606,940	1,405,042
Noncurrent Assets		
Capital assets:		
Land	5,207	-
Building	44,708	-
Infrastructure	26,892	-
Water system	8,825,180	-
Sewer system	5,741,776	-
Vehicles	45,895	-
Machinery and equipment	209,062	-
Less accumulated depreciation	(7,270,274)	-
Total Capital Assets Net of Depreciable Assets	7,628,446	-
Total Noncurrent Assets	7,628,446	-
Total Assets	9,235,386	1,405,042
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	122,426	-
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities	286,783	3,895
Customer deposits	148,318	-
Accrued interest payable	8,186	-
Long-term liabilities due within one year	187,024	-
Total Current Liabilities	630,311	3,895
Noncurrent Liabilities		
Net pension liability	99,336	-
Long-term liabilities due in more than one year	2,311,240	-
Total Noncurrent Liabilities	2,410,576	-
Total Liabilities	3,040,887	3,895
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	9,746	-
<u>Net Position</u>		
Net investment in capital assets	5,764,333	-
Restricted for capital projects	625,887	-
Restricted for debt service	245,891	-
Unrestricted	(328,932)	1,401,147
Total Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Operating Revenues</u>		
Water charges	\$ 1,407,337	\$ -
Sewer charges	1,202,837	-
Solid waste charges	330,683	-
Charges for services	-	109,720
Other	54,920	-
Total Operating Revenues	2,995,777	109,720
<u>Operating Expenses</u>		
General and administrative	615,600	175,872
Water	710,698	-
Sewer	817,898	-
Solid waste	320,550	-
Depreciation	526,437	-
Total Operating Expenses	2,991,183	175,872
Operating Income (Loss)	4,594	(66,152)
<u>Nonoperating Revenues (Expenses)</u>		
Interest expense	(67,187)	-
Total Nonoperating (Expenses)	(67,187)	-
(Loss) Before Transfers	(62,593)	(66,152)
Transfers in	-	66,162
Transfers (out)	-	(210,000)
Change in Net Position	(62,593)	(209,990)
Beginning net position	6,369,772	1,611,137
Ending Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 2,910,580	\$ (190,280)
Payments to suppliers	(1,885,057)	3,895
Payments to employees	(613,134)	(175,872)
Net Cash Provided (Used) by Operating Activities	412,389	(362,257)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers (out)	-	66,162
Transfers in	-	(210,000)
Net Cash (Used) by Noncapital Financing Activities	-	(143,838)
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases	(8,919)	-
Interest and fiscal agent fees paid	(67,187)	-
Debt payments	(175,000)	-
Net Cash (Used) by Capital and Related Financing Activities	(251,106)	-
Net Increase (Decrease) in Cash and Cash Equivalents	161,283	(506,095)
Beginning cash and cash equivalents	1,053,931	1,611,137
Ending Cash and Cash Equivalents	\$ 1,215,214	\$ 1,105,042
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash and cash equivalents	871,778	-
	\$ 1,215,214	\$ 1,105,042
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 4,594	\$ (66,152)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	526,437	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(90,185)	(300,000)
Deferred outflows - pensions	27,823	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	26,559	3,895
Accrued expenses	(575)	-
Due to other funds	(89,480)	-
Net pension liability	(2,659)	-
Deferred inflows - pensions	5,700	-
Compensated absences	(813)	-
Customer deposits	4,988	-
Net Cash Provided by Operating Activities	\$ 412,389	\$ (362,257)

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Spring Valley Village, Texas (the "City") was incorporated under the laws of the State of Texas in 1955. The City operates as a "General Law" city, which provides for a "Mayor-Council" form of government.

The City provides the following services: public safety, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas 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.

Blended Component Unit

Spring Valley Legacy Fund, Inc.

The Spring Valley Legacy Fund, Inc. (the "Corporation") has been included in the reporting entity as a blended component unit. The Corporation was established to allow the City to receive private and corporate donations to be used solely to benefit the Spring Valley Police Department. The Board of Directors consisting of six members, all members of the City Council, for terms of office coinciding with their respective terms of office with the City, plus one appointed individual.

The component unit identified above is included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a majority of the corporation's board and is either able to impose its will on it or a financial benefit/burden exists.

Complete financial statements of the component unit can be obtained directly from administrative offices of the City.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

The *capital improvements fund* is used to account for the expenditures related to capital projects through resources accumulated from various internal transfers and bond financing. The capital improvements fund is considered a major fund for reporting purposes.

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue fund, asset forfeiture, holds monies seized by the police department to be used for public safety and security. The City has elected to report the asset forfeiture fund as a major fund for reporting purposes.

The *legacy fund* is used solely to benefit the Spring Valley Police Department. The primary source of revenue for legacy fund is from private and corporate donations. The City has elected to report the legacy fund as a major fund for reporting purposes.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The City reports the following enterprise fund:

The *enterprise fund* is 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 enterprise fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

The *internal service fund* is used to account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The internal service fund is used to account for vehicle and equipment replacement.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

2. Investments

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

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

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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 future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 years
Furniture and fixtures	4-8 years
Infrastructure	40 years
Machinery and equipment	4-8 years
Water and sewer system	20-40 years
Buildings	40 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings related to the City's defined benefit pension plan. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for the changes in

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

actuarial assumptions related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

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. The City has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized as a result of differences between the expected and the actual economic experience on the pension plan liability related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

The City maintains formal programs for vacation and sick leave. Vacation pay is calculated six months from the date of employment and is cumulative up to 80 hours for employees with less than five years of service and 120 hours for employees with more than five years of service. According to policy, 40 hours may carry over at year end if no exceptions are made. Sick leave is accumulated up to 240 hours but does not vest.

8. Long-Term Obligations

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the object and purpose stated in the approved budget.

A. Deficit Fund Balance

As of September 30, 2017, the debt service fund had a deficit fund balance of \$18,659. The deficit will be recovered in future years through the collection of property tax.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2017, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
External investment pool (TexPool)	\$ 4,543,340	0.00
Certificates of deposit	628,998	0.26
Total Investments	\$ 5,172,338	
Portfolio Weighted Average Maturity		0.03

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and/or FDIC insurance with a collective market value of at least 105%. As of year end, market values of pledged securities and FDIC insurance was less than bank balances by \$1,404,826 due to a large month-end deposit that was not processed by the bank by fiscal year end. The bank increased the pledged securities amount on October 2, 2017 to cover the bank balance.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

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

B. Receivables

The following comprises receivable balances at year end:

	General	Debt service	Enterprise
Property taxes	\$ 26,263	\$ 2,938	\$ -
Other taxes	250,865	-	-
Other government	103,509	-	26,953
Accounts	-	-	391,973
Less allowance	-	-	(27,200)
Total	\$ 380,637	\$ 2,938	\$ 391,726

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

C. Capital Assets

A summary of changes in capital assets for the year is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,966,307	\$ -	\$ -	\$ 1,966,307
Construction in progress	7,818,676	346,156	(7,768,824)	396,008
Total Capital Assets Not Being Depreciated	9,784,983	346,156	(7,768,824)	2,362,315
Other capital assets:				
Infrastructure	43,943,853	9,617,450	-	53,561,303
Buildings	633,005	7,903,362	-	8,536,367
Furniture and fixtures	242,014	1,772,011	(102,420)	1,911,605
Machinery and equipment	694,178	81,067	(50,405)	724,840
Vehicles	666,639	163,862	-	830,501
Total Other Capital Assets	46,179,689	19,537,752	(152,825)	65,564,616
Less accumulated depreciation for:				
Infrastructure	(23,612,188)	(1,339,094)	-	(24,951,282)
Buildings	(541,168)	(202,847)	-	(744,015)
Furniture and fixtures	(145,926)	(237,399)	84,007	(299,318)
Machinery and equipment	(510,654)	(54,393)	50,405	(514,642)
Vehicles	(432,891)	(114,675)	-	(547,566)
Total Accumulated Depreciation	(25,242,827)	(1,948,408)	134,412	(27,056,823)
Other capital assets, net	20,936,862	17,589,344	(18,413)	38,507,793
Governmental Activities Capital Assets, Net	\$ 30,721,845	\$ 17,935,500	\$ (7,787,237)	40,870,108
		Less associated debt		(12,680,169)
		Net Investment in Capital Assets		\$ 28,189,939

Depreciation was charged to governmental functions as follows:

General government	\$ 299,866
Public safety	301,234
Public works	1,347,308
Total Governmental Activities Depreciation Expense	\$ 1,948,408

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 5,207	\$ -	\$ -	\$ 5,207
Construction in progress	1,035,790	-	(1,035,790)	-
Total Capital Assets Not Being Depreciated	1,040,997	-	(1,035,790)	5,207
Other capital assets:				
Building	44,708	-	-	44,708
Infrastructure	26,892	-	-	26,892
Water system	7,782,857	1,044,709	(2,386)	8,825,180
Sewer system	5,741,776	-	-	5,741,776
Vehicles	45,895	-	-	45,895
Machinery and equipment	209,062	-	-	209,062
Total Other Capital Assets	13,851,190	1,044,709	(2,386)	14,893,513
Less accumulated depreciation for:				
Building	(31,557)	(640)	-	(32,197)
Infrastructure	(6,048)	(675)	-	(6,723)
Water system	(4,444,733)	(334,302)	2,386	(4,776,649)
Sewer system	(2,114,159)	(171,519)	-	(2,285,678)
Vehicles	(45,894)	-	-	(45,894)
Machinery and equipment	(103,832)	(19,301)	-	(123,133)
Total Accumulated Depreciation	(6,746,223)	(526,437)	2,386	(7,270,274)
Other capital assets, net	7,104,967	518,272	-	7,623,239
Business-Type Activities Capital Assets, Net	\$ 8,145,964	\$ 518,272	\$ (1,035,790)	7,628,446
				Less associated debt (2,490,000)
				Unspent bond proceeds 625,887
				Net Investment in Capital Assets \$ 5,764,333

Depreciation was charged to business-type functions as follows:

Water	\$ 354,918
Sewer	171,519
Total Business-Type Activities Depreciation Expense	\$ 526,437

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the general fund and debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds series 2015	\$ 13,075,000	\$ -	\$ (510,000)	\$ 12,565,000	* \$ 530,000
Premiums	121,567	-	(6,398)	115,169	*
Net pension liability	539,005	-	(15,995)	523,010	-
Compensated absences	98,648	94,594	(74,457)	118,785	100,967
Total Governmental Activities	\$ 13,834,220	\$ 94,594	\$ (606,850)	\$ 13,321,964	\$ 630,967

Long-term liabilities due in more than one year \$ 12,690,997

* Debt associated with governmental activities capital assets \$ 12,680,169

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Revenue bonds, series 2014	\$ 2,665,000	\$ -	\$ (175,000)	\$ 2,490,000	* \$ 180,000
Net pension liability	101,995	-	(2,659)	99,336	-
Compensated absences	9,077	9,611	(10,424)	8,264	7,024
Total Business-Type Activities	\$ 2,776,072	\$ 9,611	\$ (188,083)	\$ 2,597,600	\$ 187,024

Long-term liabilities due in more than one year \$ 2,410,576

* Debt associated with business-type activities capital assets \$ 2,490,000

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
General Obligation Bonds Series 2015	\$ 12,565,000	2.00% - 3.89%	Feb 15, Aug 15

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
Revenue Bonds			
Series 2014	\$ 2,490,000	2.63%	Feb 15, Aug 15

Pledged Revenues

The net revenue of the enterprise fund is for the payment of interest and principal on the outstanding revenue bonds, series 2014. The revenue bonds were issued for the purpose of improving and extending the City's water and sanitary sewer system and are payable through 2029. The table below represents the pledged amount at September 30, 2017:

Gross Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirement (3)	Revenue Bond Coverage (4)
\$ 2,995,777	\$ 2,464,746	\$ 531,031	\$ 245,487	2.16

- (1) Gross revenues as defined in the revenue bond ordinance include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.
- (2) Total operating expenses as defined in the revenue bond ordinance do not include amortization, bond interest, and fiscal charges.
- (3) Debt service requirements are based on the expected debt service pays for the following fiscal year
- (4) The 2014 Bond series net revenue amount shall be at least equal to or greater than 1.1 times.

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

Fiscal Year Ending Sept. 30	Governmental Activities General Obligation Bonds		
	Principal Due	Interest Due	Total Due
	2018	\$ 530,000	\$ 378,269	$ 908,269
2019	550,000	362,169	912,169
2020	565,000	345,369	910,369
2021	585,000	325,294	910,294
2022	600,000	307,519	907,519
2023-2027	3,300,000	1,251,094	4,551,094
2028-2032	3,835,000	716,509	4,551,509
2033-2035	2,600,000	128,013	2,728,013
Total	\$ 12,565,000	\$ 3,814,236	\$ 16,379,236

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Fiscal Year Ending Sept. 30	Business-Type Activities		
	Revenue Bonds		
	Principal Due	Interest Due	Total Due
2018	\$ 180,000	\$ 65,487	\$ 245,487
2019	185,000	60,753	245,753
2020	190,000	55,888	245,888
2021	195,000	50,891	245,891
2022	200,000	45,762	245,762
2023-2027	1,075,000	147,280	1,222,280
2028-2029	465,000	18,410	483,410
Total	\$ 2,490,000	\$ 444,471	\$ 2,934,471

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

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

E. Interfund Transactions

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

Transfer In	Transfer Out	Amount
Capital improvements fund	General fund	\$ 2,125,849
Capital improvements fund	Internal service fund	210,000
Internal service fund	General fund	66,162
	Total	\$ 2,402,011

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

Receivable Fund	Payable Fund	Amount
Capital improvements fund	Debt service fund	\$ 25,000
Internal service fund	General fund	300,000
Capital improvements fund	General fund	1,322
Debt service fund	General fund	15,519
	Total	\$ 341,841

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Fund Equity

Funds restricted by enabling legislation are \$124,264, which are related to municipal court security and child safety fees.

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Benefits Provided

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

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

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

	2017	2016
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to, but not yet receiving, benefits	24
Active employees	36
Total	89

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.07% and 7.50% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$194,112 and were equal to the required contributions.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	Changes for the year:		
Service cost	\$ 345,789	\$ -	\$ 345,789
Interest	675,456	-	675,456
Change in current period benefits	-	-	-
Difference between expected and actual experience	(69,514)	-	(69,514)
Changes in assumptions	-	-	-
Contributions - employer	-	155,593	(155,593)
Contributions - employee	-	179,431	(179,431)
Net investment income	-	643,013	(643,013)
Benefit payments, including refunds of employee contributions	641,405	(641,405)	-
Administrative expense	-	(7,261)	7,261
Other changes	-	(391)	391
Net Changes	310,326	328,980	(18,654)
Balance at December 31, 2015	10,154,568	9,513,568	641,000
Balance at December 31, 2016	\$ 10,464,894	\$ 9,842,548	\$ 622,346

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 1,891,680	\$ 622,346	\$ (440,824)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$396,758.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 65,418
Changes in actuarial assumptions	144,733	-
Difference between projected and actual investment earnings	437,189	-
Contributions subsequent to the measurement date	157,919	-
Total	\$ 739,841	\$ 65,418

\$157,919 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase to the net pension liability for the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2018	\$ 189,458
2019	200,347
2020	126,870
2021	(171)
Total	\$ 516,504

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Other Post Employment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2017, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate 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.

The City's contributions to the TMRS SDBF for the fiscal years ended 2017, 2016, and 2015 were \$807, \$735, and \$482, respectively. The City's contribution rates for the past three years are shown below:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.02%
Actual Contribution Made	0.03%	0.03%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Revenue Allocation Agreement

Effective October 1, 2014, the City entered into an amended Congestion Mitigation/Traffic Management Agreement (the "Agreement") with METRO, which continues through December 31, 2025, unless terminated earlier per the provisions of the Agreement. Under the terms of the Agreement, the City will receive periodic payments in amounts equal to one-half of all available sales and use tax revenues collected by or for METRO within the corporate limits of the City. The City may utilize the funds for traffic-related projects and costs. The funds are accounted for in the general fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Related Organizations and Joint Ventures

Fire Protection

The City has entered into an interlocal agreement (the "Agreement") with the cities of Bunker Hill Village, Hedwig Village, Hunters Creek Village, Piney Point Village, and Hilshire Village, Texas, to create the Village Fire Department (VFD). The Agreement automatically renews for a period of five years unless terminated by at least one of the contracting cities. Under the terms of this Agreement, the City is liable for 16.25% of VFD's approved budget.

Consolidated financial information extracted from the VFD's audited financial statements for the year ended December 31, 2016, on which the VFD's auditors expressed an unmodified opinion, is as follows:

	VFD Total		City's Portion (16.25%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets	\$ 4,037,202	\$ 1,187,507	\$ 656,045	\$ 192,969
Total liabilities	2,388,050	78,858	388,058	12,814
Total Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
	Change in Net Position	Revenues and Expenditures	Change in Net Position	Revenues and Expenditures
Total revenues	\$ 5,485,585	\$ 5,485,585	\$ 891,408	\$ 891,408
Total expenditures/expenses	5,725,908	5,254,499	930,460	853,856
Revenues (under) expenditures/expenses	(240,323)	231,086	(39,052)	37,551
Beginning participants' equity	1,889,475	877,563	307,039	142,604
Ending Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
Unfunded Actuarial Accrued Liability at 12/31/15 with TMRS	\$ 2,045,765		\$ 332,437	

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Property taxes	\$ 3,799,000	\$ 3,799,000	\$ 3,798,654	\$ (346)
Sales taxes	1,206,540	1,206,540	1,262,647	56,107
Franchise fees	331,000	331,000	339,607	8,607
Fines and forfeitures	514,800	514,800	460,809	(53,991)
Licenses and permits	230,150	230,150	260,442	30,292
Hilshire police contract	419,293	419,293	419,293	-
Investment income	12,000	12,000	52,053	40,053
Intergovernmental	620,000	620,000	620,005	5
Other	105,000	105,000	208,210	103,210
Total Revenues	<u>7,237,783</u>	<u>7,237,783</u>	<u>7,421,720</u>	<u>183,937</u>
Expenditures				
General Government				
Mayor and council	6,800	6,800	5,930	870
General government	1,166,259	1,247,263	1,134,128	113,135
Municipal court	284,139	289,374	232,660	56,714
Parks and recreation	61,140	61,356	54,403	6,953
Total General Government	<u>1,518,338</u>	<u>1,604,793</u>	<u>1,427,121</u>	<u>177,672</u>
Public Safety				
Police	2,610,778	2,734,973	2,504,808	230,165
Fire	888,972	888,972	888,972	-
Total Public Safety	<u>3,499,750</u>	<u>3,623,945</u>	<u>3,393,780</u>	<u>230,165</u>
Public Works				
Streets and drainage	464,738	478,770	305,642	173,128
Total Expenditures	<u>5,482,826</u>	<u>5,707,508</u>	<u>5,126,543</u>	<u>580,965</u>
Other Financing Sources (Uses)				
Transfers (out)	(1,287,500)	(2,125,849)	(2,192,011)	(66,162)
Sale of capital assets	-	-	751	751
Total Other Financing (Uses)	<u>(1,287,500)</u>	<u>(2,125,849)</u>	<u>(2,191,260)</u>	<u>(65,411)</u>
Net Change in Fund Balance	<u>\$ 467,457</u>	<u>\$ (595,574)</u>	103,917	<u>\$ 699,491</u>
Beginning fund balance			<u>6,104,103</u>	
Ending Fund Balance			<u>\$ 6,208,020</u>	

Notes to Required Supplementary Information:

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Measurement Year*		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 345,789	\$ 317,389	\$ 262,594
Interest (on the total pension liability)	675,456	647,576	612,560
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(69,514)	(239)	(49,336)
Change of assumptions	-	275,713	-
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Net Change in Total Pension Liability	<u>310,326</u>	<u>883,906</u>	<u>476,393</u>
Beginning total pension liability	<u>10,154,568</u>	<u>9,270,662</u>	<u>8,794,269</u>
Ending Total Pension Liability	<u>\$ 10,464,894</u>	<u>\$ 10,154,568</u>	<u>\$ 9,270,662</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 155,593	\$ 164,572	\$ 168,939
Contributions - employee	179,431	175,076	161,113
Net investment income	643,013	14,056	516,782
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Administrative expense	(7,261)	(8,561)	(5,396)
Other	(391)	(423)	(444)
Net Change in Plan Fiduciary Net Position	<u>328,980</u>	<u>(11,813)</u>	<u>491,569</u>
Beginning plan fiduciary net position	<u>9,513,568</u>	<u>9,525,381</u>	<u>9,033,812</u>
Ending Plan Fiduciary Net Position	<u>\$ 9,842,548</u>	<u>\$ 9,513,568</u>	<u>\$ 9,525,381</u>
Net Pension Liability/(Asset)	<u>\$ 622,346</u>	<u>\$ 641,000</u>	<u>\$ (254,719)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.05%	93.69%	102.75%
Covered Employee Payroll	\$ 2,563,301	\$ 2,501,093	\$ 2,301,618
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	24.28%	25.63%	(11.07%)

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Fiscal Year*		
	2017	2016	2015
Actuarially determined contribution	\$ 194,112	\$ 167,012	\$ 164,572
Contributions in relation to the actuarially determined contribution	194,112	167,012	164,572
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,691,643	\$ 2,690,588	\$ 2,501,093
Contributions as a percentage of covered employee payroll	7.21%	6.21%	6.58%

*Only three of ten years of information is currently available. The City will build this schedule over the next seven-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	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 103% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 912,069	\$ 912,069	\$ 892,042	\$ (20,027)
Total Revenues	<u>912,069</u>	<u>912,069</u>	<u>892,042</u>	<u>(20,027)</u>
<u>Expenditures</u>				
Principal	510,000	510,000	510,000	-
Interest and fiscal charges	<u>400,069</u>	<u>400,069</u>	<u>399,819</u>	<u>250</u>
Total Expenditures	<u>910,069</u>	<u>910,069</u>	<u>909,819</u>	<u>250</u>
Net Change in Fund Balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	(17,777)	<u>\$ (19,777)</u>
Beginning fund balance			<u>(882)</u>	
Ending Fund Balance			<u>\$ (18,659)</u>	

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	80
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	90
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	98
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	109
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	113
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF SPRING VALLEY VILLAGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 17,797,616	\$ 20,358,533	\$ 20,112,126	\$ 20,562,889
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,261,898	4,599,339	5,784,809	6,582,772
Total Governmental Activities Net Position	<u>\$ 24,911,635</u>	<u>\$ 25,983,772</u>	<u>\$ 26,688,458</u>	<u>\$ 27,866,438</u>
 Business-Type Activities				
Net investment in capital assets	\$ 7,267,936	\$ 8,110,784	\$ 8,194,572	\$ 7,822,043
Restricted	-	-	-	-
Unrestricted	(22,150)	(750,876)	(1,226,981)	(744,008)
Total Business-Type Activities Net Position	<u>\$ 7,245,786</u>	<u>\$ 7,359,908</u>	<u>\$ 6,967,591</u>	<u>\$ 7,078,035</u>
 Primary Government				
Net investment in capital assets	\$ 25,065,552	\$ 28,469,317	\$ 28,306,698	\$ 28,384,932
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,239,748	3,848,463	4,557,828	5,838,764
Total Primary Government Net Position	<u>\$ 32,157,421</u>	<u>\$ 33,343,680</u>	<u>\$ 33,656,049</u>	<u>\$ 34,944,473</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 23,227,286	\$ 25,437,372	\$ 24,859,774	\$ 25,354,855	\$ 26,621,889	\$ 28,189,939
75,118	121,848	150,437	154,588	160,271	4,924,112
5,825,609	5,065,577	7,973,362	9,970,921	9,662,867	4,707,722
<u>\$ 29,128,013</u>	<u>\$ 30,624,797</u>	<u>\$ 32,983,573</u>	<u>\$ 35,480,364</u>	<u>\$ 36,445,027</u>	<u>\$ 37,821,773</u>
\$ 7,416,956	\$ 7,201,090	\$ 7,484,141	\$ 6,429,975	\$ 6,446,443	\$ 5,764,333
-	-	1,612,394	1,004,614	965,480	871,778
(364,877)	(259,161)	(2,241,483)	(963,461)	(1,042,151)	(328,932)
<u>\$ 7,052,079</u>	<u>\$ 6,941,929</u>	<u>\$ 6,855,052</u>	<u>\$ 6,471,128</u>	<u>\$ 6,369,772</u>	<u>\$ 6,307,179</u>
\$ 30,644,242	\$ 32,638,462	\$ 32,343,915	\$ 31,784,830	\$ 33,068,332	\$ 33,954,272
75,118	121,848	150,437	1,159,202	1,125,751	5,795,890
5,460,732	4,806,416	5,731,879	9,007,460	8,620,716	4,378,790
<u>\$ 36,180,092</u>	<u>\$ 37,566,726</u>	<u>\$ 38,226,231</u>	<u>\$ 41,951,492</u>	<u>\$ 42,814,799</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 1,378,291	\$ 1,657,481	\$ 1,211,535	\$ 1,225,535
Public safety	2,588,428	2,694,742	2,906,948	2,837,702
Public works	799,234	729,391	1,270,439	1,164,949
Interest and fiscal agent fees	5,028	3,724	19,261	-
Total Governmental Activities Expenses	<u>4,770,981</u>	<u>5,085,338</u>	<u>5,408,183</u>	<u>5,228,186</u>
Business-Type Activities				
Water, sewer, and solid waste	1,763,893	2,012,235	2,344,054	2,635,600
Total Business-Type Activities Expenses	<u>1,763,893</u>	<u>2,012,235</u>	<u>2,344,054</u>	<u>2,635,600</u>
Total Expenses	<u>\$ 6,534,874</u>	<u>\$ 7,097,573</u>	<u>\$ 7,752,237</u>	<u>\$ 7,863,786</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 268,530	\$ 161,928	\$ 219,210	\$ 210,123
Public safety	666,844	960,101	918,499	922,068
Operating grants and contributions	282,561	158,942	165,080	154,000
Capital grants and contributions	2,106,655	-	-	-
Total Governmental Activities Program Revenues	<u>3,324,590</u>	<u>1,280,971</u>	<u>1,302,789</u>	<u>1,286,191</u>
Business-Type Activities				
Charges for services				
Water, sewer, and solid waste	2,201,823	2,289,356	2,114,736	2,909,044
Total Business-Type Activities Program Revenues	<u>2,201,823</u>	<u>2,289,356</u>	<u>2,114,736</u>	<u>2,909,044</u>
Total Program Revenues	<u>\$ 5,526,413</u>	<u>\$ 3,570,327</u>	<u>\$ 3,417,525</u>	<u>\$ 4,195,235</u>
Net (Expense)/Revenue				
Governmental activities	\$ (1,446,391)	\$ (3,804,367)	\$ (4,105,394)	\$ (3,941,995)
Business-type activities	437,930	277,121	(229,318)	273,444
Total Net Expense	<u>\$ (1,008,461)</u>	<u>\$ (3,527,246)</u>	<u>\$ (4,334,712)</u>	<u>\$ (3,668,551)</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,229,504	\$ 1,590,735	\$ 1,320,245	\$ 1,247,843	\$ 800,723	\$ 903,011
2,786,639	2,648,646	2,738,631	3,036,137	3,880,246	3,922,109
1,324,918	1,153,278	1,278,240	1,354,685	1,906,985	1,818,890
-	-	-	337,430	432,200	307,683
<u>5,341,061</u>	<u>5,392,659</u>	<u>5,337,116</u>	<u>5,976,095</u>	<u>7,020,154</u>	<u>6,951,693</u>
2,442,239	2,675,934	2,658,992	2,614,157	2,848,278	3,058,370
<u>2,442,239</u>	<u>2,675,934</u>	<u>2,658,992</u>	<u>2,614,157</u>	<u>2,848,278</u>	<u>3,058,370</u>
<u>\$ 7,783,300</u>	<u>\$ 8,068,593</u>	<u>\$ 7,996,108</u>	<u>\$ 8,590,252</u>	<u>\$ 9,868,432</u>	<u>\$ 10,010,063</u>
\$ 219,074	\$ 236,953	\$ 214,713	\$ 397,023	\$ 265,706	\$ 260,442
814,509	800,772	1,127,801	1,133,967	938,409	880,102
154,000	154,000	154,000	438,493	661,046	620,005
-	-	-	-	-	-
<u>1,187,583</u>	<u>1,191,725</u>	<u>1,496,514</u>	<u>1,969,483</u>	<u>1,865,161</u>	<u>1,760,549</u>
2,709,775	2,859,499	2,730,542	2,708,075	2,720,856	2,940,857
<u>2,709,775</u>	<u>2,859,499</u>	<u>2,730,542</u>	<u>2,708,075</u>	<u>2,720,856</u>	<u>2,940,857</u>
<u>\$ 3,897,358</u>	<u>\$ 4,051,224</u>	<u>\$ 4,227,056</u>	<u>\$ 4,677,558</u>	<u>\$ 4,586,017</u>	<u>\$ 4,701,406</u>
\$ (4,153,478)	\$ (4,200,934)	\$ (3,840,602)	\$ (4,006,612)	\$ (5,154,993)	\$ (5,191,144)
267,536	183,565	71,550	93,918	(127,422)	(117,513)
<u>\$ (3,885,942)</u>	<u>\$ (4,017,369)</u>	<u>\$ (3,769,052)</u>	<u>\$ (3,912,694)</u>	<u>\$ (5,282,415)</u>	<u>\$ (5,308,657)</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,137,677	\$ 3,215,025	\$ 3,356,982	\$ 3,548,991
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Investment income	228,733	98,528	37,644	32,876
Other	179,787	151,217	141,288	132,543
Gain on sale of capital assets	-	-	7,220	-
Transfers	169,693	162,999	162,999	163,000
Total Governmental Activities	<u>5,150,750</u>	<u>4,876,504</u>	<u>4,810,080</u>	<u>5,119,975</u>
Business-type activities				
Other	-	-	-	-
Transfers	(169,693)	(162,999)	(162,999)	(163,000)
Total Business-Type Activities	<u>(169,693)</u>	<u>(162,999)</u>	<u>(162,999)</u>	<u>(163,000)</u>
Total Primary Government	<u>\$ 4,981,057</u>	<u>\$ 4,713,505</u>	<u>\$ 4,647,081</u>	<u>\$ 4,956,975</u>
Change in Net Position				
Governmental activities	\$ 3,704,359	\$ 1,072,137	\$ 704,686	\$ 1,177,980
Business-type activities	268,237	114,122	(392,317)	110,444
Total Change in Net Position	<u>\$ 3,972,596</u>	<u>\$ 1,186,259</u>	<u>\$ 312,369</u>	<u>\$ 1,288,424</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 3,685,289	\$ 3,812,544	\$ 3,904,606	\$ 4,245,518	\$ 4,402,210	\$ 4,693,922
934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
332,619	357,602	331,764	339,321	353,381	339,607
25,176	19,163	19,659	21,502	30,566	57,565
124,179	111,057	132,760	136,451	136,207	214,149
-	-	-	-	-	-
313,000	315,000	676,025	75,000	-	-
<u>5,415,053</u>	<u>5,697,718</u>	<u>6,171,198</u>	<u>6,009,148</u>	<u>6,119,656</u>	<u>6,567,890</u>
19,508	21,285	23,343	89	26,066	54,920
(313,000)	(315,000)	(676,025)	(75,000)	-	-
<u>(293,492)</u>	<u>(293,715)</u>	<u>(652,682)</u>	<u>(74,911)</u>	<u>26,066</u>	<u>54,920</u>
<u>\$ 5,121,561</u>	<u>\$ 5,404,003</u>	<u>\$ 5,518,516</u>	<u>\$ 5,934,237</u>	<u>\$ 6,145,722</u>	<u>\$ 6,622,810</u>
\$ 1,261,575	\$ 1,496,784	\$ 2,330,596	\$ 2,002,536	\$ 964,663	\$ 1,376,746
(25,956)	(110,150)	(581,132)	19,007	(101,356)	(62,593)
<u>\$ 1,235,619</u>	<u>\$ 1,386,634</u>	<u>\$ 1,749,464</u>	<u>\$ 2,021,543</u>	<u>\$ 863,307</u>	<u>\$ 1,314,153</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011*
General Fund				
Reserved	\$ 1,852,121	\$ 1,025,900	\$ 791,523	\$ -
Unreserved and designated	4,047,277	2,350,019	2,413,781	-
Unreserved and undesignated	1,165,165	2,249,809	3,485,628	-
Nonspendable	-	-	-	-
Committed	-	-	-	4,815,560
Restricted	-	-	-	720,777
Assigned	-	-	-	-
Unassigned	-	-	-	1,918,202
Total General Fund	<u>\$ 7,064,563</u>	<u>\$ 5,625,728</u>	<u>\$ 6,690,932</u>	<u>\$ 7,454,539</u>
All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Note: In fiscal year 2011, the City implemented GASB 54,
Fund Balance Reporting and Governmental Fund Type Definitions.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	385	870	870	870	1,203
3,817,458	-	-	-	-	-
75,118	121,848	122,257	121,659	124,264	128,097
-	359,267	359,267	359,267	359,267	359,267
2,191,707	3,550,699	4,004,162	4,926,770	5,619,702	3,447,225
<u>\$ 6,084,283</u>	<u>\$ 4,032,199</u>	<u>\$ 4,486,556</u>	<u>\$ 5,408,566</u>	<u>\$ 6,104,103</u>	<u>\$ 3,935,792</u>
\$ -	\$ -	\$ -	\$ 13,135,970	\$ 9,132,618	\$ 48,156
-	1,321,366	-	3,112,942	2,093,010	2,116,364
-	-	-	-	(882)	(18,659)
<u>\$ -</u>	<u>\$ 1,321,366</u>	<u>\$ -</u>	<u>\$ 16,248,912</u>	<u>\$ 11,224,746</u>	<u>\$ 2,145,861</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Property taxes	\$ 3,091,799	\$ 3,254,064	\$ 3,334,593	\$ 3,538,671
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Fines and forfeitures	666,844	664,542	609,344	602,246
Licenses and permits	268,530	161,928	219,210	210,123
Hilshire police contract	282,561	295,559	309,155	319,822
Investment income	228,733	98,528	37,644	32,876
Intergovernmental	2,106,655	158,942	165,080	154,000
Other	179,787	151,217	141,288	122,638
Total Revenues	8,259,769	6,033,515	5,920,261	6,222,941
Expenditures				
General government	1,385,617	1,923,284	1,297,268	1,145,736
Public safety	2,622,183	2,746,404	2,910,260	2,841,154
Public works	3,349,144	2,882,196	695,234	1,645,349
Capital outlay	-	-	-	-
Debt service				
Bond issuance costs	-	-	-	-
Principal	78,438	79,741	103,253	-
Interest	5,028	3,724	19,261	-
Total Expenditures	7,440,410	7,635,349	5,025,276	5,632,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	819,359	(1,601,834)	894,985	590,702
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Sale of capital assets	-	-	7,220	9,905
Transfers in	169,693	162,999	162,999	163,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	169,693	162,999	170,219	172,905
Net Change in Fund Balances	\$ 989,052	\$ (1,438,835)	\$ 1,065,204	\$ 763,607
Debt service as a percentage of noncapital expenditures	1.12%	1.09%	2.44%	-

Fiscal Year

	2012	2013	2014	2015	2016	2017
\$	3,715,316	\$ 3,792,043	\$ 3,936,160	\$ 4,159,264	\$ 4,508,707	\$ 4,690,696
	934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
	332,619	357,602	331,764	339,321	353,381	339,607
	506,233	470,225	772,834	752,084	540,494	460,809
	219,074	236,953	214,713	397,023	265,706	260,442
	308,276	330,547	354,967	381,883	397,915	419,293
	25,176	19,163	19,659	21,502	30,566	57,565
	154,000	154,000	154,000	438,493	661,046	620,005
	121,604	111,057	132,760	132,090	136,439	231,811
	<u>6,317,088</u>	<u>6,553,942</u>	<u>7,023,241</u>	<u>7,813,016</u>	<u>8,091,546</u>	<u>8,342,875</u>
	1,188,587	1,262,101	1,355,108	1,337,875	1,287,658	1,427,121
	2,786,166	2,886,525	3,002,128	3,201,065	3,397,221	3,405,232
	4,028,166	181,440	262,499	286,142	393,737	305,642
	-	3,269,594	439,623	2,114,494	6,288,546	11,414,618
	-	-	-	104,614	-	-
	-	-	-	-	400,000	510,000
	-	-	-	-	524,336	399,819
	<u>8,002,919</u>	<u>7,599,660</u>	<u>5,059,358</u>	<u>7,044,190</u>	<u>12,291,498</u>	<u>17,462,432</u>
	(1,685,831)	(1,045,718)	1,963,883	768,826	(4,199,952)	(9,119,557)
	-	-	-	13,475,000	-	-
	-	-	-	134,363	-	-
	2,575	-	84,352	5,310	4,320	751
	313,000	2,065,000	1,930,766	2,217,000	1,250,000	2,335,849
	-	(1,750,000)	(2,161,767)	(2,142,000)	(1,382,997)	(2,192,011)
	<u>315,575</u>	<u>315,000</u>	<u>(146,649)</u>	<u>13,689,673</u>	<u>(128,677)</u>	<u>144,589</u>
\$	<u>(1,370,256)</u>	<u>(730,718)</u>	<u>1,817,234</u>	<u>14,458,499</u>	<u>(4,328,629)</u>	<u>(8,974,968)</u>
	-	-	-	2.18%	15.01%	16.96%

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

	Fiscal Year			
	2008	2009	2010	2011
Residential	\$ 529,736,301	\$ 586,392,158	\$ 658,509,304	\$ 682,799,385
Vacant	17,212,065	18,270,408	22,296,426	18,988,324
Commercial and industrial	61,235,481	66,141,060	49,480,422	48,897,421
Utilities	15,672,560	13,597,987	12,735,134	12,368,450
Real properties	28,365,945	24,604,687	24,541,306	23,956,770
Governmental and charities	89,179,800	122,500,359	126,487,069	121,839,666
Total assessed value (1)	<u>741,402,152</u>	<u>831,506,659</u>	<u>894,049,661</u>	<u>908,850,016</u>
Less: Tax exempt property	<u>(193,715,335)</u>	<u>(236,039,917)</u>	<u>(252,438,683)</u>	<u>(255,559,740)</u>
Total Taxable Assessed Valuation	<u><u>\$ 547,686,817</u></u>	<u><u>\$ 595,466,742</u></u>	<u><u>\$ 641,610,978</u></u>	<u><u>\$ 653,290,276</u></u>
Taxable value as a percentage of assessed value	74%	72%	72%	72%
Total tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760

Source: Tax department of the Spring Branch ISD.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 727,362,843	\$ 749,621,556	\$ 816,582,662	\$ 938,839,232	\$ 1,057,666,553	\$ 1,147,232,344
16,467,688	16,340,891	16,982,310	23,119,734	22,897,005	20,219,114
48,724,472	50,298,328	54,623,908	71,949,422	69,321,629	104,087,202
11,291,453	10,776,364	10,542,288	4,250,555	10,289,952	11,484,003
22,184,491	23,043,294	23,360,586	8,625	25,945,101	23,553,054
114,230,914	114,503,217	117,469,367	138,803,675	147,694,988	151,935,233
940,261,861	964,583,650	1,039,561,121	1,176,971,243	1,333,815,228	1,458,510,950
(258,228,448)	(261,606,047)	(280,032,062)	(312,592,100)	(355,139,172)	(373,888,856)
<u>\$ 682,033,413</u>	<u>\$ 702,977,603</u>	<u>\$ 759,529,059</u>	<u>\$ 864,379,143</u>	<u>\$ 978,676,056</u>	<u>\$ 1,084,622,094</u>
73%	73%	73%	73%	73%	74%
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.450000	\$ 0.433500

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

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village:				
Operating tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760
Debt service tax rate	-	-	-	-
Total Direct Rates	<u>\$ 0.565000</u>	<u>\$ 0.548659</u>	<u>\$ 0.539760</u>	<u>\$ 0.539760</u>
Spring Branch Independent School District	\$ 1.285000	\$ 1.382500	\$ 1.394500	\$ 1.394500
Harris County	0.392390	0.389230	0.388050	0.391170
Harris County Flood Control	0.031060	0.030860	0.029230	0.028090
Port of Houston Authority	0.014370	0.017730	0.020540	0.018560
Harris County Hospital District	0.192160	0.192160	0.192160	0.192160
Harris County Education Department	0.005850	0.005840	0.006580	0.006580
Total Overlapping Rates	<u>\$ 1.920830</u>	<u>\$ 2.018320</u>	<u>\$ 2.031060</u>	<u>\$ 2.031060</u>
Total Direct and Overlapping Rates	<u>\$ 2.485830</u>	<u>\$ 2.566979</u>	<u>\$ 2.570820</u>	<u>\$ 2.570820</u>

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

Source: Tax department records of the various governments.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.356160	\$ 0.350711
-	-	-	-	0.093840	0.082789
<u>\$ 0.539760</u>	<u>\$ 0.539760</u>	<u>\$ 0.512843</u>	<u>\$ 0.487843</u>	<u>\$ 0.450000</u>	<u>\$ 0.433500</u>
\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500
0.400210	0.414550	0.414550	0.417310	0.419230	0.416560
0.028090	0.028270	0.028270	0.027360	0.027330	0.028290
0.019520	0.017160	0.017160	0.015310	0.013420	0.013340
0.182160	0.170000	0.170000	0.170000	0.170000	0.171790
0.006620	0.006360	0.006358	0.005999	0.005422	0.005200
<u>\$ 2.031100</u>	<u>\$ 2.030840</u>	<u>\$ 2.030838</u>	<u>\$ 2.030479</u>	<u>\$ 2.029902</u>	<u>\$ 2.029680</u>
<u>\$ 2.570860</u>	<u>\$ 2.570600</u>	<u>\$ 2.543681</u>	<u>\$ 2.518322</u>	<u>\$ 2.479902</u>	<u>\$ 2.463180</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Ten Voss Ltd	\$ 21,651,944	1	2.21%	\$ 34,701,203	1	7.16%
Campbell Project Partners LLC	21,074,820	2	2.15%	-	-	-
HD Development Properties	19,781,840	3	2.02%	14,293,339	2	2.95%
Spring Valley One Center Ltd	16,971,347	4	1.73%	-	-	-
SV Physician Properties I LP	14,178,000	5	1.45%	-	-	-
Memorial Design Center Ltd	10,496,597	6	1.07%	-	-	-
Southwestern Bell	9,012,191	7	0.92%	13,630,076	3	2.81%
Managed Rehabilitation Inc	7,677,757	8	0.78%	3,225,165	8	0.67%
Wellington Fidelis Campbell I LP	6,667,560	9	0.68%	-	-	-
Spring Valley Shopping Center II Ltd	5,056,250	10	0.52%	-	-	-
Memorial MRI & Diagnostic	-	-	-	3,293,691	7	0.68%
Kish Komie LP	-	-	-	2,150,350	9	0.44%
Schlumberger Inc	-	-	-	1,866,868	10	0.39%
Campbell I10 Ltd	-	-	-	5,687,825	5	1.17%
Stiffel-Schwab Builders LLC	-	-	-	6,871,097	4	1.42%
Wilson Investments	-	-	-	5,240,000	6	1.08%
Subtotal	132,568,306		13.55%	90,959,614		18.77%
Other Taxpayers	846,107,750		86.45%	393,545,775		81.23%
Total ⁽¹⁾	\$ 978,676,056		100.00%	\$ 484,505,389		100.00%

Source: Tax department of the Spring Branch ISD.

(1) Net of exemptions and abatements

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collected	Total Collections to Date	
				Amount Collected	Percentage of Levy	Amount Collected	Amount Collected	Percentage of Levy
2008	2007	\$ 0.565000	\$ 3,114,260	\$ 3,053,499	98.05%	\$ 60,320	\$ 3,113,819	99.99%
2009	2008	\$ 0.548659	\$ 3,257,243	\$ 3,237,636	99.40%	\$ 18,102	\$ 3,255,738	99.95%
2010	2009	\$ 0.539760	\$ 3,464,268	\$ 3,433,357	99.11%	\$ 28,535	\$ 3,461,892	99.93%
2011	2010	\$ 0.539760	\$ 3,525,346	\$ 3,499,080	99.25%	\$ 24,494	\$ 3,523,574	99.95%
2012	2011	\$ 0.539760	\$ 3,681,702	\$ 3,663,573	99.51%	\$ 16,013	\$ 3,679,586	99.94%
2013	2012	\$ 0.539760	\$ 3,795,231	\$ 3,770,251	99.34%	\$ 22,718	\$ 3,792,969	99.94%
2014	2013	\$ 0.512843	\$ 3,893,084	\$ 3,881,284	99.70%	\$ 7,747	\$ 3,889,031	99.90%
2015	2014	\$ 0.487843	\$ 4,212,362	\$ 4,100,837	97.35%	\$ 24,979	\$ 4,125,816	97.95%
2016	2015	\$ 0.450000	\$ 4,509,649	\$ 4,392,632	97.41%	\$ 91,129	\$ 4,483,761	99.43%
2017	2016	\$ 0.433500	\$ 4,688,384	\$ 4,687,314	99.69%	\$ (28,559)	\$ 4,658,755	99.08%

Source: Tax department of the Spring Branch ISD.

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Capital leases	82,994	28,253	-	-
Subtotal	<u>82,994</u>	<u>28,253</u>	<u>-</u>	<u>-</u>
Business-Type Activities:				
Revenue bonds	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Government-Wide:				
Revenue bonds	-	-	-	-
General obligation bonds	-	-	-	-
Capital leases	82,994	28,253	-	-
Total Government-Wide	<u>\$ 82,994</u>	<u>\$ 28,253</u>	<u>\$ -</u>	<u>\$ -</u>
Estimated Full Property Value	\$ 741,402,152	\$ 831,506,659	\$ 894,049,661	\$ 908,850,016
Percentage of Full Property Value:				
Government-wide	0.01%	0.00%	-	-
Population	3,700	3,710	3,715	3,843
Debt Per Capita:				
Governmental activities	\$ 22	\$ 8	\$ -	\$ -
Government-wide	\$ 22	\$ 8	\$ -	\$ -

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
-	-	-	13,602,965	13,196,567	12,680,169
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 16,437,965</u>	<u>\$ 15,861,567</u>	<u>\$ 15,170,169</u>
\$ 940,261,861	\$ 964,583,650	\$ 1,039,561,121	\$ 1,176,971,243	\$ 1,333,815,228	\$ 1,458,510,950
-	-	0.29%	1.40%	1.19%	1.04%
3,941	3,852	4,013	4,135	4,191	4,328
\$ -	\$ -	\$ -	\$ 3,259	\$ 3,215	\$ 3,215
\$ -	\$ -	\$ 748	\$ 3,944	\$ 3,892	\$ 3,892

CITY OF SPRING VALLEY VILLAGE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Estimated Actual Taxable Value of Property	<u>\$ 547,686,817</u>	<u>\$ 595,466,742</u>	<u>\$ 641,610,978</u>	<u>\$ 653,209,276</u>
Net Bonded Debt				
Gross bonded debt	\$ -	\$ -	\$ -	\$ -
Less: amounts available in debt service fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of Estimated Actual Taxable Value of Property	-	-	-	-
Population	3,700	3,710	3,715	3,843
Per Capita	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year					
2011	2012	2014	2015	2016	2017
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	1.57%	1.35%	1.17%
3,941	3,852	4,013	4,135	4,191	4,191
\$ -	\$ -	\$ -	\$ -	\$ 3,149	\$ 3,026

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CITY OF SPRING VALLEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2017

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Spring Branch Independent School District	\$ 617,990,000	3.820%	\$ 23,607,218
Harris County	\$ 2,295,044,505	0.280%	6,426,125
Harris County Flood Control District	\$ 83,075,000	0.280%	232,610
Harris Co Hosp District	\$ 61,595,000	0.280%	175,882
Harris County Department of Education	\$ 6,780,000	0.280%	18,984
Port of Houston Authority	\$ 657,994,397	0.280%	1,842,384
Subtotal, overlapping debt			32,303,203
City Direct Debt	\$ 12,565,000	100.00%	12,565,000
Total Direct and Overlapping Debt			\$ 44,868,203

Source: Municipal Advisory Council of Texas

CITY OF SPRING VALLEY VILLAGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Debt limit ⁽¹⁾	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-
Legal Debt Margin Calculation				
Assessed value	\$ 547,686,817	\$ 831,506,659	\$ 641,610,978	\$ 653,290,276
Debt limit (10% of assessed value)	54,768,682	83,150,666	64,161,098	65,329,028
Debt applicable to limit:				
Gross bonded debt	-	-	-	-
Less: amount set aside for repayment of general obligation debt	-	-	-	-
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 68,203,341	\$ 70,297,760	\$ 75,952,906	\$ 86,437,914	\$ 97,867,606	\$ 108,462,209
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>
-	-	-	15.58%	13.48%	11.69%
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
68,203,341	70,297,760	75,952,906	86,437,914	97,867,606	108,462,209
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	(4,749)	-	-
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Years*

	Fiscal Year			
	2014	2015	2016	2017
Gross Revenues (1)	\$ 2,753,885	\$ 2,708,164	\$ 2,746,922	\$ 2,995,777
Operating Expenses (2)	2,146,586	2,059,433	2,297,918	2,464,746
Net Revenues Available for Debt Service	<u>\$ 607,299</u>	<u>\$ 648,731</u>	<u>\$ 449,004</u>	<u>\$ 531,031</u>
Debt Service Requirements (3)				
Principal	\$ 165,000	\$ 170,000	\$ 175,000	\$ 180,000
Interest	78,000	74,561	70,090	65,487
Total	<u>\$ 243,900</u>	<u>\$ 244,561</u>	<u>\$ 245,090</u>	<u>\$ 245,487</u>
Coverage	2.49	2.65	1.83	2.16

(1) Gross revenues as defined in the revenue bond ordinances include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses as defined in the revenue bond ordinances do not include amortization, bond interest, and fiscal charges.

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

*The City did not have revenue bonds prior to fiscal year 2014.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept. 30	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Public School Enrollment ⁽²⁾	Unemployment Rate ⁽¹⁾	Education Level in Years of Formal Schooling ⁽¹⁾
2008	3,700	N/A	N/A	N/A	905	N/A	N/A
2009	3,710	N/A	N/A	N/A	813	N/A	N/A
2010	3,715	N/A	N/A	N/A	773	N/A	N/A
2011	3,843	N/A	N/A	N/A	812	N/A	N/A
2012	3,941	N/A	N/A	N/A	839	N/A	N/A
2013	3,852	N/A	N/A	N/A	732	N/A	N/A
2014	4,013	\$ 266,584	\$ 66,430	44.0	905	4.7%	78%
2015	4,142	\$ 266,584	\$ 68,839	43.0	910	4.7%	79%
2016	4,191	\$ 201,496	\$ 75,372	42.0	280	1.2%	78%
2017	4,328	\$ 242,866	\$ 88,899	42.0	905	1.2%	78%

Data sources:

(1) Colliers International Estimate

(2) Spring Branch ISD

Information not presented is not available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Two Years Ago

Employer	2017			2015		
	Employees	Employment ⁽¹⁾	Rank	Employees	Employment ⁽¹⁾	Rank
Spring Branch ISD	258	35.34%	1	126	23.16%	2
Home Depot	157	21.51%	2	153	28.13%	1
East West Bank	62	8.49%	3	n/a	n/a	n/a
DTK	44	6.03%	4	75	13.79%	3
Spring Branch Presbyterian Church	39	5.34%	5	40	7.35%	4
Stoller Group	38	5.21%	6	n/a	n/a	n/a
Starbucks Corporation	36	4.93%	7	35	6.43%	5
SSI	34	4.66%	8	25	4.60%	8
Houston Plastic & Craniofacial Surgeons	35	4.79%	9	n/a	n/a	n/a
Specs	27	3.70%	10	26	4.78%	7
Pueblo Viejo	n/a	n/a	n/a	35	6.43%	6
Premier Technology Group	n/a	n/a	n/a	15	2.76%	9
Hunan Chef	n/a	n/a	n/a	14	2.57%	10
	<u>730</u>	<u>100.00%</u>		<u>544</u>	<u>100.00%</u>	

Source: Human Resource Department of each company

Note: The requirement is for the current year and nine years ago;
however, only the current year and two years ago information is available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Governmental Activities:</u>										
General government	8	8	8	8	8	8	8	8	8	8
Public safety	21	21	21	21	21	23	23	24	24	24
Public works	2	2	2	2	2	3	3	3	3	3
<u>Business-Type Activities:</u>										
Water, sewer, and solid waste	4	4	4	4	4	4	4	4	4	4
Total City Positions	35	35	35	35	35	38	38	39	39	39

Source: City Finance Department

CITY OF SPRING VALLEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village				
Budgeted full-time employees	35	35	35	35
Function				
Police				
Arrests	595	708	540	402
Accident reports	230	148	124	125
Citations	4,374	4,162	5,655	5,760
Offense reports	1,286	1,222	1,082	918
Calls for service	12,676	15,227	15,922	21,838
Municipal court				
Traffic violations	7,397	6,566	8,093	5,714
Non-traffic violations	249	175	225	470
Community Development				
Residential building permits issued	47	21	36	32
Residential building permits-value	\$ 18,247,972	\$ 7,726,877	\$ 13,518,000	\$ 13,813,000
Commercial building permits issued	5	3	11	11
Commercial building permits-value	\$ 736,550	\$ 127,000	\$ 1,061,000	\$ 496,084
Water				
Average daily gallons pumped-combined water (millions of gallons)	0.65	0.71	0.74	0.95
Average daily gallons pumped-surface water (millions of gallons)	-	0.01	0.16	0.02
Average daily gallons pumped-well water (millions of gallons)	0.65	0.70	0.58	0.93
Number of connections	1,442	1,439	2,041	2,059

Source: Various City departments

Fiscal Year						
2012	2013	2014	2015	2016	2017	
35	38	39	39	39	39	39
293	508	719	697	460	300	
134	155	160	165	157	208	
4,137	5,190	8,043	8,061	4,417	5,487	
988	1,183	1,530	1,094	962	913	
22,587	19,560	36,254	59,646	33,351	29,068	
3,725	9,585	12,352	8,519	5,147	6,442	
484	302	1,472	1,442	528	963	
23	38	19	29	37	37	
\$ 10,681,000	\$ 17,061,800	\$ 9,353,990	\$ 16,780,178	\$ 21,569,270	\$ 17,376,892	
12	15	9	12	30	2	
\$ 742,000	\$ 1,090,500	\$ 1,343,000	\$ 47,985,000	\$ 58,788,170	\$ 125,000	
0.78	0.79	0.71	0.68	0.72	0.72	
-	0.05	-	0.05	0.40	0.44	
0.78	0.75	0.71	0.68	0.32	0.60	
2,045	2,130	2,135	2,137	2,227	2,138	

CITY OF SPRING VALLEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function	Fical Year			
	2008	2009	2010	2011
General government				
Municipal buildings	1	1	1	1
Public safety				
Police protection				
Stations	1	1	1	1
Public works				
Streets (lane miles)	-	-	-	-
Community services				
Parks	-	-	-	-
Pavilions	-	-	-	-
Park acreage developed	-	-	-	-
Water				
Water wells	1	1	1	1
Ground/elevated storage tanks	-	-	-	-
Water mains (miles)	-	-	-	-
Fire hydrants	153	153	157	157
Wastewater				
Sanitary sewers (miles)	-	-	-	-
Sewer manholes	-	-	-	-

Source: Various City departments

Fical Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
-	-	20.01	20.01	20.01	20.01	20.01
-	-	1	1	1	1	1
-	-	1	1	1	1	1
-	-	2.62	2.62	2.62	2.62	2.62
1	1	1	1	1	1	1
-	-	3	3	3	3	3
-	-	26	26	26	26	26
157	157	157	157	206	206	206
-	-	16	16	16	16	16
-	-	389	389	389	389	389

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CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

10 -GENERAL FUND
 FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY						
OTHER TAXES	1,574,100	137,053.29	641,775.45	0.00	932,324.55	40.77
PROPERTY TAXES	4,163,351	59,993.29	4,114,300.22	0.00	49,050.78	98.82
FEES & CHARGES	200,150	26,088.00	105,784.00	0.00	94,366.00	52.85
MUNICIPAL COURT	420,000	64,179.71	333,755.34	0.00	86,244.66	79.47
MISC REVENUE	108,600	12,728.93	94,874.34	0.00	13,725.66	87.36
OTHER AGENCIES	1,071,264	163,774.35	579,483.49	0.00	491,780.51	54.09
TOTAL REVENUE	7,537,465	463,817.57	5,869,972.84	0.00	1,667,492.16	77.88
EXPENSE SUMMARY						
COUNCIL	8,520	142.19	302.19	0.00	8,217.81	3.55
ADMINISTRATION	2,711,654	127,489.91	577,865.98	5,626.94	2,128,161.08	21.52
FIRE DEPARTMENT	913,336	76,374.58	453,632.67	0.00	459,703.33	49.67
MUNICIPAL COURT	271,729	19,808.96	128,535.54	0.00	143,193.46	47.30
PARK	69,557	6,225.86	41,356.21	0.00	28,200.79	59.46
POLICE DEPARTMENT	3,044,371	338,390.45	1,426,619.85	19,827.00	1,597,924.15	47.51
STREET	359,046	20,580.27	85,915.03	2,420.00	270,710.97	24.60
TOTAL EXPENSES	7,378,213	589,012.22	2,714,227.47	27,873.94	4,636,111.59	37.16
REVENUE OVER/(UNDER) EXPENSES	159,252 (	125,194.65)	3,155,745.37 (	27,873.94) (	2,968,619.43)	1,964.10
BEGINNING FUND BALANCE	3,498,913		3,498,913.45			
PROJECTED ENDING FUND BALANCE	3,658,165		6,654,658.82			

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
OTHER TAXES						
10-01-5010 SALES TAX	1,239,100	103,630.94	502,973.52	0.00	736,126.48	40.59
10-01-5012 FRANCHISE FEES-ELECTRIC	185,000	32,118.50	96,355.50	0.00	88,644.50	52.08
10-01-5013 FRANCHISE FEES-GAS	32,000	0.00	9,667.88	0.00	22,332.12	30.21
10-01-5014 FRANCHISE FEES-TELEPHONE	80,000	0.00	15,844.29	0.00	64,155.71	19.81
10-01-5015 FRANCHISE FEES-CABLE TV	34,000	0.00	13,744.01	0.00	20,255.99	40.42
10-01-5016 FRANCHISE TAX-MIXED BEVERAGE	4,000	0.00	1,886.40	0.00	2,113.60	47.16
10-01-5017 FRANCHISE TAX- SOLID WASTE	0	1,303.85	1,303.85	0.00 (	1,303.85)	0.00
TOTAL OTHER TAXES	1,574,100	137,053.29	641,775.45	0.00	932,324.55	40.77
PROPERTY TAXES						
10-01-5100 AD VALOREM-CURRENT YEAR	4,138,351	55,387.98	4,109,280.20	0.00	29,070.80	99.30
10-01-5102 AD VALOREM-PRIOR YEARS	15,000	977.38 (	3,201.51)	0.00	18,201.51	21.34-
10-01-5103 AD VALOREM-PENALTY & INTERES	10,000	3,627.93	8,221.53	0.00	1,778.47	82.22
TOTAL PROPERTY TAXES	4,163,351	59,993.29	4,114,300.22	0.00	49,050.78	98.82
FEES & CHARGES						
10-01-5201 OTHER INCOME-BLDG PERMITS/IN	200,000	26,078.00	105,699.00	0.00	94,301.00	52.85
10-01-5202 OTHER INCOME-PERMITS	150	10.00	85.00	0.00	65.00	56.67
TOTAL FEES & CHARGES	200,150	26,088.00	105,784.00	0.00	94,366.00	52.85
MUNICIPAL COURT						
10-01-5310 MUNICIPAL COURT-COURT FINES	350,000	51,334.68	267,905.01	0.00	82,094.99	76.54
10-01-5311 MUNICIPAL COURT-WARRANT FEES	40,000	3,891.92	19,244.25	0.00	20,755.75	48.11
10-01-5312 MUNICIPAL COURT-ARREST FEES	15,000	2,024.58	10,319.36	0.00	4,680.64	68.80
10-01-5313 MUNICIPAL COURT-ADMINISTRATI	4,000	1,251.64	7,105.12	0.00 (	3,105.12)	177.63
10-01-5314 MUNICIPAL COURT-OFFICER FEES	400	0.00	347.09	0.00	52.91	86.77
10-01-5316 MUNICIPAL COURT-JUDICIAL FEE	0	240.77	1,230.48	0.00 (	1,230.48)	0.00
10-01-5317 MUNICIPAL COURT-TRAFFIC FEES	4,500	1,008.63	5,041.99	0.00 (	541.99)	112.04
10-01-5318 MUNICIPAL COURT-CHILD SAFETY	0	712.70	2,508.95	0.00 (	2,508.95)	0.00
10-01-5319 MUNICIPAL COURT-TIME PAYMENT	4,500	500.46	2,959.58	0.00	1,540.42	65.77
10-01-5320 MUNICIPAL COURT-TIME PAYMENT	0	125.17	740.01	0.00 (	740.01)	0.00
10-01-5322 MUNICIPAL COURT-SECURITY FEE	0	1,284.31	6,645.86	0.00 (	6,645.86)	0.00
10-01-5323 MUNICIPAL COURT-TECHNOLOGY F	0	1,681.06	8,929.80	0.00 (	8,929.80)	0.00
10-01-5324 MUNICIPAL COURT-OMNI FEE	1,600	123.79	777.84	0.00	822.16	48.62
TOTAL MUNICIPAL COURT	420,000	64,179.71	333,755.34	0.00	86,244.66	79.47
MISC REVENUE						
10-01-5401 CHILD SAFETY REVENUE	4,600	374.51	2,262.58	0.00	2,337.42	49.19
10-01-5405 MISCELLANEOUS CONTRIBUTIONS	0	0.00	850.00	0.00 (	850.00)	0.00
10-01-5406 INTEREST INCOME	20,000	9,187.49	35,031.16	0.00 (	15,031.16)	175.16
10-01-5408 OTHER INCOME-MISCELLANEOUS	70,000	1,055.71	41,750.91	0.00	28,249.09	59.64
10-01-5413 CREDIT CARD FEES	14,000	2,111.22	10,918.84	0.00	3,081.16	77.99
10-01-5414 SALE OF CAPITAL ASSETS	0	0.00	4,060.85	0.00 (	4,060.85)	0.00
TOTAL MISC REVENUE	108,600	12,728.93	94,874.34	0.00	13,725.66	87.36

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
INTER-FUND TRANSFER						
OTHER FINANCE						
OTHER AGENCIES						
10-01-5900 METRO-REVENUE ALLOCATION	623,500	126,460.68	355,601.47	0.00	267,898.53	57.03
10-01-5901 HILSHIRE VILLAGE POLICE CONT	447,764	37,313.67	223,882.02	0.00	223,881.98	50.00
TOTAL OTHER AGENCIES	1,071,264	163,774.35	579,483.49	0.00	491,780.51	54.09
TOTAL REVENUE	7,537,465	463,817.57	5,869,972.84	0.00	1,667,492.16	77.88

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
COUNCIL						
=====						
SUPPLIES						
10-05-4526 MAYOR & COUNCIL - GENERAL EX	3,520	142.19	302.19	0.00	3,217.81	8.58
TOTAL SUPPLIES	3,520	142.19	302.19	0.00	3,217.81	8.58
SERVICES						
10-05-5027 MAYOR & COUNCIL - CONF & TRA	1,100	0.00	0.00	0.00	1,100.00	0.00
TOTAL SERVICES	1,100	0.00	0.00	0.00	1,100.00	0.00
EXP CATG 56-59						
10-05-5610 MAYOR & COUNCIL - ALLOWANCE	3,900	0.00	0.00	0.00	3,900.00	0.00
TOTAL EXP CATG 56-59	3,900	0.00	0.00	0.00	3,900.00	0.00
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TOTAL COUNCIL	8,520	142.19	302.19	0.00	8,217.81	3.55
ADMINISTRATION						
=====						
SALARY AND BENEFITS						
10-10-4010 SALARIES EXEMPT REGULAR	313,935	34,830.09	150,930.39	0.00	163,004.61	48.08
10-10-4011 SALARIES NON EXEMPT REGULAR	68,857	7,465.17	32,533.40	0.00	36,323.60	47.25
10-10-4014 LONGEVITY	960	71.20	407.20	0.00	552.80	42.42
10-10-4015 CERTIFICATION PAY	8,280	495.00	2,970.00	0.00	5,310.00	35.87
10-10-4016 457-PLAN	8,398	0.00	0.00	0.00	8,398.00	0.00
10-10-4020 MGR CAR ALLOWANCE	3,000	250.00	1,500.00	0.00	1,500.00	50.00
10-10-4021 MGR PHONE ALLOWANCE	1,800	150.00	900.00	0.00	900.00	50.00
10-10-4030 SALARIES OVERTIME	1,500	0.00	0.00	0.00	1,500.00	0.00
10-10-4100 EMPLOYEE BEN-HEALTH INSURANC	61,885	4,314.42	25,517.38	0.00	36,367.62	41.23
10-10-4110 EMPLOYEE BEN-T.M.R.S.	36,034	3,175.38	14,240.71	0.00	21,793.29	39.52
10-10-4120 EMPLOYEE BEN-FICA/MEDICADE T	5,869	622.51	2,714.76	0.00	3,154.24	46.26
10-10-4130 EMPLOYEE BEN-WORKERS COMP	1,297	0.00	1,207.25	0.00	89.75	93.08
10-10-4140 EMPLOYEE BEN-UNEMPLOYMENT IN	1,354	0.00	9.00	0.00	1,345.00	0.66
TOTAL SALARY AND BENEFITS	513,169	51,373.77	232,930.09	0.00	280,238.91	45.39
SUPPLIES						
10-10-4505 AUTO EXPENSES-GASOLINE	800	43.87	170.01	0.00	629.99	21.25
10-10-4520 DUES & SUBSCRIPTIONS	9,000	102.00	5,225.95	0.00	3,774.05	58.07
10-10-4521 PRINTING COSTS	7,000	1,122.55	3,503.86	0.00	3,496.14	50.06
10-10-4525 OFFICE SUPPLIES	8,500	176.44	1,373.14	0.00	7,126.86	16.15
10-10-4526 GENERAL EXPENSES	15,000	317.27	11,087.82	0.00	3,912.18	73.92
10-10-4527 POSTAGE	7,000 (	0.47)	84.89	0.00	6,915.11	1.21
10-10-4528 TOOLS, EQUIPMENT	800	0.00	73.55	0.00	726.45	9.19
TOTAL SUPPLIES	48,100	1,761.66	21,519.22	0.00	26,580.78	44.74

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
MAINTENANCE						
10-10-4600 AUTO EXPENSES-MAINTENCE & RE	1,500	41.75	681.57	0.00	818.43	45.44
10-10-4601 MACHINERY & EQUIP - MAINTENA	5,000	334.00	2,980.49	0.00	2,019.51	59.61
10-10-4602 CITY HALL BUILDING MAINTENAN	10,000	457.45	1,840.45	0.00	8,159.55	18.40
10-10-4603 CITY HALL JANITORIAL & CLEAN	21,990	1,619.40	10,060.90	0.00	11,929.10	45.75
10-10-4604 COMPUTER COST-HARDWARE	2,500	1,100.00	1,100.00	26.94	1,373.06	45.08
10-10-4605 COMPUTER COST-SOFTWARE	22,125	610.69	8,141.90	0.00	13,983.10	36.80
10-10-4606 OFFICE EQUIP	3,000	0.00	703.80	0.00	2,296.20	23.46
TOTAL MAINTENANCE	66,115	4,163.29	25,509.11	26.94	40,578.95	38.62
SERVICES						
10-10-5027 TRAVEL & TUITION	12,000	417.72	2,763.36	0.00	9,236.64	23.03
10-10-5031 EMPLOYEE MEDICAL TESTING & T	200	0.00	0.00	0.00	200.00	0.00
10-10-5032 RECRUITING BONUS	1,000	0.00	0.00	0.00	1,000.00	0.00
TOTAL SERVICES	13,200	417.72	2,763.36	0.00	10,436.64	20.93
PROFESSIONAL SERVICES						
10-10-5500 CONTRACT LABOR	15,000	0.00	2,860.00	0.00	12,140.00	19.07
10-10-5502 PROFESSIONAL FEES-AUDIT	11,500	0.00	3,898.00	0.00	7,602.00	33.90
10-10-5503 PROFESSIONAL FEES-LEGAL	73,600	12,963.20	27,723.20	0.00	45,876.80	37.67
10-10-5504 TAX ASSESSING & COLLECTING	44,200	0.00	19,130.00	0.00	25,070.00	43.28
10-10-5506 PROFESSIONAL FEES-ENGINEERIN	20,000	14,403.66	20,439.60	0.00 (	439.60)	102.20
10-10-5507 PROFESS. FEES - MISC	35,000	0.00	0.00	5,600.00	29,400.00	16.00
10-10-5509 PROFESSIONAL FEES-CONSULTANT	20,800	40.00	13,812.18	0.00	6,987.82	66.40
TOTAL PROFESSIONAL SERVICES	220,100	27,406.86	87,862.98	5,600.00	126,637.02	42.46
EXP CATG 56-59						
10-10-5600 COMPUTER SERVICE & MAINTENAN	49,020	0.00	22,434.00	0.00	26,586.00	45.76
10-10-5625 UTILITIES-STREET & TRAFFIC L	122,760	9,560.13	50,866.79	0.00	71,893.21	41.44
10-10-5627 UTILITIES CITY HALL-ELECTRIC/	33,000	1,644.30	14,433.52	0.00	18,566.48	43.74
10-10-5630 UTILITIES-COMMUNICATIONS	24,900	876.20	6,263.51	0.00	18,636.49	25.15
TOTAL EXP CATG 56-59	229,680	12,080.63	93,997.82	0.00	135,682.18	40.93
OTHER SERVICES						
10-10-6000 INSURANCE-LIABILITY	26,620	0.00	22,064.90	0.00	4,555.10	82.89
10-10-6001 INSURANCE-PROPERTY	18,150	0.00	30,535.64	0.00 (	12,385.64)	168.24
10-10-6002 INSURANCE-SURETY BONDS	1,050	0.00	0.00	0.00	1,050.00	0.00
10-10-6003 INSURANCE-VEHICLE	25,590	0.00	27,047.00	0.00 (	1,457.00)	105.69
10-10-6010 COMMUNITY CONTRIBUTIONS	5,000	0.00	0.00	0.00	5,000.00	0.00
10-10-6011 LEGAL NOTICES	8,500	1,646.92	3,429.76	0.00	5,070.24	40.35
10-10-6018 ELECTION EXPENSE	11,000	0.00	1,567.04	0.00	9,432.96	14.25
10-10-6228 ECONOMIC INCENTIVE PAYMENTS	82,200	28,639.06	28,639.06	0.00	53,560.94	34.84
TOTAL OTHER SERVICES	178,110	30,285.98	113,283.40	0.00	64,826.60	63.60
DEBT SERVICES						
CAPITAL OUTLAY						

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
INFRASTRUCTURE						
INTERFUND-ACTIVITY						
10-10-9000 TRANSFERS TO CIP	1,436,125	0.00	0.00	0.00	1,436,125.00	0.00
10-10-9100 G&A-RESERVE FOR CAPITAL	7,055	0.00	0.00	0.00	7,055.00	0.00
TOTAL INTERFUND-ACTIVITY	1,443,180	0.00	0.00	0.00	1,443,180.00	0.00
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TOTAL ADMINISTRATION	2,711,654	127,489.91	577,865.98	5,626.94	2,128,161.08	21.52
DEPT 15						
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DEBT SERVICES						
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FIRE DEPARTMENT						
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EXP CATG 56-59						
10-20-5628 FIRE DEPARTMENT CONTRIBUTION	911,855	76,374.58	453,632.67	0.00	458,222.33	49.75
TOTAL EXP CATG 56-59	911,855	76,374.58	453,632.67	0.00	458,222.33	49.75
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CAPITAL OUTLAY						
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INFRASTRUCTURE						
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INTERFUND-ACTIVITY						
10-20-9100 FIRE DEPARTMENT - RESERVE FO	1,481	0.00	0.00	0.00	1,481.00	0.00
TOTAL INTERFUND-ACTIVITY	1,481	0.00	0.00	0.00	1,481.00	0.00
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TOTAL FIRE DEPARTMENT	913,336	76,374.58	453,632.67	0.00	459,703.33	49.67
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MUNICIPAL COURT						
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SALARY AND BENEFITS						
10-30-4011 SALARIES NON EXEMPT REGULAR	95,514	10,596.00	45,916.02	0.00	49,597.98	48.07
10-30-4014 LONGEVITY	1,008	76.00	456.00	0.00	552.00	45.24
10-30-4015 CERTIFICATION PAY	1,890	157.50	945.00	0.00	945.00	50.00
10-30-4016 457-PLAN	1,911	0.00	0.00	0.00	1,911.00	0.00
10-30-4021 MGR PHONE ALLOWANCE	600	0.00	0.00	0.00	600.00	0.00
10-30-4030 SALARIES OVERTIME	1,700	0.00	85.64	0.00	1,614.36	5.04
10-30-4100 EMPLOYEE BEN-HEALTH INSURANC	21,235	1,625.20	9,570.24	0.00	11,664.76	45.07
10-30-4110 EMPLOYEE BEN-T.M.R.S.	7,591	794.89	3,567.32	0.00	4,023.68	46.99
10-30-4120 EMPLOYEE BEN-FICA/MEDICARE T	1,678	154.61	672.85	0.00	1,005.15	40.10
10-30-4130 EMPLOYEE BEN-WORKERS COMP	342	0.00	322.93	0.00	19.07	94.42
10-30-4140 EMPLOYEE BEN-UNEMPLOYMENT IN	810	0.00	0.00	0.00	810.00	0.00
TOTAL SALARY AND BENEFITS	134,279	13,404.20	61,536.00	0.00	72,743.00	45.83

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
SUPPLIES						
10-30-4506 GENERAL EXPENSE ALLOWANCE	1,800	150.00	450.00	0.00	1,350.00	25.00
10-30-4520 DUES & SUBSCRIPTIONS	300	0.00	40.00	0.00	260.00	13.33
10-30-4521 PRINTING COSTS	500	0.00	256.12	0.00	243.88	51.22
10-30-4525 OFFICE SUPPLIES	750	0.00	120.54	0.00	629.46	16.07
10-30-4526 GENERAL EXPENSE	500	0.00	529.95	0.00 (	29.95)	105.99
TOTAL SUPPLIES	3,850	150.00	1,396.61	0.00	2,453.39	36.28
MAINTENANCE						
10-30-4606 OFFICE EQUIP. MAINT. & REPAI	200	0.00	0.00	0.00	200.00	0.00
TOTAL MAINTENANCE	200	0.00	0.00	0.00	200.00	0.00
SERVICES						
10-30-5002 PRISONER HOUSING	5,000	0.00	0.00	0.00	5,000.00	0.00
10-30-5027 MUNICIPAL COURT-TRAINING	3,500 (	150.00)	813.00	0.00	2,687.00	23.23
10-30-5031 EMPLOYEE MEDICAL TESTING & T	200	0.00	0.00	0.00	200.00	0.00
TOTAL SERVICES	8,700 (	150.00)	813.00	0.00	7,887.00	9.34
PROFESSIONAL SERVICES						
EXP CATG 56-59						
10-30-5600 COMPUTER SERVICE & REPAIRS	21,200	0.00	13,356.00	0.00	7,844.00	63.00
10-30-5610 MUNICIPAL COURT FEES-JUDGE	33,300	2,000.00	11,700.00	0.00	21,600.00	35.14
10-30-5611 MUNICIPAL COURT FEES-PROSECU	31,200	2,275.00	13,000.00	0.00	18,200.00	41.67
10-30-5614 MUNICIPAL COURT FEES-WARRANT	1,500	98.54	484.09	0.00	1,015.91	32.27
10-30-5615 MUNICIPAL COURT-SECURITY FEE	0 (	50.00)	713.92	0.00 (	713.92)	0.00
10-30-5617 MUNICIPAL COURT- SOFTWARE	15,500	0.00	14,712.35	0.00	787.65	94.92
10-30-5618 MUNICIPAL COURT INTERPRETER	12,000	1,050.00	4,990.00	0.00	7,010.00	41.58
TOTAL EXP CATG 56-59	114,700	5,373.54	58,956.36	0.00	55,743.64	51.40
OTHER SERVICES						
10-30-6012 CREDIT CARD FEES	10,000	1,031.22	5,833.57	0.00	4,166.43	58.34
TOTAL OTHER SERVICES	10,000	1,031.22	5,833.57	0.00	4,166.43	58.34
CAPITAL OUTLAY						
TOTAL MUNICIPAL COURT	271,729	19,808.96	128,535.54	0.00	143,193.46	47.30
PARK						
=====						
SUPPLIES						
10-35-4510 PARK-COMMUNITY EVENTS	5,600	0.00	0.00	0.00	5,600.00	0.00
10-35-4511 EVENT - MOVIE NIGHTS	2,300	0.00	0.00	0.00	2,300.00	0.00
10-35-4512 EVENT - CHILI COOKOFF	500	0.00	0.00	0.00	500.00	0.00
10-35-4514 EVENT - SNOW DAYS	6,300	0.00	0.00	0.00	6,300.00	0.00
10-35-4515 EVENT - WINTER LIGHTS	500	0.00	380.00	0.00	120.00	76.00
10-35-4526 GENERAL EXPENSES-ELECTRIC	2,300	25.86	273.33	0.00	2,026.67	11.88
TOTAL SUPPLIES	17,500	25.86	653.33	0.00	16,846.67	3.73

CITY OF SPRING VALLEY
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10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
MAINTENANCE						
10-35-4611 PARK MAINTENANCE-MATERIALS	5,000	0.00	337.88	0.00	4,662.12	6.76
10-35-4612 GREENSPACE ENHANCEMENT	2,000	0.00	1,950.00	0.00	50.00	97.50
10-35-4615 PARK MAINTENANCE- SUPPLIES	1,200	0.00	0.00	0.00	1,200.00	0.00
TOTAL MAINTENANCE	8,200	0.00	2,287.88	0.00	5,912.12	27.90
PROFESSIONAL SERVICES						
10-35-5511 MOWING & LANDSCAPING	43,857	6,200.00	38,415.00	0.00	5,442.00	87.59
TOTAL PROFESSIONAL SERVICES	43,857	6,200.00	38,415.00	0.00	5,442.00	87.59
CAPITAL OUTLAY						
TOTAL PARK	69,557	6,225.86	41,356.21	0.00	28,200.79	59.46
POLICE DEPARTMENT						
=====						
SALARY AND BENEFITS						
10-40-4010 SALARIES EXEMPT REGULAR	132,018	15,710.76	69,311.96	0.00	62,706.04	52.50
10-40-4011 SALARIES NON EXEMPT REGULAR	1,489,745	166,396.45	704,519.47	0.00	785,225.53	47.29
10-40-4014 LONGEVITY	6,048	480.00	2,766.00	0.00	3,282.00	45.73
10-40-4015 CERTIFICATION PAY	23,940	1,390.00	8,190.00	0.00	15,750.00	34.21
10-40-4016 457-PLAN	32,436	519.24	2,250.04	0.00	30,185.96	6.94
10-40-4022 UNIFORM ALLOWANCE	1,600	133.32	799.92	0.00	800.08	50.00
10-40-4030 SALARIES OVERTIME	120,000	12,858.03	59,849.50	0.00	60,150.50	49.87
10-40-4100 EMPLOYEE BEN-HEALTH INSURANC	341,603	21,873.28	138,030.60	0.00	203,572.40	40.41
10-40-4110 EMPLOYEE BEN-T.M.R.S.	134,448	15,686.34	68,810.52	0.00	65,637.48	51.18
10-40-4120 EMPLOYEE BEN-FICA/MEDICARE T	24,175	2,813.76	11,961.02	0.00	12,213.98	49.48
10-40-4130 EMPLOYEE BEN-WORKERS COMP	40,003	0.00	37,644.35	0.00	2,358.65	94.10
10-40-4140 EMPLOYEE BEN-UNEMPLOYMENT IN	6,210	0.00	28.33	0.00	6,181.67	0.46
TOTAL SALARY AND BENEFITS	2,352,226	237,861.18	1,104,161.71	0.00	1,248,064.29	46.94
EXP CATG 42-44						
SUPPLIES						
10-40-4505 AUTO EXPENSES-GASOLINE	68,000	3,855.41	20,156.15	0.00	47,843.85	29.64
10-40-4508 PD-CRIME CONTROL SUPPLIES	12,500	0.00	1,475.85	0.00	11,024.15	11.81
10-40-4511 PD-UNIFORMS	20,000	2,788.89	12,858.03	0.00	7,141.97	64.29
10-40-4520 DUES & SUBSCRIPTIONS	1,500	50.00	450.00	0.00	1,050.00	30.00
10-40-4521 PRINTING COSTS	3,000	0.00	400.00	0.00	2,600.00	13.33
10-40-4524 DISASTER EXPENSES	1,500	0.00	0.00	0.00	1,500.00	0.00
10-40-4525 OFFICE SUPPLIES	8,000	206.25	1,857.53	0.00	6,142.47	23.22
10-40-4526 GENERAL EXPENSES	8,000	380.31	2,008.69	0.00	5,991.31	25.11
TOTAL SUPPLIES	122,500	7,280.86	39,206.25	0.00	83,293.75	32.01
MAINTENANCE						
10-40-4600 AUTO EXPENSES-MAINTENCE & RE	35,000	5,267.09	25,817.57	0.00	9,182.43	73.76
10-40-4601 AUTO EXPENSE - AUTO COLLISIO	3,000 (8,149.80) (8,149.80)	0.00	11,149.80	271.66-

CITY OF SPRING VALLEY
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10 -GENERAL FUND

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EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
10-40-4602 MACH & EQUIP-MAINT & REPAIRS	2,000	5,140.52	6,636.53	0.00 (	4,636.53)	331.83
10-40-4603 JANITORIAL & CLEANING	18,390	1,287.17	8,543.91	0.00	9,846.09	46.46
10-40-4604 COMPUTER COST-HARDWARE	5,000	0.00	80.00	0.00	4,920.00	1.60
10-40-4605 COMPUTER COST-SOFTWARE	38,000	1,901.43	2,444.15	0.00	35,555.85	6.43
10-40-4606 OFFICE EQUIP. MAINT. & REPAI	10,000	297.00	3,888.00	0.00	6,112.00	38.88
10-40-4620 PD-RADIO & RADAR REPAIRS	40,000	3,025.00	30,405.00	0.00	9,595.00	76.01
10-40-4621 LEASING EQUIPMENT - TASER	8,928	0.00	0.00	0.00	8,928.00	0.00
10-40-4622 TICKET WRITER	0	50.00	50.00	0.00 (	50.00)	0.00
TOTAL MAINTENANCE	160,318	8,818.41	69,715.36	0.00	90,602.64	43.49
SERVICES						
10-40-5027 PD-TRAINING	45,000	6,592.36	18,227.63	0.00	26,772.37	40.51
10-40-5029 PD-ANIMAL CONTROL	500	0.00	0.00	0.00	500.00	0.00
10-40-5031 EMPLOYEE MEDICAL TESTING & T	4,000	205.83	970.83	0.00	3,029.17	24.27
10-40-5032 RECRUITING BONUS	5,000	0.00	1,000.00	0.00	4,000.00	20.00
10-40-5033 POLICE CANINE EXPENSES	10,000	115.46	710.05	0.00	9,289.95	7.10
TOTAL SERVICES	64,500	6,913.65	20,908.51	0.00	43,591.49	32.42
PROFESSIONAL SERVICES						
EXP CATG 56-59						
10-40-5600 COMPUTER SERVICE & MAINTENAN	63,600	0.00	28,997.61	0.00	34,602.39	45.59
10-40-5630 UTILITIES-COMMUNICATIONS	18,000	1,719.41	11,318.08	0.00	6,681.92	62.88
TOTAL EXP CATG 56-59	81,600	1,719.41	40,315.69	0.00	41,284.31	49.41
DEBT SERVICES						
CAPITAL OUTLAY						
10-40-7001 PD - PP&E	2,800	0.00	694.00	0.00	2,106.00	24.79
10-40-7002 CAPITAL - MATERIALS & EQUIP.	221,447	75,796.94	151,618.33	19,827.00	50,001.67	77.42
TOTAL CAPITAL OUTLAY	224,247	75,796.94	152,312.33	19,827.00	52,107.67	76.76
INTERFUND-ACTIVITY						
10-40-9100 POLICE DEPT-RESERVE CAPTIAL	38,980	0.00	0.00	0.00	38,980.00	0.00
TOTAL INTERFUND-ACTIVITY	38,980	0.00	0.00	0.00	38,980.00	0.00
TOTAL POLICE DEPARTMENT	3,044,371	338,390.45	1,426,619.85	19,827.00	1,597,924.15	47.51
STREET						
=====						
SALARY AND BENEFITS						
10-50-4010 SALARIES EXEMPT REGULAR	37,992	2,153.84	2,153.84	0.00	35,838.16	5.67
10-50-4011 SALARIES NON EXEMPT REGULAR	58,095	6,483.90	28,208.42	0.00	29,886.58	48.56
10-50-4014 LONGEVITY	1,416	116.00	696.00	0.00	720.00	49.15
10-50-4015 CERTIFICATION PAY	450	0.00	0.00	0.00	450.00	0.00
10-50-4016 457-PLAN	1,922	0.00	0.00	0.00	1,922.00	0.00
10-50-4021 MGR PHONE ALLOWANCE	300	0.00	0.00	0.00	300.00	0.00
10-50-4030 SALARIES OVERTIME	5,000	433.03	2,861.52	0.00	2,138.48	57.23

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

10 -GENERAL FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
10-50-4100 EMPLOYEE BEN. HEALTH INSURAN	39,210	2,028.93	12,138.78	0.00	27,071.22	30.96
10-50-4110 EMPLOYEE BEN. T.M.R.S.	7,825	674.29	2,548.21	0.00	5,276.79	32.56
10-50-4120 EMPLOYEE BEN. FICA EMP. TAX	1,498	120.46	417.97	0.00	1,080.03	27.90
10-50-4130 EMPLOYEE BEN-WORKERS COMP	2,157	0.00	2,613.23	0.00 (	456.23)	121.15
10-50-4140 EMPLOYEE BEN-UNEMPLOYMENT IN	540	0.00	0.00	0.00	540.00	0.00
TOTAL SALARY AND BENEFITS	156,405	12,010.45	51,637.97	0.00	104,767.03	33.02
SUPPLIES						
10-50-4505 AUTO EXPENSES-GASOLINE	7,000	231.81	2,104.93	0.00	4,895.07	30.07
10-50-4511 UNIFORMS	1,700	268.96	695.73	0.00	1,004.27	40.93
10-50-4520 DUES & SUBSCRIPTIONS	200	0.00	0.00	0.00	200.00	0.00
10-50-4526 GENERAL EXPENSES	6,000	42.86	417.86	0.00	5,582.14	6.96
10-50-4529 STREET - MATERIAL & SUPPLIES	10,000	2,598.37	8,371.10	0.00	1,628.90	83.71
TOTAL SUPPLIES	24,900	3,142.00	11,589.62	0.00	13,310.38	46.54
MAINTENANCE						
10-50-4600 AUTO EXPENSES-MAINTENCE & RE	4,000 (	637.88) (	2,691.21)	0.00	6,691.21	67.28-
10-50-4608 EQUIPMENT RENTAL	4,600	0.00	0.00	0.00	4,600.00	0.00
10-50-4609 STREET SYSTEM	30,000	0.00	3,388.69	2,420.00	24,191.31	19.36
10-50-4630 TRAFFIC CONTROL	10,000	1,500.00	5,409.65	0.00	4,590.35	54.10
TOTAL MAINTENANCE	48,600	862.12	6,107.13	2,420.00	40,072.87	17.55
SERVICES						
10-50-5027 TRAVEL & TUITION	5,100	0.00	0.00	0.00	5,100.00	0.00
10-50-5032 MEDICAL TESTING	200	0.00	0.00	0.00	200.00	0.00
TOTAL SERVICES	5,300	0.00	0.00	0.00	5,300.00	0.00
PROFESSIONAL SERVICES						
10-50-5500 CONTRACT LABOR	20,000	2,240.00	13,216.00	0.00	6,784.00	66.08
10-50-5506 PROFESS. FEES - ENGINEERING	25,000	0.00	0.00	0.00	25,000.00	0.00
10-50-5511 MOWING	40,000	0.00	0.00	0.00	40,000.00	0.00
TOTAL PROFESSIONAL SERVICES	85,000	2,240.00	13,216.00	0.00	71,784.00	15.55
EXP CATG 56-59						
10-50-5620 NUISANCE CONTROL	7,000	0.00	1,038.61	0.00	5,961.39	14.84
TOTAL EXP CATG 56-59	7,000	0.00	1,038.61	0.00	5,961.39	14.84
CAPITAL OUTLAY						
10-50-7003 CAPITAL EQUIPMENT - NON-CAPI	0	2,325.70	2,325.70	0.00 (	2,325.70)	0.00
TOTAL CAPITAL OUTLAY	0	2,325.70	2,325.70	0.00 (	2,325.70)	0.00
INFRASTRUCTURE						
INTERFUND-ACTIVITY						
10-50-9100 STREETS - RESERVE FOR CAPITA	31,841	0.00	0.00	0.00	31,841.00	0.00
TOTAL INTERFUND-ACTIVITY	31,841	0.00	0.00	0.00	31,841.00	0.00
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TOTAL STREET	359,046	20,580.27	85,915.03	2,420.00	270,710.97	24.60
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TOTAL EXPENSES	7,378,213	589,012.22	2,714,227.47	27,873.94	4,636,111.59	37.16
REVENUE OVER/(UNDER) EXPENSES	159,252 (125,194.65)	3,155,745.37 (27,873.94) (2,968,619.43)	1,964.10

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

15 -CAPITAL REPLACEMENT FUND
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY						
INTER-FUND TRANSFER	198,575	0.00	0.00	0.00	198,575.00	0.00
TOTAL REVENUE	198,575	0.00	0.00	0.00	198,575.00	0.00
EXPENSE SUMMARY						
EQUIPMENTS	65,000	58,082.00	58,082.00	2,771.60	4,146.40	93.62
TOTAL EXPENSES	65,000	58,082.00	58,082.00	2,771.60	4,146.40	93.62
REVENUE OVER/(UNDER) EXPENSES	133,575 (	58,082.00) (	58,082.00) (	2,771.60)	194,428.60	45.56-
BEGINNING FUND BALANCE	1,401,146		1,401,146.31			
PROJECTED ENDING FUND BALANCE	1,534,721		1,343,064.31			

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

15 -CAPITAL REPLACEMENT FUND

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
INTER-FUND TRANSFER						
15-01-5710 CITY HALL USER FEES	7,055	0.00	0.00	0.00	7,055.00	0.00
15-01-5720 FIRE DEPARTMENT USER FEES	1,481	0.00	0.00	0.00	1,481.00	0.00
15-01-5740 POLICE DEPARTMENT USER FEES	38,980	0.00	0.00	0.00	38,980.00	0.00
15-01-5750 STREET DEPARTMENT USER FEES	31,841	0.00	0.00	0.00	31,841.00	0.00
15-01-5760 WATER DEPARTMENT USER FEES	99,035	0.00	0.00	0.00	99,035.00	0.00
15-01-5761 UTILITIE ADMIN USER FEES	14,751	0.00	0.00	0.00	14,751.00	0.00
15-01-5770 WASTEWATER DEPARTMENT USER F	5,432	0.00	0.00	0.00	5,432.00	0.00
TOTAL INTER-FUND TRANSFER	198,575	0.00	0.00	0.00	198,575.00	0.00
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TOTAL REVENUE	198,575	0.00	0.00	0.00	198,575.00	0.00

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

15 -CAPITAL REPLACEMENT FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
EQUIPMENTS						
=====						
CAPITAL OUTLAY						
15-10-7000 VEHICLES	65,000	58,082.00	58,082.00	2,771.60	4,146.40	93.62
TOTAL CAPITAL OUTLAY	65,000	58,082.00	58,082.00	2,771.60	4,146.40	93.62
INTERFUND-ACTIVITY						

TOTAL EQUIPMENTS	65,000	58,082.00	58,082.00	2,771.60	4,146.40	93.62

TOTAL EXPENSES	65,000	58,082.00	58,082.00	2,771.60	4,146.40	93.62

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

20 -UTILITIES
 FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY						
FEES & CHARGES	2,840,000	181,398.58	1,201,111.85	0.00	1,638,888.15	42.29
MISC REVENUE	48,410	6,867.40	39,799.99	0.00	8,610.01	82.21
TOTAL REVENUE	2,888,410	188,265.98	1,240,911.84	0.00	1,647,498.16	42.96
EXPENSE SUMMARY						
ADMINISTRATION	684,724	57,939.00	266,553.53	0.00	418,170.47	38.93
DEBT SERVICE	245,487	0.00	32,654.01	0.00	212,832.99	13.30
WATER SERVICE	579,535	20,164.53	154,851.80	22,111.00	402,572.20	30.54
SEWER DEPARTMENT	874,432	66,993.83	266,494.89	0.00	607,937.11	30.48
GARBAGE	332,000	26,138.85	133,587.57	0.00	198,412.43	40.24
TOTAL EXPENSES	2,716,178	171,236.21	854,141.80	22,111.00	1,839,925.20	32.26
REVENUE OVER/(UNDER) EXPENSES	172,232	17,029.77	386,770.04 (	22,111.00) (	192,427.04)	211.73
BEGINNING FUND BALANCE	4,056,617		4,056,617.44			
PROJECTED ENDING FUND BALANCE	4,228,849		4,443,387.48			

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

20 -UTILITIES

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
FEES & CHARGES						
20-01-5201 OTHER INCOME-UT. PERMIT & IN	0	0.00	120.00	0.00 (	120.00)	0.00
20-01-5260 BILLING FOR SERVICE - WATER	1,350,000	75,055.91	530,125.13	0.00	819,874.87	39.27
20-01-5270 BILLING FOR SERVICE - SEWER	1,150,000	79,601.41	517,665.64	0.00	632,334.36	45.01
20-01-5280 BILLING FOR SERVICE - GARBAG	340,000	26,741.26	153,201.08	0.00	186,798.92	45.06
TOTAL FEES & CHARGES	2,840,000	181,398.58	1,201,111.85	0.00	1,638,888.15	42.29
MISC REVENUE						
20-01-5400 OTHER INCOME	20,000	2,543.16	15,642.04	0.00	4,357.96	78.21
20-01-5413 CREDIT CARD FEES	3,000	424.24	2,427.95	0.00	572.05	80.93
20-01-5460 OTHER INCOME - WATER TAPS	25,000	3,900.00	20,500.00	0.00	4,500.00	82.00
20-01-5470 OTHER INCOME - SEWER TAPS	410	0.00	1,230.00	0.00 (	820.00)	300.00
TOTAL MISC REVENUE	48,410	6,867.40	39,799.99	0.00	8,610.01	82.21
INTER-FUND TRANSFER	_____	_____	_____	_____	_____	_____
OTHER FINANCE	_____	_____	_____	_____	_____	_____
OTHER AGENCIES	_____	_____	_____	_____	_____	_____
TOTAL REVENUE	2,888,410	188,265.98	1,240,911.84	0.00	1,647,498.16	42.96

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

20 -UTILITIES

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
ADMINISTRATION						
SALARY AND BENEFITS						
20-10-4010 SALARIES EXEMPT REGULAR	115,992	10,807.71	39,653.91	0.00	76,338.09	34.19
20-10-4011 SALARIES NON EXEMPT REGULAR	245,928	27,737.17	120,821.40	0.00	125,106.60	49.13
20-10-4014 LONGEVITY	3,034	242.80	1,406.80	0.00	1,627.20	46.37
20-10-4015 CERTIFICATION PAY	3,090	120.00	720.00	0.00	2,370.00	23.30
20-10-4016 457-PLAN	7,993	0.00	0.00	0.00	7,993.00	0.00
20-10-4020 MGR CAR ALLOWANCE	3,000	250.00	1,500.00	0.00	1,500.00	50.00
20-10-4021 MGR PHONE ALLOWANCE	600	0.00	0.00	0.00	600.00	0.00
20-10-4023 ON-CALL ALLOWANCE	10,400	2,300.00	6,300.00	0.00	4,100.00	60.58
20-10-4030 SALARIES OVERTIME	40,000	2,038.91	9,986.26	0.00	30,013.74	24.97
20-10-4100 EMPLOYEE BEN. HEALTH INSURAN	100,949	6,479.19	37,578.45	0.00	63,370.55	37.23
20-10-4110 EMPLOYEE BEN. T.M.R.S.	37,795	3,192.66	13,561.89	0.00	24,233.11	35.88
20-10-4120 EMPLOYEE BEN. FICA EMP. TAX	5,839	605.47	2,468.12	0.00	3,370.88	42.27
20-10-4130 EMPLOYEE BEN-WORKERS COMP	8,765	0.00	8,048.34	0.00	716.66	91.82
20-10-4140 EMPLOYEE BEN-UNEMPLOYMENT IN	1,713	0.00	0.00	0.00	1,713.00	0.00
TOTAL SALARY AND BENEFITS	585,098	53,773.91	242,045.17	0.00	343,052.83	41.37
SUPPLIES						
20-10-4505 AUTO EXPENSES-GASOLINE	6,000	667.06	2,922.88	0.00	3,077.12	48.71
20-10-4506 MACH & EQUIP - GASOLINE	1,500	0.00	0.00	0.00	1,500.00	0.00
20-10-4511 UNIFORMS	3,000	550.38	1,398.94	0.00	1,601.06	46.63
20-10-4520 DUES & SUBSCRIPTIONS	875	0.00	165.00	0.00	710.00	18.86
20-10-4521 PRINTING COSTS	5,300	0.00	0.00	0.00	5,300.00	0.00
20-10-4526 GENERAL EXPENSES	4,500	17.50	3,986.29	0.00	513.71	88.58
20-10-4527 POSTAGE	7,000	0.00	225.00	0.00	6,775.00	3.21
TOTAL SUPPLIES	28,175	1,234.94	8,698.11	0.00	19,476.89	30.87
MAINTENANCE						
20-10-4600 AUTO EXPENSES-MAINTENCE & RE	4,000	209.89	737.78	0.00	3,262.22	18.44
20-10-4601 MACH & EQUIP - MAINT & REPAI	5,000	158.20	3,415.25	0.00	1,584.75	68.31
20-10-4605 COMPUTER COST-SOFTWARE & MAI	1,000	0.00	744.00	0.00	256.00	74.40
TOTAL MAINTENANCE	10,000	368.09	4,897.03	0.00	5,102.97	48.97
SERVICES						
20-10-5027 TRAVEL & TUITION	5,000	0.00	167.24	0.00	4,832.76	3.34
20-10-5031 EMPLOYEE MEDICAL TESTING & T	200	0.00	0.00	0.00	200.00	0.00
20-10-5032 RECRUITING BONUS	1,000	0.00	0.00	0.00	1,000.00	0.00
TOTAL SERVICES	6,200	0.00	167.24	0.00	6,032.76	2.70
PROFESSIONAL SERVICES						
20-10-5502 PROFESS. FEES - AUDIT	11,500	0.00	3,898.00	0.00	7,602.00	33.90
20-10-5506 PROFESS. SERVICE FEES	15,000	1,635.75	1,635.75	0.00	13,364.25	10.91
TOTAL PROFESSIONAL SERVICES	26,500	1,635.75	5,533.75	0.00	20,966.25	20.88

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

20 -UTILITIES

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
EXP CATG 56-59						
20-10-5630 UTILITIES-COMMUNICATIONS	14,000	926.31	5,212.23	0.00	8,787.77	37.23
TOTAL EXP CATG 56-59	14,000	926.31	5,212.23	0.00	8,787.77	37.23
OTHER SERVICES						
DEBT SERVICES						
CAPITAL OUTLAY						
INFRASTRUCTURE						
INTERFUND-ACTIVITY						
20-10-9100 UTILITIES- RESERVE FOR CAPIT	14,751	0.00	0.00	0.00	14,751.00	0.00
TOTAL INTERFUND-ACTIVITY	14,751	0.00	0.00	0.00	14,751.00	0.00
TOTAL ADMINISTRATION						
	684,724	57,939.00	266,553.53	0.00	418,170.47	38.93
DEBT SERVICE						
=====						
OTHER SERVICES						
DEBT SERVICES						
20-15-6520 PRINCIPAL/DEBT SERVICE	180,000	0.00	0.00	0.00	180,000.00	0.00
20-15-6521 INTEREST/DEBT SERVICE	65,487	0.00	32,654.01	0.00	32,832.99	49.86
TOTAL DEBT SERVICES	245,487	0.00	32,654.01	0.00	212,832.99	13.30
TOTAL DEBT SERVICE						
	245,487	0.00	32,654.01	0.00	212,832.99	13.30
WATER SERVICE						
=====						
SUPPLIES						
20-60-4526 GENERAL EXPENSES	3,500	106.49	581.07	0.00	2,918.93	16.60
TOTAL SUPPLIES	3,500	106.49	581.07	0.00	2,918.93	16.60
MAINTENANCE						
20-60-4607 WELL REPAIRS	15,000	310.98	5,489.64	3,011.00	6,499.36	56.67
TOTAL MAINTENANCE	15,000	310.98	5,489.64	3,011.00	6,499.36	56.67
PROFESSIONAL SERVICES						
20-60-5500 CONTRACT LABOR	20,000	0.00	0.00	0.00	20,000.00	0.00
TOTAL PROFESSIONAL SERVICES	20,000	0.00	0.00	0.00	20,000.00	0.00

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

20 -UTILITIES

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
EXP CATG 56-59						
20-60-5628 ELECTRICAL POWER - WATER PLA	60,000	2,869.39	25,030.29	0.00	34,969.71	41.72
TOTAL EXP CATG 56-59	60,000	2,869.39	25,030.29	0.00	34,969.71	41.72
OTHER SERVICES						
20-60-6020 COH EMERGENCY INTERCONNECT	2,000	148.10	840.78	0.00	1,159.22	42.04
20-60-6021 COH - GROUND WATER CHARGE	295,000	10,966.40	101,408.45	0.00	193,591.55	34.38
20-60-6022 WATER SAMPLES	3,000	467.02	718.49	0.00	2,281.51	23.95
20-60-6023 WATER TREATMENT	30,000	1,960.57	8,266.33	0.00	21,733.67	27.55
TOTAL OTHER SERVICES	330,000	13,542.09	111,234.05	0.00	218,765.95	33.71
EXP CATG 68-69						
CAPITAL OUTLAY						
20-60-7004 WATER METERS	12,000	0.00	4,469.56	0.00	7,530.44	37.25
TOTAL CAPITAL OUTLAY	12,000	0.00	4,469.56	0.00	7,530.44	37.25
INFRASTRUCTURE						
20-60-7101 WATER SYSTEM	30,000	3,335.58	5,862.33	19,100.00	5,037.67	83.21
20-60-7102 NEW WATER SERVICE LINES MATE	10,000	0.00	2,184.86	0.00	7,815.14	21.85
TOTAL INFRASTRUCTURE	40,000	3,335.58	8,047.19	19,100.00	12,852.81	67.87
INTERFUND-ACTIVITY						
20-60-9100 WATER DEPARTMENT-G&A RESERVE	99,035	0.00	0.00	0.00	99,035.00	0.00
TOTAL INTERFUND-ACTIVITY	99,035	0.00	0.00	0.00	99,035.00	0.00
TOTAL WATER SERVICE	579,535	20,164.53	154,851.80	22,111.00	402,572.20	30.54
SEWER DEPARTMENT =====						
SUPPLIES						
MAINTENANCE						
20-70-4601 SEWER SYSTEM MAINTENANCE	6,000	6,875.99	6,875.99	0.00 (	875.99)	114.60
20-70-4608 SEWER DEPT. - MATERIAL & LAB	10,000	151.59	763.70	0.00	9,236.30	7.64
TOTAL MAINTENANCE	16,000	7,027.58	7,639.69	0.00	8,360.31	47.75
PROFESSIONAL SERVICES						
20-70-5500 CONTRACT LABOR	25,000	1,120.00	6,720.00	0.00	18,280.00	26.88
TOTAL PROFESSIONAL SERVICES	25,000	1,120.00	6,720.00	0.00	18,280.00	26.88
EXP CATG 56-59						
20-70-5627 ELECTRICAL POWER - SEWER PLA	2,000	145.27	817.70	0.00	1,182.30	40.89
TOTAL EXP CATG 56-59	2,000	145.27	817.70	0.00	1,182.30	40.89

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

20 -UTILITIES

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<hr/>						
OTHER SERVICES						
20-70-6020 CITY OF HOUSTON - SEWER	820,000	58,700.98	251,317.50	0.00	568,682.50	30.65
TOTAL OTHER SERVICES	820,000	58,700.98	251,317.50	0.00	568,682.50	30.65
CAPITAL OUTLAY						
20-70-7002 CAPITAL - MATERIALS & EQUIP.	6,000	0.00	0.00	0.00	6,000.00	0.00
TOTAL CAPITAL OUTLAY	6,000	0.00	0.00	0.00	6,000.00	0.00
INFRASTRUCTURE						
<hr/>						
INTERFUND-ACTIVITY						
20-70-9100 SEWER DEPARTMENT G&A RESERVE	5,432	0.00	0.00	0.00	5,432.00	0.00
TOTAL INTERFUND-ACTIVITY	5,432	0.00	0.00	0.00	5,432.00	0.00
<hr/>						
TOTAL SEWER DEPARTMENT	874,432	66,993.83	266,494.89	0.00	607,937.11	30.48
GARBAGE						
=====						
SUPPLIES						
<hr/>						
EXP CATG 56-59						
20-80-5621 GARBAGE CONTRACT	332,000	26,138.85	133,587.57	0.00	198,412.43	40.24
TOTAL EXP CATG 56-59	332,000	26,138.85	133,587.57	0.00	198,412.43	40.24
INFRASTRUCTURE						
<hr/>						
TOTAL GARBAGE	332,000	26,138.85	133,587.57	0.00	198,412.43	40.24
<hr/>						
TOTAL EXPENSES	2,716,178	171,236.21	854,141.80	22,111.00	1,839,925.20	32.26
REVENUE OVER/(UNDER) EXPENSES	172,232	17,029.77	386,770.04 (	22,111.00) (	192,427.04)	211.73

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

25 -CIP FUND
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY						
MISC REVENUE	2,000	0.00	3.88	0.00	1,996.12	0.19
INTER-FUND TRANSFER	1,436,125	0.00	0.00	0.00	1,436,125.00	0.00
TOTAL REVENUE	1,438,125	0.00	3.88	0.00	1,438,121.12	0.00
EXPENSE SUMMARY						
STREET IMPROVEMENT	3,466,176	287,967.70	834,751.04	0.00	2,631,424.96	24.08
GO BOND 2015	0	288,919.44	326,586.61	0.00	(326,586.61)	0.00
TOTAL EXPENSES	3,466,176	576,887.14	1,161,337.65	0.00	2,304,838.35	33.50
REVENUE OVER/(UNDER) EXPENSES	(2,028,051)	(576,887.14)	(1,161,333.77)	0.00	(866,717.23)	57.26
BEGINNING FUND BALANCE	1,734,501		1,734,500.87			
PROJECTED ENDING FUND BALANCE	(293,550)		573,167.10			

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

25 -CIP FUND

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<hr/>						
MISC REVENUE						
25-01-5406 INTEREST INCOME	2,000	0.00	3.88	0.00	1,996.12	0.19
TOTAL MISC REVENUE	2,000	0.00	3.88	0.00	1,996.12	0.19
INTER-FUND TRANSFER						
25-01-5710 TRANSFERS IN	1,436,125	0.00	0.00	0.00	1,436,125.00	0.00
TOTAL INTER-FUND TRANSFER	1,436,125	0.00	0.00	0.00	1,436,125.00	0.00
OTHER FINANCE						
<hr/>						
TOTAL REVENUE	1,438,125	0.00	3.88	0.00	1,438,121.12	0.00

CITY OF SPRING VALLEY
 REVENUE & EXPENSE REPORT (UNAUDITED)
 AS OF: MARCH 31ST, 2018

25 -CIP FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
STREET IMPROVEMENT =====						
MAINTENANCE						
PROFESSIONAL SERVICES						
25-50-5535 PROFEES.FEES - HILLDALE/BADE	178,109	36,197.04	136,438.08	0.00	41,670.92	76.60
TOTAL PROFESSIONAL SERVICES	178,109	36,197.04	136,438.08	0.00	41,670.92	76.60
OTHER SERVICES						
EXP CATG 68-69						
25-50-6945 STREET LIGHT REPLACEMENT	100,000	0.00	0.00	0.00	100,000.00	0.00
25-50-6946 KATY FREEWAY NOISE REDUCTION	46,800	0.00	0.00	0.00	46,800.00	0.00
25-50-6947 FIRE DEPARTMENT RENOVATION	250,000	0.00	0.00	0.00	250,000.00	0.00
TOTAL EXP CATG 68-69	396,800	0.00	0.00	0.00	396,800.00	0.00
INFRASTRUCTURE						
25-50-7502 CONECTIVITY & ENHANCEMENT	77,420	10,930.50	71,926.99	0.00	5,493.01	92.90
25-50-7503 PW - PRE-ENGINEER BUILDING	100,000	0.00	0.00	0.00	100,000.00	0.00
25-50-7504 PARK IMPROVEMENT	1,169,247	240,840.16	626,385.97	0.00	542,861.03	53.57
25-50-7514 INFRASTRUCTURE - HILLDALE/BA	1,544,600	0.00	0.00	0.00	1,544,600.00	0.00
TOTAL INFRASTRUCTURE	2,891,267	251,770.66	698,312.96	0.00	2,192,954.04	24.15
TOTAL STREET IMPROVEMENT	3,466,176	287,967.70	834,751.04	0.00	2,631,424.96	24.08
GO BOND 2015 =====						
PROFESSIONAL SERVICES						
25-51-5542 PF. CITY HALL/POLICE STATION	0	0.00	32,642.17	0.00 (	32,642.17)	0.00
TOTAL PROFESSIONAL SERVICES	0	0.00	32,642.17	0.00 (	32,642.17)	0.00
CAPITAL OUTLAY						
INFRASTRUCTURE						
25-51-7516 INFRASTRUCTURE - CH/POLICE S	0	288,919.44	293,944.44	0.00 (	293,944.44)	0.00
TOTAL INFRASTRUCTURE	0	288,919.44	293,944.44	0.00 (	293,944.44)	0.00
TOTAL GO BOND 2015	0	288,919.44	326,586.61	0.00 (	326,586.61)	0.00
TOTAL EXPENSES	3,466,176	576,887.14	1,161,337.65	0.00	2,304,838.35	33.50
REVENUE OVER/(UNDER) EXPENSES	(2,028,051)	(576,887.14)	(1,161,333.77)	0.00 (	866,717.23)	57.26

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

30 -DEBT SERVICE
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY						
PROPERTY TAXES	941,088	13,356.64	914,286.51	0.00	26,801.49	97.15
TOTAL REVENUE	941,088	13,356.64	914,286.51	0.00	26,801.49	97.15
=====						
EXPENSE SUMMARY						
DEBT SERVICE	909,019	0.00	724,434.38	0.00	184,584.62	79.69
TOTAL EXPENSES	909,019	0.00	724,434.38	0.00	184,584.62	79.69
=====						
REVENUE OVER/(UNDER) EXPENSES	32,069	13,356.64	189,852.13	0.00 (	157,783.13)	592.01
BEGINNING FUND BALANCE	(34,178)		(34,177.91)			
PROJECTED ENDING FUND BALANCE	(2,109)		155,674.22			
=====						

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

30 -DEBT SERVICE

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
PROPERTY TAXES						
30-01-5100 AD VALOREM - CURRENT YEAR	939,019	12,316.25	913,751.34	0.00	25,267.66	97.31
30-01-5102 AD VALOREM - PRIOR YEARS	1,500	230.72 (	1,158.04)	0.00	2,658.04	77.20-
30-01-5103 AD VALOREM - PENALTY & INTER	569	809.67	1,693.21	0.00 (	1,124.21)	297.58
TOTAL PROPERTY TAXES	941,088	13,356.64	914,286.51	0.00	26,801.49	97.15
MISC REVENUE	_____	_____	_____	_____	_____	_____
INTER-FUND TRANSFER	_____	_____	_____	_____	_____	_____
OTHER FINANCE	_____	_____	_____	_____	_____	_____
TOTAL REVENUE	941,088	13,356.64	914,286.51	0.00	26,801.49	97.15

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

30 -DEBT SERVICE

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
DEBT SERVICE						
=====						
DEBT SERVICES						
30-15-6520 BOND - PRINCIPAL	530,000	0.00	530,000.00	0.00	0.00	100.00
30-15-6521 BOND - INTEREST	378,269	0.00	194,434.38	0.00	183,834.62	51.40
30-15-6700 MAINTENANCE FEE/DEBT SERVICE	750	0.00	0.00	0.00	750.00	0.00
TOTAL DEBT SERVICES	909,019	0.00	724,434.38	0.00	184,584.62	79.69
<hr/>						
TOTAL DEBT SERVICE	909,019	0.00	724,434.38	0.00	184,584.62	79.69
<hr/>						
TOTAL EXPENSES	909,019	0.00	724,434.38	0.00	184,584.62	79.69

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

35 -COURT RESTRICTED FUND
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY						
MUNICIPAL COURT	17,000	0.00	0.00	0.00	17,000.00	0.00
TOTAL REVENUE	17,000	0.00	0.00	0.00	17,000.00	0.00
EXPENSE SUMMARY						
COURT RESTRICTED	16,600	0.00	0.00	0.00	16,600.00	0.00
TOTAL EXPENSES	16,600	0.00	0.00	0.00	16,600.00	0.00
REVENUE OVER/(UNDER) EXPENSES	400	0.00	0.00	0.00	400.00	0.00
BEGINNING FUND BALANCE	35,531		35,531.42			
PROJECTED ENDING FUND BALANCE	35,931		35,531.42			

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

35 -COURT RESTRICTED FUND

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
MUNICIPAL COURT						
35-01-5316 JUDICIAL FEES	1,000	0.00	0.00	0.00	1,000.00	0.00
35-01-5318 MUNICIPAL COURT - CHILD SAFE	500	0.00	0.00	0.00	500.00	0.00
35-01-5320 TIME PAYMENT (TPLC)	1,000	0.00	0.00	0.00	1,000.00	0.00
35-01-5322 MUNICIPAL COURT - SECURITY F	6,000	0.00	0.00	0.00	6,000.00	0.00
35-01-5323 MUNICIPAL COURT-TECHNOLOGY F	8,500	0.00	0.00	0.00	8,500.00	0.00
TOTAL MUNICIPAL COURT	17,000	0.00	0.00	0.00	17,000.00	0.00
<hr/>						
TOTAL REVENUE	17,000	0.00	0.00	0.00	17,000.00	0.00

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

35 -COURT RESTRICTED FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
COURT RESTRICTED =====						
SERVICES						
35-30-5005 MUNICIPAL COURT BAILIFF	15,600	0.00	0.00	0.00	15,600.00	0.00
TOTAL SERVICES	15,600	0.00	0.00	0.00	15,600.00	0.00
EXP CATG 56-59						
35-30-5615 COURT SECURITY EXPENSE	1,000	0.00	0.00	0.00	1,000.00	0.00
TOTAL EXP CATG 56-59	1,000	0.00	0.00	0.00	1,000.00	0.00
CAPITAL OUTLAY						
<hr/>						
TOTAL COURT RESTRICTED	16,600	0.00	0.00	0.00	16,600.00	0.00
<hr/>						
TOTAL EXPENSES	16,600	0.00	0.00	0.00	16,600.00	0.00

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

36 -ASSET FORFEITURE FUND
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
EXPENSE SUMMARY						
BEGINNING FUND BALANCE	16,105		16,105.12			
PROJECTED ENDING FUND BALANCE	16,105		16,105.12			

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

36 -ASSET FORFEITURE FUND

% OF YEAR COMPLETED: 50.00

EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
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CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

37 -SPRING VALLEY LEGACY FUND
FINANCIAL SUMMARY

% OF YEAR COMPLETED: 50.00

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
REVENUE SUMMARY	=====	=====	=====	=====	=====	=====
EXPENSE SUMMARY	=====	=====	=====	=====	=====	=====
BEGINNING FUND BALANCE	32,051		32,051.20			
PROJECTED ENDING FUND BALANCE	32,051		32,051.20			

CITY OF SPRING VALLEY
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: MARCH 31ST, 2018

37 -SPRING VALLEY LEGACY FUND

% OF YEAR COMPLETED: 50.00

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
MISC REVENUE	_____	_____	_____	_____	_____	_____



Management Letter

March 8, 2018

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

The American Institute of Certified Public Accountants (Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, "SAS 115") provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of findings are based on the definitions required by SAS 115, as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the City. Accordingly, the City's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of the City of Spring Valley Village, Texas (the "City") as of and for the year ended September 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be an other matter.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS WITH EXCELLENCE

misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our findings and additional comments are as follows:

Other Matters

2017.001 COLLATERAL PLEDGED

Finding

It was noted during the audit of cash and cash equivalents that the City had balances in excess of FDIC insurance that were not covered by collateral pledged.

Recommendation

It is recommended that the City request additional collateral pledged from the bank to cover the account balances if needed.

City Response

The City agrees with this recommendation and has implemented the necessary changes to maintain FDIC and collateral pledged coverage.

This communication is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the City Council and the City's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas



EST. 1955

SPRING VALLEY VILLAGE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING

SEPTEMBER 30, 2017



*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

**CITY OF SPRING
VALLEY VILLAGE, TEXAS**

**For the Year Ended
September 30, 2017**

Prepared by:

**Julie Robinson
City Administrator**

**Michelle Yi
City Treasurer**

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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EST. 1955
SPRING VALLEY
V I L L A G E

March 8, 2018

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Spring Valley Village, Texas (the “City”) for the fiscal year ended September 30, 2017. 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 present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2017. 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 of Spring Valley Village, Texas (the “City”) was incorporated under the laws of State of Texas in 1955. The City operates as a “General Law” City, which provides for a “Mayor-Council” form of government.

The City provides the following municipal services: public safety, parks, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. Spring Valley Village is one of the six Memorial Villages and located ten miles west of downtown Houston. As of September 30, 2017, the City an estimated population of approximately 4,328. 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.

The City Ordinance establishes the fiscal year as October 1 through September 30. The Ordinance requires the City Administrator to submit a proposed budget and accompanying budget message to the City Council each year. The proposed budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Administrator is required to inform any revisions of expenditures of any fund or department must be approved by the Council.

Budgetary control has been established at the department level. Monthly financial reports for City Council are produced showing budget and actual revenues and expenditures. Individual line items are reviewed and analyzed for budgetary compliance.

ECONOMIC CONDITION AND OUTLOOK

The City encompasses a 1.6 square mile area located along the north side of Interstate 10. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Hilshire Village, Hedwig Village, and Hunters Creek Village. The City is primarily a residential area whose approximately 4,328 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. Currently, there are two buildings completed and fully occupied. The City continues to enjoy a stable outlook with property taxable values at \$1,190,872,304, up 22 percent over the previous year. Among reasons for this strength is the City's convenient proximity to the Energy Corridor and downtown Houston, as well as the ever-evolving Memorial area.

The City's tax rate is among the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Greater Houston area economy.

The City's relative stability is the result of a desire for suburban families to live closer to work. The City's low crime rate and hometown appeal have 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 2018. 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.

LONG-TERM FINANCIAL PLANNING

Capital improvement projects are funded with general governmental revenues. The City annually adopts a Five-year Capital Improvement Plan and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities, and parks. These plans are prepared by staff and presented to the City Council for review and acceptance. The plans require funding sources to be identified for each project.

For the last several years, the City has able to maintain its infrastructure on a cash basis. A portion of general fund revenues is allocated to the Capital Improvement Fund each year. Debt is issued when necessary to finance long-term capital improvements.

The City approved a stable tax rate for tax year 2017, fiscal year 2018.

Major Initiatives

Fiscal Year 2016-2017 was a year of accomplishments for the City of Spring Valley Village. The list below highlights some of the significant City activities:

- The Spring Oak East and West General Obligation Bond project was completed in 2017. This project included Peck road, Cedarbrake and Green valley.
- The New City Hall and Police Department were completed in May 2017.
- The Phase I Park Improvement was under design and construction will start in fiscal year 2018 and scheduled to be completed in spring of 2018.
- The Hilldale, Bade, and Cardwell project is under design phase and paving and utility improvement will start in fiscal year 2018.

The City also made strategic acquisitions on equipment and installed new traffic signals to better serve our residents and visitors.

Annual Budget

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator each year. The City Administrator uses these requests as the starting point for developing a proposed budget, which is presented to the City Council for review. The appropriated budget is prepared by fund, department, and function. Department heads may request a budget amendment with approval of the City Council.

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, but not absolute, assurance that these objectives are met.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Spring Valley Village for its CAFR for the fiscal year ended September 30, 2016. This was the third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michelle Yi". The signature is written in a cursive style with a small dot above the first letter.

Michelle Yi
City Treasurer

CITY OF SPRING VALLEY VILLAGE, TEXAS

LIST OF ELECTED OFFICIALS AND KEY STAFF

For the Year Ended September 30, 2017

Elected Officials	Position
Tom S. Ramsey	Mayor
Bo Bothe	Council Member
Allen Carpenter	Council Member
Tom Donaho	Council Member
Aaron Stai	Council Member
Marcus Vajdos	Council Member

Key Staff	Position
Julie Robinson	City Administrator
Roxanne Benitez	City Secretary
Michelle Yi	City Treasurer
Loyd R. Evans	Chief of Police

CITY OF SPRING VALLEY VILLAGE, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

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

Presented to

**City of Spring Valley Village
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

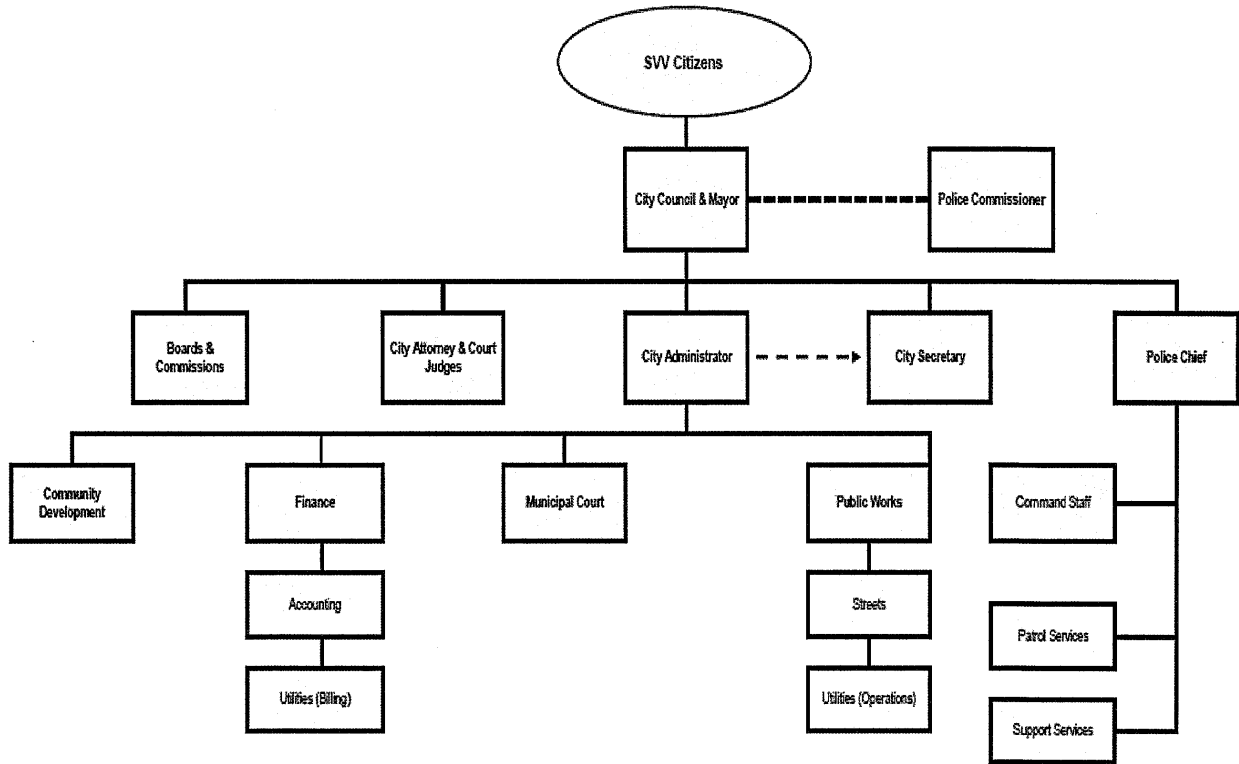
Christopher P. Morill

Executive Director/CEO

CITY OF SPRING VALLEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2017



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Spring Valley Village, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 8, 2018

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

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CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate corporation, the Spring Valley Legacy Fund Inc., for which the City is financially accountable. Financial information for this component unit is included in the financial information presented for the primary government.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains five governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered to be major funds for reporting purposes. The debt service fund, asset forfeiture fund, and legacy fund are nonmajor funds but the City has elected to present them as major funds for reporting purposes.

The City adopts annual appropriated budgets for its general fund and debt service fund. Budgetary comparison schedules have been provided for the general fund and debt service fund to demonstrate compliance with these budgets.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Proprietary Funds

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

The City also uses an internal service fund to account for its equipment replacement program. This internal service fund has been included within governmental activities in the governmental-wide financial statements.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$44,128,952 as of September 30, 2017. The largest portion of the City's net position (77%) reflects its investment in capital assets (e.g., land and City hall, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 10,495,535	\$ 1,606,940	\$ 12,102,475	\$ 20,584,206	\$ 1,265,992	\$ 21,850,198
Capital assets, net	40,870,108	7,628,446	48,498,554	30,721,845	8,145,964	38,867,809
Total Assets	51,365,643	9,235,386	60,601,029	51,306,051	9,411,956	60,718,007
Deferred outflows - pensions	617,415	122,426	739,841	770,904	150,249	921,153
Total Deferred Outflows of Resources	617,415	122,426	739,841	770,904	150,249	921,153
Long-term liabilities	13,321,964	2,597,600	15,919,564	13,834,220	2,776,072	16,610,292
Other liabilities	783,649	443,287	1,226,936	1,776,326	412,315	2,188,641
Total Liabilities	14,105,613	3,040,887	17,146,500	15,610,546	3,188,387	18,798,933
Deferred inflows - pensions	55,672	9,746	65,418	21,382	4,046	25,428
Total Deferred Inflows of of Resources	55,672	9,746	65,418	21,382	4,046	25,428
Net Position:						
Net investment in capital assets	28,189,939	5,764,333	33,954,272	26,621,889	6,446,443	33,068,332
Restricted	4,924,112	871,778	5,795,890	160,271	965,480	1,125,751
Unrestricted	4,707,722	(328,932)	4,378,790	9,662,867	(1,042,151)	8,620,716
Total Net Position	\$ 37,821,773	\$ 6,307,179	\$ 44,128,952	\$ 36,445,027	\$ 6,369,772	\$ 42,814,799

A portion of the City's net position, \$5,795,890, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$4,378,790, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$1,314,153 during the current fiscal year, an increase of 3% over the prior year. The overall condition of the City improved during the year primarily due to increases in property tax, sales taxes, and other revenues.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Activities:

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

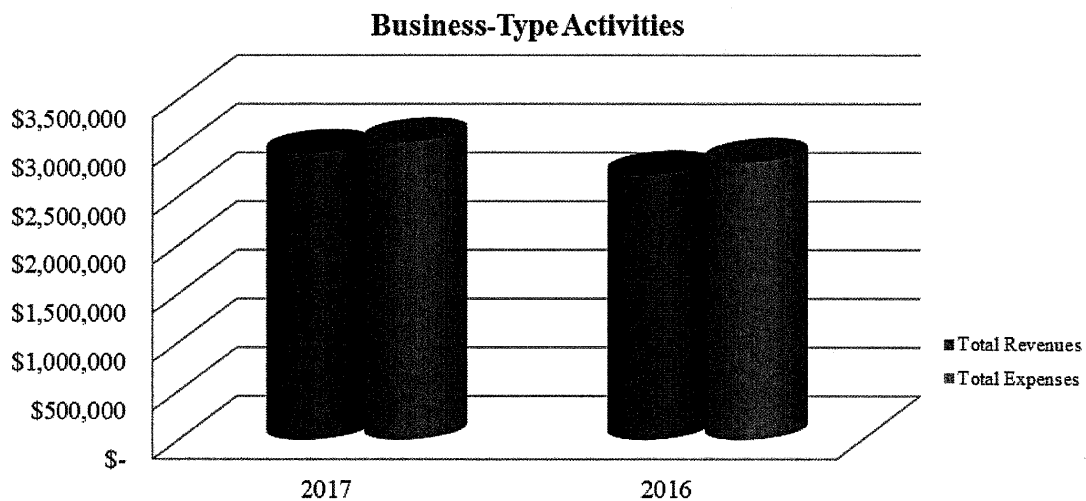
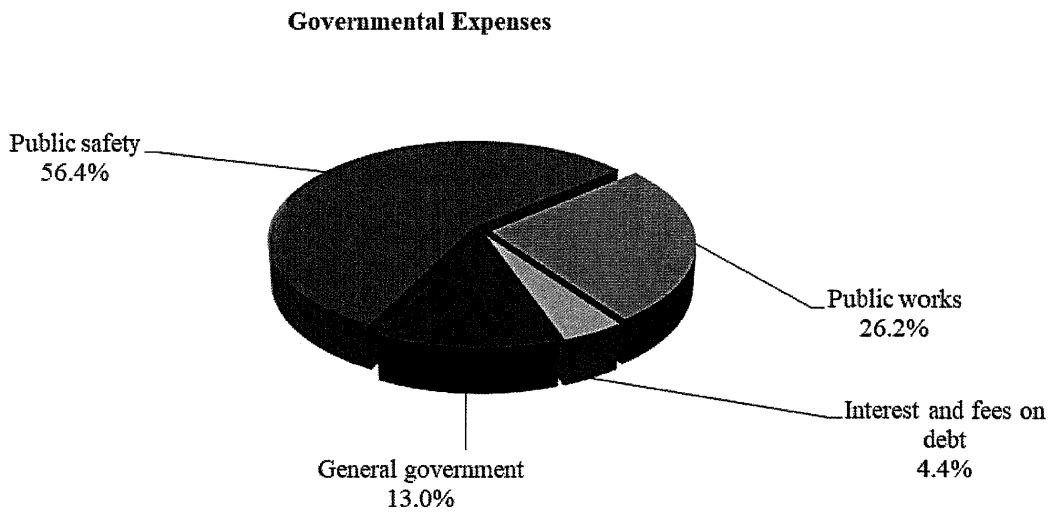
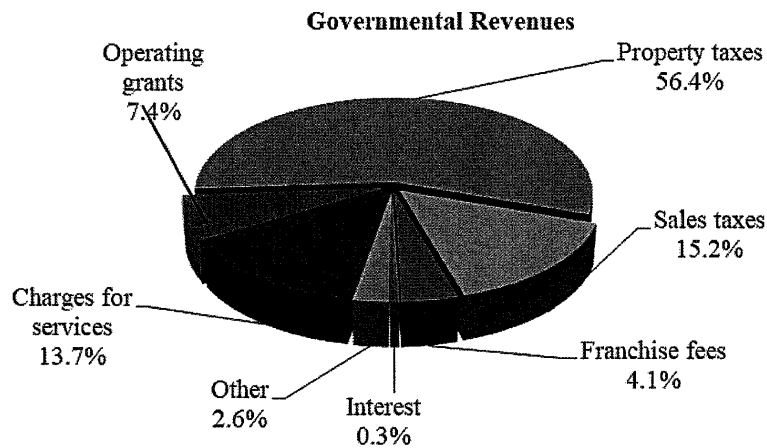
	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,140,544	\$ 2,940,857	\$ 4,081,401	\$ 1,204,115	\$ 2,720,856	\$ 3,924,971
Operating grants	620,005	-	620,005	661,046	-	661,046
General revenues:						
Property taxes	4,693,922	-	4,693,922	4,402,210	-	4,402,210
Sales taxes	1,262,647	-	1,262,647	1,197,292	-	1,197,292
Franchise fees	339,607	-	339,607	353,381	-	353,381
Interest	57,565	-	57,565	30,566	-	30,566
Other	214,149	54,920	269,069	136,207	26,066	162,273
Total Revenues	8,328,439	2,995,777	11,324,216	7,984,817	2,746,922	10,731,739
Expenses						
General government	903,011	-	903,011	800,723	-	800,723
Public safety	3,922,109	-	3,922,109	3,880,246	-	3,880,246
Public works	1,818,890	-	1,818,890	1,906,985	-	1,906,985
Interest and fees on debt	307,683	67,187	374,870	432,200	71,644	503,844
Water, sewer, and waste	-	2,991,183	2,991,183	-	2,776,634	2,776,634
Total Expenses	6,951,693	3,058,370	10,010,063	7,020,154	2,848,278	9,868,432
Change in Net Position	1,376,746	(62,593)	1,314,153	964,663	(101,356)	863,307
Beginning net position	36,445,027	6,369,772	42,814,799	35,480,364	6,471,128	41,951,492
Ending Net Position	\$ 37,821,773	\$ 6,307,179	\$ 44,128,952	\$ 36,445,027	\$ 6,369,772	\$ 42,814,799

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

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



CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Charges for services for governmental activities decreased \$63,571 or 5% due primarily to a decrease in court fine and fees. Property tax revenue increased by \$291,712 or 7% due to an increase in property tax values and increased collections from delinquent property taxes. Sales taxes revenue increased by \$65,355 or 5% due to consumer spending increase. Governmental total expenses increased \$68,461. General government expense increased \$102,288 or 13% mainly due to increases in personnel related costs, utility expense and computer service and maintenance. Public safety expenses increased \$41,863 or 1% mainly due to an increase in overtime salary expense for hurricane Harvey. Public work expense decreased \$88,095 or 5% mainly due to a decrease in contract labor cost and personnel related costs.

Revenues for business-type activities increased by \$248,855 or 9% from the prior year due to customers consuming more water. Business-type expenses increased by \$210,092 or 7% mainly due to increase in water purchasing and personnel related costs, and engineering fees for water and sewer projects.

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 \$8,353,881. At the end of the current year, \$3,428,566 was unassigned. \$2,475,631 was assigned for capital outlay of equipment and capital improvements. \$2,272,228 was assigned for 120 days' expenditures. Total restricted fund balance for other various purposes was \$176,253 and \$1,203 was nonspendable for prepaid purposes.

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 \$3,447,225, while total fund balance reached \$6,208,020. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 8 months of the general fund's expenditures. The general fund fund balance demonstrated an overall increase of \$103,917 primarily due to an increase in revenue from property and sales taxes.

The City's debt service fund had a deficit fund balance of \$18,659, which was a decrease of \$17,777. The debt service fund will collect property tax revenue to pay down debt principal and interest in subsequent years.

Overall, there was a decrease of \$9,073,257 in the capital improvements fund due primarily to the capital projects expenditures. The fund balance was \$2,116,364.

The asset forfeiture fund had a fund balance of \$16,105, which was a decrease of \$1,776 from the prior year due to expenditures for public safety.

The legacy fund had a fund balance of \$32,051, which was an increase of \$13,925 primarily due to the donation received.

Proprietary Funds – The City's proprietary fund had a net position of \$6,307,179, which was a decrease of \$62,593 mainly due to water purchases, personnel related costs and engineering fees.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded budgeted revenues by \$183,937 during the year. This net positive variance includes the positive variance of \$56,107 for sales taxes due to an increase in consumer spending and \$40,053 in interest income due to higher interest rates for investments. General fund expenditures were under the final budget by \$580,965 mainly due to a positive variance of \$230,165, \$56,714 and \$173,128 for police department, general government and street and drainage, respectively. These positive variances are a result of incurring less costs for public safety, general government and public works than expected.

CAPITAL ASSETS

At the end of the year, the City's had invested \$48,498,554 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$10,148,263 from the prior year.

Major capital asset events during the year included the following:

- City Hall and Police Station for \$7,777,566.
- Spring Oak East and West paving project for \$3,524,627.
- Park improvement for \$167,729
- Bracher Road improvement project for \$137,027.
- Purchase of three new police vehicles for \$163,862.

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

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt outstanding of \$15,055,000. Of this amount, \$12,565,000 was general obligation debt and \$2,490,000 was revenue bond debt.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved of a \$10.97 million budget for the 2017/2018 year. The property tax rate for 2017 was \$0.433500 per \$100 of property valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Michelle Yi, City Treasurer, Spring Valley Village City Hall, 1025 Campbell Road, Houston, Texas, 77055; telephone (713) 465-8308.

BASIC FINANCIAL STATEMENTS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 4,800,436	\$ 343,436	\$ 5,143,872
Restricted	137,983	871,778	1,009,761
Investments	5,172,338	-	5,172,338
Receivables, net	280,066	364,773	644,839
Due from other government	103,509	26,953	130,462
Prepaid items	1,203	-	1,203
	<u>10,495,535</u>	<u>1,606,940</u>	<u>12,102,475</u>
Noncurrent assets:			
Nondepreciable capital assets	2,362,315	5,207	2,367,522
Net depreciable capital assets	38,507,793	7,623,239	46,131,032
	<u>40,870,108</u>	<u>7,628,446</u>	<u>48,498,554</u>
Total Assets	<u>51,365,643</u>	<u>9,235,386</u>	<u>60,601,029</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	617,415	122,426	739,841
	<u>617,415</u>	<u>122,426</u>	<u>739,841</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	655,546	286,783	942,329
Accrued interests	67,738	8,186	75,924
Customer deposits	60,365	148,318	208,683
Long-term liabilities due within one year	630,967	187,024	817,991
	<u>1,414,616</u>	<u>630,311</u>	<u>2,044,927</u>
Noncurrent liabilities:			
Net pension liability	523,010	99,336	622,346
Long-term liabilities due in more than one year	12,167,987	2,311,240	14,479,227
	<u>12,690,997</u>	<u>2,410,576</u>	<u>15,101,573</u>
Total Liabilities	<u>14,105,613</u>	<u>3,040,887</u>	<u>17,146,500</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	55,672	9,746	65,418
	<u>55,672</u>	<u>9,746</u>	<u>65,418</u>
Net Position			
Net investment in capital assets	28,189,939	5,764,333	33,954,272
Restricted:			
Municipal court - child safety	63,892	-	63,892
Municipal court - security	64,205	-	64,205
Debt service	-	245,891	245,891
Asset forfeitures	16,105	-	16,105
120 days expenditures	2,272,228	-	2,272,228
Capital outlay and projects	2,475,631	625,887	3,101,518
Legacy fund	32,051	-	32,051
Unrestricted	4,707,722	(328,932)	4,378,790
	<u>4,707,722</u>	<u>(328,932)</u>	<u>4,378,790</u>
Total Net Position	<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 903,011	\$ 260,442	\$ -
Public safety	3,922,109	880,102	-
Public works	1,818,890	-	620,005
Interest and other charges on long-term debt	307,683	-	-
Total Governmental Activities	<u>6,951,693</u>	<u>1,140,544</u>	<u>620,005</u>
Business-Type Activities			
Water, sewer, and solid waste	3,058,370	2,940,857	-
Total Business-Type Activities	<u>3,058,370</u>	<u>2,940,857</u>	<u>-</u>
Total Primary Government	<u>\$ 10,010,063</u>	<u>\$ 4,081,401</u>	<u>\$ 620,005</u>

General Revenues:

- Taxes:
 - Property taxes
 - Sales taxes
- Franchise fees
- Investment income
- Other

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (642,569)	\$ -	\$ (642,569)
(3,042,007)	-	(3,042,007)
(1,198,885)	-	(1,198,885)
<u>(307,683)</u>	<u>-</u>	<u>(307,683)</u>
<u>(5,191,144)</u>	<u>-</u>	<u>(5,191,144)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>(5,191,144)</u>	<u>(117,513)</u>	<u>(5,308,657)</u>
4,693,922	-	4,693,922
1,262,647	-	1,262,647
339,607	-	339,607
57,565	-	57,565
214,149	54,920	269,069
<u>6,567,890</u>	<u>54,920</u>	<u>6,622,810</u>
1,376,746	(62,593)	1,314,153
<u>36,445,027</u>	<u>6,369,772</u>	<u>42,814,799</u>
<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,185,568	\$ 4,998	\$ 2,456,672	\$ 16,105
Investments	5,172,338	-	-	-
Receivables, net	277,128	2,938	-	-
Due from other government	103,509	-	-	-
Due from other funds	-	15,519	26,322	-
Prepaid items	1,203	-	-	-
Restricted cash	137,983	-	-	-
Total Assets	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 267,907	\$ 17,114	\$ 366,630	\$ -
Deposits	60,365	-	-	-
Due to other funds	316,841	25,000	-	-
Total Liabilities	645,113	42,114	366,630	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	24,596	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	1,203	-	-	-
Restricted:				
Municipal court - child safety	63,892	-	-	-
Municipal court - security	64,205	-	-	-
Asset forfeitures	-	-	-	16,105
Legacy fund	-	-	-	-
Assigned:				
120 days expenditures	2,272,228	-	-	-
Capital outlay and projects	359,267	-	2,116,364	-
Unassigned	3,447,225	(18,659)	-	-
Total Fund Balances	6,208,020	(18,659)	2,116,364	16,105
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ 32,051	\$ 3,695,394
-	5,172,338
-	280,066
-	103,509
-	41,841
-	1,203
-	137,983
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>
\$ -	\$ 651,651
-	60,365
-	341,841
<u>-</u>	<u>1,053,857</u>
-	24,596
-	1,203
-	63,892
-	64,205
-	16,105
32,051	32,051
-	2,272,228
-	2,475,631
-	3,428,566
<u>32,051</u>	<u>8,353,881</u>
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>

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

September 30, 2017

Total fund balances for governmental funds	\$	8,353,881
Amounts reported for governmental activities in the Statement of Net Position are different, because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, nondepreciable		2,362,315
Capital assets, net depreciable		38,507,793
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		24,596
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		
		1,401,147
Deferred outflows and deferred inflows related to pension activity are not reported in the governmental funds.		
Deferred outflows - pensions		617,415
Deferred inflows - pensions		(55,672)
Net pension liability		(523,010)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(67,738)
Noncurrent liabilities due in one year		(630,967)
Noncurrent liabilities due in more than one year		(12,167,987)
		37,821,773
Net Position of Governmental Activities	\$	37,821,773

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
Property taxes	\$ 3,798,654	\$ 892,042	\$ -	\$ -
Sales taxes	1,262,647	-	-	-
Franchise fees	339,607	-	-	-
Fines and forfeitures	460,809	-	-	-
Licenses and permits	260,442	-	-	-
Hilshire police contract	419,293	-	-	-
Investment income	52,053	-	5,512	-
Intergovernmental	620,005	-	-	-
Other	208,210	-	-	-
Total Revenues	<u>7,421,720</u>	<u>892,042</u>	<u>5,512</u>	<u>-</u>
<u>Expenditures</u>				
Current:				
General government	1,427,121	-	-	-
Public safety	3,393,780	-	-	1,776
Public works	305,642	-	-	-
Capital outlay	-	-	11,414,618	-
Debt service:				
Principal	-	510,000	-	-
Interest and fiscal charges	-	399,819	-	-
Total Expenditures	<u>5,126,543</u>	<u>909,819</u>	<u>11,414,618</u>	<u>1,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,295,177</u>	<u>(17,777)</u>	<u>(11,409,106)</u>	<u>(1,776)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	2,335,849	-
Transfers (out)	(2,192,011)	-	-	-
Sale of capital assets	751	-	-	-
Total Other Financing Sources (Uses)	<u>(2,191,260)</u>	<u>-</u>	<u>2,335,849</u>	<u>-</u>
Net Change in Fund Balances	103,917	(17,777)	(9,073,257)	(1,776)
Beginning fund balances	6,104,103	(882)	11,189,621	17,881
Ending Fund Balances	<u>\$ 6,208,020</u>	<u>\$ (18,659)</u>	<u>\$ 2,116,364</u>	<u>\$ 16,105</u>

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ -	\$ 4,690,696
-	1,262,647
-	339,607
-	460,809
-	260,442
-	419,293
-	57,565
-	620,005
23,601	231,811
<u>23,601</u>	<u>8,342,875</u>
-	1,427,121
9,676	3,405,232
-	305,642
-	11,414,618
-	510,000
-	399,819
<u>9,676</u>	<u>17,462,432</u>
<u>13,925</u>	<u>(9,119,557)</u>
-	2,335,849
-	(2,192,011)
-	751
-	<u>144,589</u>
13,925	(8,974,968)
<u>18,126</u>	<u>17,328,849</u>
<u>\$ 32,051</u>	<u>\$ 8,353,881</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

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

Net change in fund balances - total governmental funds	\$	(8,974,968)
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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		12,096,671
Depreciation expense		(1,948,408)

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

Net change in unavailable revenue - property taxes		3,226
--	--	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Accrued interest expense		85,738
Premium on debt		6,398
Principal payment		510,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		(20,137)
Net pension liability		15,995
Deferred outflows - pensions		(153,489)
Deferred inflows - pensions		(34,290)

An internal service fund is used by management to charge the costs of providing various services and benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

		<u>(209,990)</u>
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		<u><u>\$ 1,376,746</u></u>
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See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash	871,778	-
Receivables, net	364,773	-
Due from other government	26,953	-
Due from general fund	-	300,000
Total Current Assets	1,606,940	1,405,042
Noncurrent Assets		
Capital assets:		
Land	5,207	-
Building	44,708	-
Infrastructure	26,892	-
Water system	8,825,180	-
Sewer system	5,741,776	-
Vehicles	45,895	-
Machinery and equipment	209,062	-
Less accumulated depreciation	(7,270,274)	-
Total Capital Assets Net of Depreciable Assets	7,628,446	-
Total Noncurrent Assets	7,628,446	-
Total Assets	9,235,386	1,405,042
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	122,426	-
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities	286,783	3,895
Customer deposits	148,318	-
Accrued interest payable	8,186	-
Long-term liabilities due within one year	187,024	-
Total Current Liabilities	630,311	3,895
Noncurrent Liabilities		
Net pension liability	99,336	-
Long-term liabilities due in more than one year	2,311,240	-
Total Noncurrent Liabilities	2,410,576	-
Total Liabilities	3,040,887	3,895
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	9,746	-
<u>Net Position</u>		
Net investment in capital assets	5,764,333	-
Restricted for capital projects	625,887	-
Restricted for debt service	245,891	-
Unrestricted	(328,932)	1,401,147
Total Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Operating Revenues</u>		
Water charges	\$ 1,407,337	\$ -
Sewer charges	1,202,837	-
Solid waste charges	330,683	-
Charges for services	-	109,720
Other	54,920	-
Total Operating Revenues	2,995,777	109,720
<u>Operating Expenses</u>		
General and administrative	615,600	175,872
Water	710,698	-
Sewer	817,898	-
Solid waste	320,550	-
Depreciation	526,437	-
Total Operating Expenses	2,991,183	175,872
Operating Income (Loss)	4,594	(66,152)
<u>Nonoperating Revenues (Expenses)</u>		
Interest expense	(67,187)	-
Total Nonoperating (Expenses)	(67,187)	-
(Loss) Before Transfers	(62,593)	(66,152)
Transfers in	-	66,162
Transfers (out)	-	(210,000)
Change in Net Position	(62,593)	(209,990)
Beginning net position	6,369,772	1,611,137
Ending Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 2,910,580	\$ (190,280)
Payments to suppliers	(1,885,057)	3,895
Payments to employees	(613,134)	(175,872)
Net Cash Provided (Used) by Operating Activities	412,389	(362,257)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers (out)	-	66,162
Transfers in	-	(210,000)
Net Cash (Used) by Noncapital Financing Activities	-	(143,838)
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases	(8,919)	-
Interest and fiscal agent fees paid	(67,187)	-
Debt payments	(175,000)	-
Net Cash (Used) by Capital and Related Financing Activities	(251,106)	-
Net Increase (Decrease) in Cash and Cash Equivalents	161,283	(506,095)
Beginning cash and cash equivalents	1,053,931	1,611,137
Ending Cash and Cash Equivalents	\$ 1,215,214	\$ 1,105,042
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash and cash equivalents	871,778	-
	\$ 1,215,214	\$ 1,105,042
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 4,594	\$ (66,152)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	526,437	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(90,185)	(300,000)
Deferred outflows - pensions	27,823	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	26,559	3,895
Accrued expenses	(575)	-
Due to other funds	(89,480)	-
Net pension liability	(2,659)	-
Deferred inflows - pensions	5,700	-
Compensated absences	(813)	-
Customer deposits	4,988	-
Net Cash Provided by Operating Activities	\$ 412,389	\$ (362,257)

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Spring Valley Village, Texas (the "City") was incorporated under the laws of the State of Texas in 1955. The City operates as a "General Law" city, which provides for a "Mayor-Council" form of government.

The City provides the following services: public safety, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas 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.

Blended Component Unit

Spring Valley Legacy Fund, Inc.

The Spring Valley Legacy Fund, Inc. (the "Corporation") has been included in the reporting entity as a blended component unit. The Corporation was established to allow the City to receive private and corporate donations to be used solely to benefit the Spring Valley Police Department. The Board of Directors consisting of six members, all members of the City Council, for terms of office coinciding with their respective terms of office with the City, plus one appointed individual.

The component unit identified above is included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a majority of the corporation's board and is either able to impose its will on it or a financial benefit/burden exists.

Complete financial statements of the component unit can be obtained directly from administrative offices of the City.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

The *capital improvements fund* is used to account for the expenditures related to capital projects through resources accumulated from various internal transfers and bond financing. The capital improvements fund is considered a major fund for reporting purposes.

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue fund, asset forfeiture, holds monies seized by the police department to be used for public safety and security. The City has elected to report the asset forfeiture fund as a major fund for reporting purposes.

The *legacy fund* is used solely to benefit the Spring Valley Police Department. The primary source of revenue for legacy fund is from private and corporate donations. The City has elected to report the legacy fund as a major fund for reporting purposes.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The City reports the following enterprise fund:

The *enterprise fund* is 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 enterprise fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

The *internal service fund* is used to account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The internal service fund is used to account for vehicle and equipment replacement.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

2. Investments

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

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

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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 future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 years
Furniture and fixtures	4-8 years
Infrastructure	40 years
Machinery and equipment	4-8 years
Water and sewer system	20-40 years
Buildings	40 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings related to the City's defined benefit pension plan. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for the changes in

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

actuarial assumptions related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

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. The City has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized as a result of differences between the expected and the actual economic experience on the pension plan liability related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

The City maintains formal programs for vacation and sick leave. Vacation pay is calculated six months from the date of employment and is cumulative up to 80 hours for employees with less than five years of service and 120 hours for employees with more than five years of service. According to policy, 40 hours may carry over at year end if no exceptions are made. Sick leave is accumulated up to 240 hours but does not vest.

8. Long-Term Obligations

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the object and purpose stated in the approved budget.

A. Deficit Fund Balance

As of September 30, 2017, the debt service fund had a deficit fund balance of \$18,659. The deficit will be recovered in future years through the collection of property tax.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2017, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
External investment pool (TexPool)	\$ 4,543,340	0.00
Certificates of deposit	628,998	0.26
Total Investments	\$ 5,172,338	
Portfolio Weighted Average Maturity		0.03

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities and/or FDIC insurance with a collective market value of at least 105%. As of year end, market values of pledged securities and FDIC insurance was less than bank balances by \$1,404,826 due to a large month-end deposit that was not processed by the bank by fiscal year end. The bank increased the pledged securities amount on October 2, 2017 to cover the bank balance.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

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

B. Receivables

The following comprises receivable balances at year end:

	General	Debt service	Enterprise
Property taxes	\$ 26,263	\$ 2,938	\$ -
Other taxes	250,865	-	-
Other government	103,509	-	26,953
Accounts	-	-	391,973
Less allowance	-	-	(27,200)
Total	\$ 380,637	\$ 2,938	\$ 391,726

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

C. Capital Assets

A summary of changes in capital assets for the year is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,966,307	\$ -	\$ -	\$ 1,966,307
Construction in progress	7,818,676	346,156	(7,768,824)	396,008
Total Capital Assets Not Being Depreciated	9,784,983	346,156	(7,768,824)	2,362,315
Other capital assets:				
Infrastructure	43,943,853	9,617,450	-	53,561,303
Buildings	633,005	7,903,362	-	8,536,367
Furniture and fixtures	242,014	1,772,011	(102,420)	1,911,605
Machinery and equipment	694,178	81,067	(50,405)	724,840
Vehicles	666,639	163,862	-	830,501
Total Other Capital Assets	46,179,689	19,537,752	(152,825)	65,564,616
Less accumulated depreciation for:				
Infrastructure	(23,612,188)	(1,339,094)	-	(24,951,282)
Buildings	(541,168)	(202,847)	-	(744,015)
Furniture and fixtures	(145,926)	(237,399)	84,007	(299,318)
Machinery and equipment	(510,654)	(54,393)	50,405	(514,642)
Vehicles	(432,891)	(114,675)	-	(547,566)
Total Accumulated Depreciation	(25,242,827)	(1,948,408)	134,412	(27,056,823)
Other capital assets, net	20,936,862	17,589,344	(18,413)	38,507,793
Governmental Activities Capital Assets, Net	\$ 30,721,845	\$ 17,935,500	\$ (7,787,237)	40,870,108
			Less associated debt	(12,680,169)
			Net Investment in Capital Assets	\$ 28,189,939

Depreciation was charged to governmental functions as follows:

General government	\$ 299,866
Public safety	301,234
Public works	1,347,308
Total Governmental Activities Depreciation Expense	\$ 1,948,408

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 5,207	\$ -	\$ -	\$ 5,207
Construction in progress	1,035,790	-	(1,035,790)	-
Total Capital Assets Not Being Depreciated	1,040,997	-	(1,035,790)	5,207
Other capital assets:				
Building	44,708	-	-	44,708
Infrastructure	26,892	-	-	26,892
Water system	7,782,857	1,044,709	(2,386)	8,825,180
Sewer system	5,741,776	-	-	5,741,776
Vehicles	45,895	-	-	45,895
Machinery and equipment	209,062	-	-	209,062
Total Other Capital Assets	13,851,190	1,044,709	(2,386)	14,893,513
Less accumulated depreciation for:				
Building	(31,557)	(640)	-	(32,197)
Infrastructure	(6,048)	(675)	-	(6,723)
Water system	(4,444,733)	(334,302)	2,386	(4,776,649)
Sewer system	(2,114,159)	(171,519)	-	(2,285,678)
Vehicles	(45,894)	-	-	(45,894)
Machinery and equipment	(103,832)	(19,301)	-	(123,133)
Total Accumulated Depreciation	(6,746,223)	(526,437)	2,386	(7,270,274)
Other capital assets, net	7,104,967	518,272	-	7,623,239
Business-Type Activities Capital Assets, Net	\$ 8,145,964	\$ 518,272	\$ (1,035,790)	7,628,446
				Less associated debt (2,490,000)
				Unspent bond proceeds 625,887
				Net Investment in Capital Assets \$ 5,764,333

Depreciation was charged to business-type functions as follows:

Water	\$ 354,918
Sewer	171,519
	Total Business-Type Activities Depreciation Expense
	\$ 526,437

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the general fund and debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation bonds series 2015	\$ 13,075,000	\$ -	\$ (510,000)	\$ 12,565,000	* \$ 530,000
Premiums	121,567	-	(6,398)	115,169	*
Net pension liability	539,005	-	(15,995)	523,010	-
Compensated absences	98,648	94,594	(74,457)	118,785	100,967
Total Governmental Activities	<u>\$ 13,834,220</u>	<u>\$ 94,594</u>	<u>\$ (606,850)</u>	<u>\$ 13,321,964</u>	<u>\$ 630,967</u>

Long-term liabilities due in more than one year \$ 12,690,997

* Debt associated with governmental activities capital assets \$ 12,680,169

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Revenue bonds, series 2014	\$ 2,665,000	\$ -	\$ (175,000)	\$ 2,490,000	* \$ 180,000
Net pension liability	101,995	-	(2,659)	99,336	-
Compensated absences	9,077	9,611	(10,424)	8,264	7,024
Total Business-Type Activities	<u>\$ 2,776,072</u>	<u>\$ 9,611</u>	<u>\$ (188,083)</u>	<u>\$ 2,597,600</u>	<u>\$ 187,024</u>

Long-term liabilities due in more than one year \$ 2,410,576

* Debt associated with business-type activities capital assets \$ 2,490,000

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

	<u>Amounts Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Interest Pmt. Dates</u>
General Obligation Bonds Series 2015	<u>\$ 12,565,000</u>	2.00% - 3.89%	Feb 15, Aug 15

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
Revenue Bonds			
Series 2014	\$ 2,490,000	2.63%	Feb 15, Aug 15

Pledged Revenues

The net revenue of the enterprise fund is for the payment of interest and principal on the outstanding revenue bonds, series 2014. The revenue bonds were issued for the purpose of improving and extending the City's water and sanitary sewer system and are payable through 2029. The table below represents the pledged amount at September 30, 2017:

Gross Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirement (3)	Revenue Bond Coverage (4)
\$ 2,995,777	\$ 2,464,746	\$ 531,031	\$ 245,487	2.16

- (1) Gross revenues as defined in the revenue bond ordinance include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.
- (2) Total operating expenses as defined in the revenue bond ordinance do not include amortization, bond interest, and fiscal charges.
- (3) Debt service requirements are based on the expected debt service pays for the following fiscal year
- (4) The 2014 Bond series net revenue amount shall be at least equal to or greater than 1.1 times.

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

Fiscal Year Ending Sept. 30	Governmental Activities		
	General Obligation Bonds		
	Principal Due	Interest Due	Total Due
2018	\$ 530,000	\$ 378,269	\$ 908,269
2019	550,000	362,169	912,169
2020	565,000	345,369	910,369
2021	585,000	325,294	910,294
2022	600,000	307,519	907,519
2023-2027	3,300,000	1,251,094	4,551,094
2028-2032	3,835,000	716,509	4,551,509
2033-2035	2,600,000	128,013	2,728,013
Total	\$ 12,565,000	\$ 3,814,236	\$ 16,379,236

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Fiscal Year Ending Sept. 30	Business-Type Activities		
	Revenue Bonds		
	Principal Due	Interest Due	Total Due
2018	\$ 180,000	\$ 65,487	\$ 245,487
2019	185,000	60,753	245,753
2020	190,000	55,888	245,888
2021	195,000	50,891	245,891
2022	200,000	45,762	245,762
2023-2027	1,075,000	147,280	1,222,280
2028-2029	465,000	18,410	483,410
Total	\$ 2,490,000	\$ 444,471	\$ 2,934,471

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

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

E. Interfund Transactions

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

Transfer In	Transfer Out	Amount
Capital improvements fund	General fund	\$ 2,125,849
Capital improvements fund	Internal service fund	210,000
Internal service fund	General fund	66,162
	Total	\$ 2,402,011

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

Receivable Fund	Payable Fund	Amount
Capital improvements fund	Debt service fund	\$ 25,000
Internal service fund	General fund	300,000
Capital improvements fund	General fund	1,322
Debt service fund	General fund	15,519
	Total	\$ 341,841

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Fund Equity

Funds restricted by enabling legislation are \$124,264, which are related to municipal court security and child safety fees.

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Benefits Provided

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

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

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

	2017	2016
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to, but not yet receiving, benefits	24
Active employees	36
Total	89

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.07% and 7.50% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$194,112 and were equal to the required contributions.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	Changes for the year:		
Service cost	\$ 345,789	\$ -	\$ 345,789
Interest	675,456	-	675,456
Change in current period benefits	-	-	-
Difference between expected and actual experience	(69,514)	-	(69,514)
Changes in assumptions	-	-	-
Contributions - employer	-	155,593	(155,593)
Contributions - employee	-	179,431	(179,431)
Net investment income	-	643,013	(643,013)
Benefit payments, including refunds of employee contributions	641,405	(641,405)	-
Administrative expense	-	(7,261)	7,261
Other changes	-	(391)	391
Net Changes	310,326	328,980	(18,654)
Balance at December 31, 2015	10,154,568	9,513,568	641,000
Balance at December 31, 2016	\$ 10,464,894	\$ 9,842,548	\$ 622,346

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 1,891,680	\$ 622,346	\$ (440,824)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$396,758.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 65,418
Changes in actuarial assumptions	144,733	-
Difference between projected and actual investment earnings	437,189	-
Contributions subsequent to the measurement date	157,919	-
Total	\$ 739,841	\$ 65,418

\$157,919 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase to the net pension liability for the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2018	\$ 189,458
2019	200,347
2020	126,870
2021	(171)
Total	\$ 516,504

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Other Post Employment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2017, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate 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.

The City's contributions to the TMRS SDBF for the fiscal years ended 2017, 2016, and 2015 were \$807, \$735, and \$482, respectively. The City's contribution rates for the past three years are shown below:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.02%
Actual Contribution Made	0.03%	0.03%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Revenue Allocation Agreement

Effective October 1, 2014, the City entered into an amended Congestion Mitigation/Traffic Management Agreement (the "Agreement") with METRO, which continues through December 31, 2025, unless terminated earlier per the provisions of the Agreement. Under the terms of the Agreement, the City will receive periodic payments in amounts equal to one-half of all available sales and use tax revenues collected by or for METRO within the corporate limits of the City. The City may utilize the funds for traffic-related projects and costs. The funds are accounted for in the general fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Related Organizations and Joint Ventures

Fire Protection

The City has entered into an interlocal agreement (the "Agreement") with the cities of Bunker Hill Village, Hedwig Village, Hunters Creek Village, Piney Point Village, and Hilshire Village, Texas, to create the Village Fire Department (VFD). The Agreement automatically renews for a period of five years unless terminated by at least one of the contracting cities. Under the terms of this Agreement, the City is liable for 16.25% of VFD's approved budget.

Consolidated financial information extracted from the VFD's audited financial statements for the year ended December 31, 2016, on which the VFD's auditors expressed an unmodified opinion, is as follows:

	VFD Total		City's Portion (16.25%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets	\$ 4,037,202	\$ 1,187,507	\$ 656,045	\$ 192,969
Total liabilities	2,388,050	78,858	388,058	12,814
Total Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
	Change in	Revenues and	Change in	Revenues and
	Net Position	Expenditures	Net Position	Expenditures
Total revenues	\$ 5,485,585	\$ 5,485,585	\$ 891,408	\$ 891,408
Total expenditures/expenses	5,725,908	5,254,499	930,460	853,856
Revenues (under) expenditures/expenses	(240,323)	231,086	(39,052)	37,551
Beginning participants' equity	1,889,475	877,563	307,039	142,604
Ending Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
Unfunded Actuarial Accrued Liability at 12/31/15 with TMRS	\$ 2,045,765		\$ 332,437	

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Property taxes	\$ 3,799,000	\$ 3,799,000	\$ 3,798,654	\$ (346)
Sales taxes	1,206,540	1,206,540	1,262,647	56,107
Franchise fees	331,000	331,000	339,607	8,607
Fines and forfeitures	514,800	514,800	460,809	(53,991)
Licenses and permits	230,150	230,150	260,442	30,292
Hilshire police contract	419,293	419,293	419,293	-
Investment income	12,000	12,000	52,053	40,053
Intergovernmental	620,000	620,000	620,005	5
Other	105,000	105,000	208,210	103,210
Total Revenues	<u>7,237,783</u>	<u>7,237,783</u>	<u>7,421,720</u>	<u>183,937</u>
Expenditures				
General Government				
Mayor and council	6,800	6,800	5,930	870
General government	1,166,259	1,247,263	1,134,128	113,135
Municipal court	284,139	289,374	232,660	56,714
Parks and recreation	61,140	61,356	54,403	6,953
Total General Government	<u>1,518,338</u>	<u>1,604,793</u>	<u>1,427,121</u>	<u>177,672</u>
Public Safety				
Police	2,610,778	2,734,973	2,504,808	230,165
Fire	888,972	888,972	888,972	-
Total Public Safety	<u>3,499,750</u>	<u>3,623,945</u>	<u>3,393,780</u>	<u>230,165</u>
Public Works				
Streets and drainage	464,738	478,770	305,642	173,128
Total Expenditures	<u>5,482,826</u>	<u>5,707,508</u>	<u>5,126,543</u>	<u>580,965</u>
Other Financing Sources (Uses)				
Transfers (out)	(1,287,500)	(2,125,849)	(2,192,011)	(66,162)
Sale of capital assets	-	-	751	751
Total Other Financing (Uses)	<u>(1,287,500)</u>	<u>(2,125,849)</u>	<u>(2,191,260)</u>	<u>(65,411)</u>
Net Change in Fund Balance	<u>\$ 467,457</u>	<u>\$ (595,574)</u>	103,917	<u>\$ 699,491</u>
Beginning fund balance			<u>6,104,103</u>	
Ending Fund Balance			<u>\$ 6,208,020</u>	

Notes to Required Supplementary Information:

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Measurement Year*		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 345,789	\$ 317,389	\$ 262,594
Interest (on the total pension liability)	675,456	647,576	612,560
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(69,514)	(239)	(49,336)
Change of assumptions	-	275,713	-
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Net Change in Total Pension Liability	<u>310,326</u>	<u>883,906</u>	<u>476,393</u>
Beginning total pension liability	<u>10,154,568</u>	<u>9,270,662</u>	<u>8,794,269</u>
Ending Total Pension Liability	<u>\$ 10,464,894</u>	<u>\$ 10,154,568</u>	<u>\$ 9,270,662</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 155,593	\$ 164,572	\$ 168,939
Contributions - employee	179,431	175,076	161,113
Net investment income	643,013	14,056	516,782
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Administrative expense	(7,261)	(8,561)	(5,396)
Other	(391)	(423)	(444)
Net Change in Plan Fiduciary Net Position	<u>328,980</u>	<u>(11,813)</u>	<u>491,569</u>
Beginning plan fiduciary net position	<u>9,513,568</u>	<u>9,525,381</u>	<u>9,033,812</u>
Ending Plan Fiduciary Net Position	<u>\$ 9,842,548</u>	<u>\$ 9,513,568</u>	<u>\$ 9,525,381</u>
Net Pension Liability/(Asset)	<u>\$ 622,346</u>	<u>\$ 641,000</u>	<u>\$ (254,719)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.05%	93.69%	102.75%
Covered Employee Payroll	\$ 2,563,301	\$ 2,501,093	\$ 2,301,618
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	24.28%	25.63%	(11.07%)

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Fiscal Year*		
	2017	2016	2015
Actuarially determined contribution	\$ 194,112	\$ 167,012	\$ 164,572
Contributions in relation to the actuarially determined contribution	194,112	167,012	164,572
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2,691,643	\$ 2,690,588	\$ 2,501,093
Contributions as a percentage of covered employee payroll	7.21%	6.21%	6.58%

*Only three of ten years of information is currently available. The City will build this schedule over the next seven-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	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 103% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 912,069	\$ 912,069	\$ 892,042	\$ (20,027)
Total Revenues	<u>912,069</u>	<u>912,069</u>	<u>892,042</u>	<u>(20,027)</u>
<u>Expenditures</u>				
Principal	510,000	510,000	510,000	-
Interest and fiscal charges	<u>400,069</u>	<u>400,069</u>	<u>399,819</u>	<u>250</u>
Total Expenditures	<u>910,069</u>	<u>910,069</u>	<u>909,819</u>	<u>250</u>
Net Change in Fund Balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	(17,777)	<u>\$ (19,777)</u>
Beginning fund balance			<u>(882)</u>	
Ending Fund Balance			<u>\$ (18,659)</u>	

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	80
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	90
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	98
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	109
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	113
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF SPRING VALLEY VILLAGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 17,797,616	\$ 20,358,533	\$ 20,112,126	\$ 20,562,889
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,261,898	4,599,339	5,784,809	6,582,772
Total Governmental Activities Net Position	<u>\$ 24,911,635</u>	<u>\$ 25,983,772</u>	<u>\$ 26,688,458</u>	<u>\$ 27,866,438</u>
Business-Type Activities				
Net investment in capital assets	\$ 7,267,936	\$ 8,110,784	\$ 8,194,572	\$ 7,822,043
Restricted	-	-	-	-
Unrestricted	(22,150)	(750,876)	(1,226,981)	(744,008)
Total Business-Type Activities Net Position	<u>\$ 7,245,786</u>	<u>\$ 7,359,908</u>	<u>\$ 6,967,591</u>	<u>\$ 7,078,035</u>
Primary Government				
Net investment in capital assets	\$ 25,065,552	\$ 28,469,317	\$ 28,306,698	\$ 28,384,932
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,239,748	3,848,463	4,557,828	5,838,764
Total Primary Government Net Position	<u>\$ 32,157,421</u>	<u>\$ 33,343,680</u>	<u>\$ 33,656,049</u>	<u>\$ 34,944,473</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 23,227,286	\$ 25,437,372	\$ 24,859,774	\$ 25,354,855	\$ 26,621,889	\$ 28,189,939
75,118	121,848	150,437	154,588	160,271	4,924,112
5,825,609	5,065,577	7,973,362	9,970,921	9,662,867	4,707,722
<u>\$ 29,128,013</u>	<u>\$ 30,624,797</u>	<u>\$ 32,983,573</u>	<u>\$ 35,480,364</u>	<u>\$ 36,445,027</u>	<u>\$ 37,821,773</u>
\$ 7,416,956	\$ 7,201,090	\$ 7,484,141	\$ 6,429,975	\$ 6,446,443	\$ 5,764,333
-	-	1,612,394	1,004,614	965,480	871,778
(364,877)	(259,161)	(2,241,483)	(963,461)	(1,042,151)	(328,932)
<u>\$ 7,052,079</u>	<u>\$ 6,941,929</u>	<u>\$ 6,855,052</u>	<u>\$ 6,471,128</u>	<u>\$ 6,369,772</u>	<u>\$ 6,307,179</u>
\$ 30,644,242	\$ 32,638,462	\$ 32,343,915	\$ 31,784,830	\$ 33,068,332	\$ 33,954,272
75,118	121,848	150,437	1,159,202	1,125,751	5,795,890
5,460,732	4,806,416	5,731,879	9,007,460	8,620,716	4,378,790
<u>\$ 36,180,092</u>	<u>\$ 37,566,726</u>	<u>\$ 38,226,231</u>	<u>\$ 41,951,492</u>	<u>\$ 42,814,799</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 1,378,291	\$ 1,657,481	\$ 1,211,535	\$ 1,225,535
Public safety	2,588,428	2,694,742	2,906,948	2,837,702
Public works	799,234	729,391	1,270,439	1,164,949
Interest and fiscal agent fees	5,028	3,724	19,261	-
Total Governmental Activities Expenses	<u>4,770,981</u>	<u>5,085,338</u>	<u>5,408,183</u>	<u>5,228,186</u>
Business-Type Activities				
Water, sewer, and solid waste	1,763,893	2,012,235	2,344,054	2,635,600
Total Business-Type Activities Expenses	<u>1,763,893</u>	<u>2,012,235</u>	<u>2,344,054</u>	<u>2,635,600</u>
Total Expenses	<u>\$ 6,534,874</u>	<u>\$ 7,097,573</u>	<u>\$ 7,752,237</u>	<u>\$ 7,863,786</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 268,530	\$ 161,928	\$ 219,210	\$ 210,123
Public safety	666,844	960,101	918,499	922,068
Operating grants and contributions	282,561	158,942	165,080	154,000
Capital grants and contributions	2,106,655	-	-	-
Total Governmental Activities Program Revenues	<u>3,324,590</u>	<u>1,280,971</u>	<u>1,302,789</u>	<u>1,286,191</u>
Business-Type Activities				
Charges for services				
Water, sewer, and solid waste	2,201,823	2,289,356	2,114,736	2,909,044
Total Business-Type Activities Program Revenues	<u>2,201,823</u>	<u>2,289,356</u>	<u>2,114,736</u>	<u>2,909,044</u>
Total Program Revenues	<u>\$ 5,526,413</u>	<u>\$ 3,570,327</u>	<u>\$ 3,417,525</u>	<u>\$ 4,195,235</u>
Net (Expense)/Revenue				
Governmental activities	\$ (1,446,391)	\$ (3,804,367)	\$ (4,105,394)	\$ (3,941,995)
Business-type activities	437,930	277,121	(229,318)	273,444
Total Net Expense	<u>\$ (1,008,461)</u>	<u>\$ (3,527,246)</u>	<u>\$ (4,334,712)</u>	<u>\$ (3,668,551)</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,229,504	\$ 1,590,735	\$ 1,320,245	\$ 1,247,843	\$ 800,723	\$ 903,011
2,786,639	2,648,646	2,738,631	3,036,137	3,880,246	3,922,109
1,324,918	1,153,278	1,278,240	1,354,685	1,906,985	1,818,890
-	-	-	337,430	432,200	307,683
<u>5,341,061</u>	<u>5,392,659</u>	<u>5,337,116</u>	<u>5,976,095</u>	<u>7,020,154</u>	<u>6,951,693</u>
2,442,239	2,675,934	2,658,992	2,614,157	2,848,278	3,058,370
<u>2,442,239</u>	<u>2,675,934</u>	<u>2,658,992</u>	<u>2,614,157</u>	<u>2,848,278</u>	<u>3,058,370</u>
<u>\$ 7,783,300</u>	<u>\$ 8,068,593</u>	<u>\$ 7,996,108</u>	<u>\$ 8,590,252</u>	<u>\$ 9,868,432</u>	<u>\$ 10,010,063</u>
\$ 219,074	\$ 236,953	\$ 214,713	\$ 397,023	\$ 265,706	\$ 260,442
814,509	800,772	1,127,801	1,133,967	938,409	880,102
154,000	154,000	154,000	438,493	661,046	620,005
-	-	-	-	-	-
<u>1,187,583</u>	<u>1,191,725</u>	<u>1,496,514</u>	<u>1,969,483</u>	<u>1,865,161</u>	<u>1,760,549</u>
2,709,775	2,859,499	2,730,542	2,708,075	2,720,856	2,940,857
<u>2,709,775</u>	<u>2,859,499</u>	<u>2,730,542</u>	<u>2,708,075</u>	<u>2,720,856</u>	<u>2,940,857</u>
<u>\$ 3,897,358</u>	<u>\$ 4,051,224</u>	<u>\$ 4,227,056</u>	<u>\$ 4,677,558</u>	<u>\$ 4,586,017</u>	<u>\$ 4,701,406</u>
\$ (4,153,478)	\$ (4,200,934)	\$ (3,840,602)	\$ (4,006,612)	\$ (5,154,993)	\$ (5,191,144)
267,536	183,565	71,550	93,918	(127,422)	(117,513)
<u>\$ (3,885,942)</u>	<u>\$ (4,017,369)</u>	<u>\$ (3,769,052)</u>	<u>\$ (3,912,694)</u>	<u>\$ (5,282,415)</u>	<u>\$ (5,308,657)</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,137,677	\$ 3,215,025	\$ 3,356,982	\$ 3,548,991
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Investment income	228,733	98,528	37,644	32,876
Other	179,787	151,217	141,288	132,543
Gain on sale of capital assets	-	-	7,220	-
Transfers	169,693	162,999	162,999	163,000
Total Governmental Activities	<u>5,150,750</u>	<u>4,876,504</u>	<u>4,810,080</u>	<u>5,119,975</u>
Business-type activities				
Other	-	-	-	-
Transfers	(169,693)	(162,999)	(162,999)	(163,000)
Total Business-Type Activities	<u>(169,693)</u>	<u>(162,999)</u>	<u>(162,999)</u>	<u>(163,000)</u>
Total Primary Government	<u>\$ 4,981,057</u>	<u>\$ 4,713,505</u>	<u>\$ 4,647,081</u>	<u>\$ 4,956,975</u>
Change in Net Position				
Governmental activities	\$ 3,704,359	\$ 1,072,137	\$ 704,686	\$ 1,177,980
Business-type activities	268,237	114,122	(392,317)	110,444
Total Change in Net Position	<u>\$ 3,972,596</u>	<u>\$ 1,186,259</u>	<u>\$ 312,369</u>	<u>\$ 1,288,424</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 3,685,289	\$ 3,812,544	\$ 3,904,606	\$ 4,245,518	\$ 4,402,210	\$ 4,693,922
934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
332,619	357,602	331,764	339,321	353,381	339,607
25,176	19,163	19,659	21,502	30,566	57,565
124,179	111,057	132,760	136,451	136,207	214,149
-	-	-	-	-	-
313,000	315,000	676,025	75,000	-	-
<u>5,415,053</u>	<u>5,697,718</u>	<u>6,171,198</u>	<u>6,009,148</u>	<u>6,119,656</u>	<u>6,567,890</u>
19,508	21,285	23,343	89	26,066	54,920
(313,000)	(315,000)	(676,025)	(75,000)	-	-
<u>(293,492)</u>	<u>(293,715)</u>	<u>(652,682)</u>	<u>(74,911)</u>	<u>26,066</u>	<u>54,920</u>
<u>\$ 5,121,561</u>	<u>\$ 5,404,003</u>	<u>\$ 5,518,516</u>	<u>\$ 5,934,237</u>	<u>\$ 6,145,722</u>	<u>\$ 6,622,810</u>
\$ 1,261,575	\$ 1,496,784	\$ 2,330,596	\$ 2,002,536	\$ 964,663	\$ 1,376,746
(25,956)	(110,150)	(581,132)	19,007	(101,356)	(62,593)
<u>\$ 1,235,619</u>	<u>\$ 1,386,634</u>	<u>\$ 1,749,464</u>	<u>\$ 2,021,543</u>	<u>\$ 863,307</u>	<u>\$ 1,314,153</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011*
General Fund				
Reserved	\$ 1,852,121	\$ 1,025,900	\$ 791,523	\$ -
Unreserved and designated	4,047,277	2,350,019	2,413,781	-
Unreserved and undesignated	1,165,165	2,249,809	3,485,628	-
Nonspendable	-	-	-	-
Committed	-	-	-	4,815,560
Restricted	-	-	-	720,777
Assigned	-	-	-	-
Unassigned	-	-	-	1,918,202
Total General Fund	<u>\$ 7,064,563</u>	<u>\$ 5,625,728</u>	<u>\$ 6,690,932</u>	<u>\$ 7,454,539</u>
 All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Note: In fiscal year 2011, the City implemented GASB 54,
Fund Balance Reporting and Governmental Fund Type Definitions.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	385	870	870	870	1,203
3,817,458	-	-	-	-	-
75,118	121,848	122,257	121,659	124,264	128,097
-	359,267	359,267	359,267	359,267	359,267
2,191,707	3,550,699	4,004,162	4,926,770	5,619,702	3,447,225
<u>\$ 6,084,283</u>	<u>\$ 4,032,199</u>	<u>\$ 4,486,556</u>	<u>\$ 5,408,566</u>	<u>\$ 6,104,103</u>	<u>\$ 3,935,792</u>
\$ -	\$ -	\$ -	\$ 13,135,970	\$ 9,132,618	\$ 48,156
-	1,321,366	-	3,112,942	2,093,010	2,116,364
-	-	-	-	(882)	(18,659)
<u>\$ -</u>	<u>\$ 1,321,366</u>	<u>\$ -</u>	<u>\$ 16,248,912</u>	<u>\$ 11,224,746</u>	<u>\$ 2,145,861</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Property taxes	\$ 3,091,799	\$ 3,254,064	\$ 3,334,593	\$ 3,538,671
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Fines and forfeitures	666,844	664,542	609,344	602,246
Licenses and permits	268,530	161,928	219,210	210,123
Hilshire police contract	282,561	295,559	309,155	319,822
Investment income	228,733	98,528	37,644	32,876
Intergovernmental	2,106,655	158,942	165,080	154,000
Other	179,787	151,217	141,288	122,638
Total Revenues	8,259,769	6,033,515	5,920,261	6,222,941
Expenditures				
General government	1,385,617	1,923,284	1,297,268	1,145,736
Public safety	2,622,183	2,746,404	2,910,260	2,841,154
Public works	3,349,144	2,882,196	695,234	1,645,349
Capital outlay	-	-	-	-
Debt service				
Bond issuance costs	-	-	-	-
Principal	78,438	79,741	103,253	-
Interest	5,028	3,724	19,261	-
Total Expenditures	7,440,410	7,635,349	5,025,276	5,632,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	819,359	(1,601,834)	894,985	590,702
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Sale of capital assets	-	-	7,220	9,905
Transfers in	169,693	162,999	162,999	163,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	169,693	162,999	170,219	172,905
Net Change in Fund Balances	\$ 989,052	\$ (1,438,835)	\$ 1,065,204	\$ 763,607
Debt service as a percentage of noncapital expenditures	1.12%	1.09%	2.44%	-

Fiscal Year

	2012	2013	2014	2015	2016	2017
\$	3,715,316	\$ 3,792,043	\$ 3,936,160	\$ 4,159,264	\$ 4,508,707	\$ 4,690,696
	934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
	332,619	357,602	331,764	339,321	353,381	339,607
	506,233	470,225	772,834	752,084	540,494	460,809
	219,074	236,953	214,713	397,023	265,706	260,442
	308,276	330,547	354,967	381,883	397,915	419,293
	25,176	19,163	19,659	21,502	30,566	57,565
	154,000	154,000	154,000	438,493	661,046	620,005
	121,604	111,057	132,760	132,090	136,439	231,811
	<u>6,317,088</u>	<u>6,553,942</u>	<u>7,023,241</u>	<u>7,813,016</u>	<u>8,091,546</u>	<u>8,342,875</u>
	1,188,587	1,262,101	1,355,108	1,337,875	1,287,658	1,427,121
	2,786,166	2,886,525	3,002,128	3,201,065	3,397,221	3,405,232
	4,028,166	181,440	262,499	286,142	393,737	305,642
	-	3,269,594	439,623	2,114,494	6,288,546	11,414,618
	-	-	-	104,614	-	-
	-	-	-	-	400,000	510,000
	-	-	-	-	524,336	399,819
	<u>8,002,919</u>	<u>7,599,660</u>	<u>5,059,358</u>	<u>7,044,190</u>	<u>12,291,498</u>	<u>17,462,432</u>
	(1,685,831)	(1,045,718)	1,963,883	768,826	(4,199,952)	(9,119,557)
	-	-	-	13,475,000	-	-
	-	-	-	134,363	-	-
	2,575	-	84,352	5,310	4,320	751
	313,000	2,065,000	1,930,766	2,217,000	1,250,000	2,335,849
	-	(1,750,000)	(2,161,767)	(2,142,000)	(1,382,997)	(2,192,011)
	<u>315,575</u>	<u>315,000</u>	<u>(146,649)</u>	<u>13,689,673</u>	<u>(128,677)</u>	<u>144,589</u>
\$	<u>(1,370,256)</u>	<u>(730,718)</u>	<u>1,817,234</u>	<u>14,458,499</u>	<u>(4,328,629)</u>	<u>(8,974,968)</u>
	-	-	-	2.18%	15.01%	16.96%

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

	Fiscal Year			
	2008	2009	2010	2011
Residential	\$ 529,736,301	\$ 586,392,158	\$ 658,509,304	\$ 682,799,385
Vacant	17,212,065	18,270,408	22,296,426	18,988,324
Commercial and industrial	61,235,481	66,141,060	49,480,422	48,897,421
Utilities	15,672,560	13,597,987	12,735,134	12,368,450
Real properties	28,365,945	24,604,687	24,541,306	23,956,770
Governmental and charities	89,179,800	122,500,359	126,487,069	121,839,666
Total assessed value (1)	741,402,152	831,506,659	894,049,661	908,850,016
Less: Tax exempt property	(193,715,335)	(236,039,917)	(252,438,683)	(255,559,740)
Total Taxable Assessed Valuation	\$ 547,686,817	\$ 595,466,742	\$ 641,610,978	\$ 653,290,276
Taxable value as a percentage of assessed value	74%	72%	72%	72%
Total tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760

Source: Tax department of the Spring Branch ISD.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 727,362,843	\$ 749,621,556	\$ 816,582,662	\$ 938,839,232	\$ 1,057,666,553	\$ 1,147,232,344
16,467,688	16,340,891	16,982,310	23,119,734	22,897,005	20,219,114
48,724,472	50,298,328	54,623,908	71,949,422	69,321,629	104,087,202
11,291,453	10,776,364	10,542,288	4,250,555	10,289,952	11,484,003
22,184,491	23,043,294	23,360,586	8,625	25,945,101	23,553,054
114,230,914	114,503,217	117,469,367	138,803,675	147,694,988	151,935,233
940,261,861	964,583,650	1,039,561,121	1,176,971,243	1,333,815,228	1,458,510,950
(258,228,448)	(261,606,047)	(280,032,062)	(312,592,100)	(355,139,172)	(373,888,856)
<u>\$ 682,033,413</u>	<u>\$ 702,977,603</u>	<u>\$ 759,529,059</u>	<u>\$ 864,379,143</u>	<u>\$ 978,676,056</u>	<u>\$ 1,084,622,094</u>
73%	73%	73%	73%	73%	74%
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.450000	\$ 0.433500

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

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village:				
Operating tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760
Debt service tax rate	-	-	-	-
Total Direct Rates	<u>\$ 0.565000</u>	<u>\$ 0.548659</u>	<u>\$ 0.539760</u>	<u>\$ 0.539760</u>
Spring Branch Independent School District	\$ 1.285000	\$ 1.382500	\$ 1.394500	\$ 1.394500
Harris County	0.392390	0.389230	0.388050	0.391170
Harris County Flood Control	0.031060	0.030860	0.029230	0.028090
Port of Houston Authority	0.014370	0.017730	0.020540	0.018560
Harris County Hospital District	0.192160	0.192160	0.192160	0.192160
Harris County Education Department	0.005850	0.005840	0.006580	0.006580
Total Overlapping Rates	<u>\$ 1.920830</u>	<u>\$ 2.018320</u>	<u>\$ 2.031060</u>	<u>\$ 2.031060</u>
Total Direct and Overlapping Rates	<u>\$ 2.485830</u>	<u>\$ 2.566979</u>	<u>\$ 2.570820</u>	<u>\$ 2.570820</u>

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

Source: Tax department records of the various governments.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.356160	\$ 0.350711
-	-	-	-	0.093840	0.082789
<u>\$ 0.539760</u>	<u>\$ 0.539760</u>	<u>\$ 0.512843</u>	<u>\$ 0.487843</u>	<u>\$ 0.450000</u>	<u>\$ 0.433500</u>
\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500
0.400210	0.414550	0.414550	0.417310	0.419230	0.416560
0.028090	0.028270	0.028270	0.027360	0.027330	0.028290
0.019520	0.017160	0.017160	0.015310	0.013420	0.013340
0.182160	0.170000	0.170000	0.170000	0.170000	0.171790
0.006620	0.006360	0.006358	0.005999	0.005422	0.005200
<u>\$ 2.031100</u>	<u>\$ 2.030840</u>	<u>\$ 2.030838</u>	<u>\$ 2.030479</u>	<u>\$ 2.029902</u>	<u>\$ 2.029680</u>
<u>\$ 2.570860</u>	<u>\$ 2.570600</u>	<u>\$ 2.543681</u>	<u>\$ 2.518322</u>	<u>\$ 2.479902</u>	<u>\$ 2.463180</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Ten Voss Ltd	\$ 21,651,944	1	2.21%	\$ 34,701,203	1	7.16%
Campbell Project Partners LLC	21,074,820	2	2.15%	-	-	-
HD Development Properties	19,781,840	3	2.02%	14,293,339	2	2.95%
Spring Valley One Center Ltd	16,971,347	4	1.73%	-	-	-
SV Physician Properties I LP	14,178,000	5	1.45%	-	-	-
Memorial Design Center Ltd	10,496,597	6	1.07%	-	-	-
Southwestern Bell	9,012,191	7	0.92%	13,630,076	3	2.81%
Managed Rehabilitation Inc	7,677,757	8	0.78%	3,225,165	8	0.67%
Wellington Fidelis Campbell I LP	6,667,560	9	0.68%	-	-	-
Spring Valley Shopping Center II Ltd	5,056,250	10	0.52%	-	-	-
Memorial MRI & Diagnostic	-	-	-	3,293,691	7	0.68%
Kish Komie LP	-	-	-	2,150,350	9	0.44%
Schlumberger Inc	-	-	-	1,866,868	10	0.39%
Campbell I10 Ltd	-	-	-	5,687,825	5	1.17%
Stiffel-Schwab Builders LLC	-	-	-	6,871,097	4	1.42%
Wilson Investments	-	-	-	5,240,000	6	1.08%
Subtotal	132,568,306		13.55%	90,959,614		18.77%
Other Taxpayers	846,107,750		86.45%	393,545,775		81.23%
Total ⁽¹⁾	\$ 978,676,056		100.00%	\$ 484,505,389		100.00%

Source: Tax department of the Spring Branch ISD.

(1) Net of exemptions and abatements

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collected	Total Collections to Date	
				Amount Collected	Percentage of Levy	Amount Collected	Amount Collected	Percentage of Levy
2008	2007	\$ 0.565000	\$ 3,114,260	\$ 3,053,499	98.05%	\$ 60,320	\$ 3,113,819	99.99%
2009	2008	\$ 0.548659	\$ 3,257,243	\$ 3,237,636	99.40%	\$ 18,102	\$ 3,255,738	99.95%
2010	2009	\$ 0.539760	\$ 3,464,268	\$ 3,433,357	99.11%	\$ 28,535	\$ 3,461,892	99.93%
2011	2010	\$ 0.539760	\$ 3,525,346	\$ 3,499,080	99.25%	\$ 24,494	\$ 3,523,574	99.95%
2012	2011	\$ 0.539760	\$ 3,681,702	\$ 3,663,573	99.51%	\$ 16,013	\$ 3,679,586	99.94%
2013	2012	\$ 0.539760	\$ 3,795,231	\$ 3,770,251	99.34%	\$ 22,718	\$ 3,792,969	99.94%
2014	2013	\$ 0.512843	\$ 3,893,084	\$ 3,881,284	99.70%	\$ 7,747	\$ 3,889,031	99.90%
2015	2014	\$ 0.487843	\$ 4,212,362	\$ 4,100,837	97.35%	\$ 24,979	\$ 4,125,816	97.95%
2016	2015	\$ 0.450000	\$ 4,509,649	\$ 4,392,632	97.41%	\$ 91,129	\$ 4,483,761	99.43%
2017	2016	\$ 0.433500	\$ 4,688,384	\$ 4,687,314	99.69%	\$ (28,559)	\$ 4,658,755	99.08%

Source: Tax department of the Spring Branch ISD.

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Capital leases	82,994	28,253	-	-
Subtotal	<u>82,994</u>	<u>28,253</u>	<u>-</u>	<u>-</u>
Business-Type Activities:				
Revenue bonds	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Government-Wide:				
Revenue bonds	-	-	-	-
General obligation bonds	-	-	-	-
Capital leases	82,994	28,253	-	-
Total Government-Wide	<u>\$ 82,994</u>	<u>\$ 28,253</u>	<u>\$ -</u>	<u>\$ -</u>
Estimated Full Property Value	\$ 741,402,152	\$ 831,506,659	\$ 894,049,661	\$ 908,850,016
Percentage of Full Property Value:				
Government-wide	0.01%	0.00%	-	-
Population	3,700	3,710	3,715	3,843
Debt Per Capita:				
Governmental activities	\$ 22	\$ 8	\$ -	\$ -
Government-wide	\$ 22	\$ 8	\$ -	\$ -

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
-	-	-	13,602,965	13,196,567	12,680,169
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 16,437,965</u>	<u>\$ 15,861,567</u>	<u>\$ 15,170,169</u>
\$ 940,261,861	\$ 964,583,650	\$ 1,039,561,121	\$ 1,176,971,243	\$ 1,333,815,228	\$ 1,458,510,950
-	-	0.29%	1.40%	1.19%	1.04%
3,941	3,852	4,013	4,135	4,191	4,328
\$ -	\$ -	\$ -	\$ 3,259	\$ 3,215	\$ 3,215
\$ -	\$ -	\$ 748	\$ 3,944	\$ 3,892	\$ 3,892

CITY OF SPRING VALLEY VILLAGE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Estimated Actual Taxable Value of Property	<u>\$ 547,686,817</u>	<u>\$ 595,466,742</u>	<u>\$ 641,610,978</u>	<u>\$ 653,209,276</u>
Net Bonded Debt				
Gross bonded debt	\$ -	\$ -	\$ -	\$ -
Less: amounts available in debt service fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of Estimated Actual Taxable Value of Property	-	-	-	-
Population	3,700	3,710	3,715	3,843
Per Capita	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year					
2011	2012	2014	2015	2016	2017
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	1.57%	1.35%	1.17%
3,941	3,852	4,013	4,135	4,191	4,191
\$ -	\$ -	\$ -	\$ -	\$ 3,149	\$ 3,026

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CITY OF SPRING VALLEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2017

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Spring Branch Independent School District	\$ 617,990,000	3.820%	\$ 23,607,218
Harris County	\$ 2,295,044,505	0.280%	6,426,125
Harris County Flood Control District	\$ 83,075,000	0.280%	232,610
Harris Co Hosp District	\$ 61,595,000	0.280%	175,882
Harris County Department of Education	\$ 6,780,000	0.280%	18,984
Port of Houston Authority	\$ 657,994,397	0.280%	1,842,384
Subtotal, overlapping debt			32,303,203
City Direct Debt	\$ 12,565,000	100.00%	12,565,000
Total Direct and Overlapping Debt			\$ 44,868,203

Source: Municipal Advisory Council of Texas

CITY OF SPRING VALLEY VILLAGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Debt limit ⁽¹⁾	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-
Legal Debt Margin Calculation				
Assessed value	\$ 547,686,817	\$ 831,506,659	\$ 641,610,978	\$ 653,290,276
Debt limit (10% of assessed value)	54,768,682	83,150,666	64,161,098	65,329,028
Debt applicable to limit:				
Gross bonded debt	-	-	-	-
Less: amount set aside for repayment of general obligation debt	-	-	-	-
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 68,203,341	\$ 70,297,760	\$ 75,952,906	\$ 86,437,914	\$ 97,867,606	\$ 108,462,209
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>
-	-	-	15.58%	13.48%	11.69%
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
68,203,341	70,297,760	75,952,906	86,437,914	97,867,606	108,462,209
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	(4,749)	-	-
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Years*

	Fiscal Year			
	2014	2015	2016	2017
Gross Revenues (1)	\$ 2,753,885	\$ 2,708,164	\$ 2,746,922	\$ 2,995,777
Operating Expenses (2)	<u>2,146,586</u>	<u>2,059,433</u>	<u>2,297,918</u>	<u>2,464,746</u>
Net Revenues Available for Debt Service	<u>\$ 607,299</u>	<u>\$ 648,731</u>	<u>\$ 449,004</u>	<u>\$ 531,031</u>
Debt Service Requirements (3)				
Principal	\$ 165,000	\$ 170,000	\$ 175,000	\$ 180,000
Interest	78,000	74,561	70,090	65,487
Total	<u>\$ 243,900</u>	<u>\$ 244,561</u>	<u>\$ 245,090</u>	<u>\$ 245,487</u>
Coverage	2.49	2.65	1.83	2.16

(1) Gross revenues as defined in the revenue bond ordinances include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses as defined in the revenue bond ordinances do not include amortization, bond interest, and fiscal charges.

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

*The City did not have revenue bonds prior to fiscal year 2014.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept. 30	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Public School Enrollment ⁽²⁾	Unemployment Rate ⁽¹⁾	Education Level in Years of Formal Schooling ⁽¹⁾
2008	3,700	N/A	N/A	N/A	905	N/A	N/A
2009	3,710	N/A	N/A	N/A	813	N/A	N/A
2010	3,715	N/A	N/A	N/A	773	N/A	N/A
2011	3,843	N/A	N/A	N/A	812	N/A	N/A
2012	3,941	N/A	N/A	N/A	839	N/A	N/A
2013	3,852	N/A	N/A	N/A	732	N/A	N/A
2014	4,013	\$ 266,584	\$ 66,430	44.0	905	4.7%	78%
2015	4,142	\$ 266,584	\$ 68,839	43.0	910	4.7%	79%
2016	4,191	\$ 201,496	\$ 75,372	42.0	280	1.2%	78%
2017	4,328	\$ 242,866	\$ 88,899	42.0	905	1.2%	78%

Data sources:

(1) Colliers International Estimate

(2) Spring Branch ISD

Information not presented is not available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Two Years Ago

Employer	2017			2015		
	Employees	Employment ⁽¹⁾	Rank	Employees	Employment ⁽¹⁾	Rank
Spring Branch ISD	258	35.34%	1	126	23.16%	2
Home Depot	157	21.51%	2	153	28.13%	1
East West Bank	62	8.49%	3	n/a	n/a	n/a
DTK	44	6.03%	4	75	13.79%	3
Spring Branch Presbyterian Church	39	5.34%	5	40	7.35%	4
Stoller Group	38	5.21%	6	n/a	n/a	n/a
Starbucks Corporation	36	4.93%	7	35	6.43%	5
SSI	34	4.66%	8	25	4.60%	8
Houston Plastic & Craniofacial Surgeons	35	4.79%	9	n/a	n/a	n/a
Specs	27	3.70%	10	26	4.78%	7
Pueblo Viejo	n/a	n/a	n/a	35	6.43%	6
Premier Technology Group	n/a	n/a	n/a	15	2.76%	9
Hunan Chef	n/a	n/a	n/a	14	2.57%	10
	730	100.00%		544	100.00%	

Source: Human Resource Department of each company

Note: The requirement is for the current year and nine years ago;
however, only the current year and two years ago information is available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Governmental Activities:</u>										
General government	8	8	8	8	8	8	8	8	8	8
Public safety	21	21	21	21	21	23	23	24	24	24
Public works	2	2	2	2	2	3	3	3	3	3
<u>Business-Type Activities:</u>										
Water, sewer, and solid waste	4	4	4	4	4	4	4	4	4	4
Total City Positions	35	35	35	35	35	38	38	39	39	39

Source: City Finance Department

CITY OF SPRING VALLEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village				
Budgeted full-time employees	35	35	35	35
Function				
Police				
Arrests	595	708	540	402
Accident reports	230	148	124	125
Citations	4,374	4,162	5,655	5,760
Offense reports	1,286	1,222	1,082	918
Calls for service	12,676	15,227	15,922	21,838
Municipal court				
Traffic violations	7,397	6,566	8,093	5,714
Non-traffic violations	249	175	225	470
Community Development				
Residential building permits issued	47	21	36	32
Residential building permits-value	\$ 18,247,972	\$ 7,726,877	\$ 13,518,000	\$ 13,813,000
Commercial building permits issued	5	3	11	11
Commercial building permits-value	\$ 736,550	\$ 127,000	\$ 1,061,000	\$ 496,084
Water				
Average daily gallons pumped-combined water (millions of gallons)	0.65	0.71	0.74	0.95
Average daily gallons pumped-surface water (millions of gallons)	-	0.01	0.16	0.02
Average daily gallons pumped-well water (millions of gallons)	0.65	0.70	0.58	0.93
Number of connections	1,442	1,439	2,041	2,059

Source: Various City departments

Fiscal Year						
2012	2013	2014	2015	2016	2017	
35	38	39	39	39	39	39
293	508	719	697	460	300	
134	155	160	165	157	208	
4,137	5,190	8,043	8,061	4,417	5,487	
988	1,183	1,530	1,094	962	913	
22,587	19,560	36,254	59,646	33,351	29,068	
3,725	9,585	12,352	8,519	5,147	6,442	
484	302	1,472	1,442	528	963	
23	38	19	29	37	37	
\$ 10,681,000	\$ 17,061,800	\$ 9,353,990	\$ 16,780,178	\$ 21,569,270	\$ 17,376,892	
12	15	9	12	30	2	
\$ 742,000	\$ 1,090,500	\$ 1,343,000	\$ 47,985,000	\$ 58,788,170	\$ 125,000	
0.78	0.79	0.71	0.68	0.72	0.72	
-	0.05	-	0.05	0.40	0.44	
0.78	0.75	0.71	0.68	0.32	0.60	
2,045	2,130	2,135	2,137	2,227	2,138	

CITY OF SPRING VALLEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function	Fical Year			
	2008	2009	2010	2011
General government				
Municipal buildings	1	1	1	1
Public safety				
Police protection				
Stations	1	1	1	1
Public works				
Streets (lane miles)	-	-	-	-
Community services				
Parks	-	-	-	-
Pavilions	-	-	-	-
Park acreage developed	-	-	-	-
Water				
Water wells	1	1	1	1
Ground/elevated storage tanks	-	-	-	-
Water mains (miles)	-	-	-	-
Fire hydrants	153	153	157	157
Wastewater				
Sanitary sewers (miles)	-	-	-	-
Sewer manholes	-	-	-	-

Source: Various City departments

Fical Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
-	-	20.01	20.01	20.01	20.01	20.01
-	-	1	1	1	1	1
-	-	1	1	1	1	1
-	-	2.62	2.62	2.62	2.62	2.62
1	1	1	1	1	1	1
-	-	3	3	3	3	3
-	-	26	26	26	26	26
157	157	157	157	206	206	206
-	-	16	16	16	16	16
-	-	389	389	389	389	389

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Outstanding Debt

Yes, General obligation debt: Y

Yes, Revenue debt: Y

Yes, Authorized but unissued debt: N

No: N



EST. 1955

SPRING VALLEY VILLAGE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING

SEPTEMBER 30, 2017



*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

**CITY OF SPRING
VALLEY VILLAGE, TEXAS**

**For the Year Ended
September 30, 2017**

Prepared by:

**Julie Robinson
City Administrator**

**Michelle Yi
City Treasurer**

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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EST. 1955
SPRING VALLEY
V I L L A G E

March 8, 2018

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Spring Valley Village, Texas (the “City”) for the fiscal year ended September 30, 2017. 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 present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2017. 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 of Spring Valley Village, Texas (the “City”) was incorporated under the laws of State of Texas in 1955. The City operates as a “General Law” City, which provides for a “Mayor-Council” form of government.

The City provides the following municipal services: public safety, parks, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. Spring Valley Village is one of the six Memorial Villages and located ten miles west of downtown Houston. As of September 30, 2017, the City an estimated population of approximately 4,328. 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.

The City Ordinance establishes the fiscal year as October 1 through September 30. The Ordinance requires the City Administrator to submit a proposed budget and accompanying budget message to the City Council each year. The proposed budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Administrator is required to inform any revisions of expenditures of any fund or department must be approved by the Council.

Budgetary control has been established at the department level. Monthly financial reports for City Council are produced showing budget and actual revenues and expenditures. Individual line items are reviewed and analyzed for budgetary compliance.

ECONOMIC CONDITION AND OUTLOOK

The City encompasses a 1.6 square mile area located along the north side of Interstate 10. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Hilshire Village, Hedwig Village, and Hunters Creek Village. The City is primarily a residential area whose approximately 4,328 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. Currently, there are two buildings completed and fully occupied. The City continues to enjoy a stable outlook with property taxable values at \$1,190,872,304, up 22 percent over the previous year. Among reasons for this strength is the City's convenient proximity to the Energy Corridor and downtown Houston, as well as the ever-evolving Memorial area.

The City's tax rate is among the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Greater Houston area economy.

The City's relative stability is the result of a desire for suburban families to live closer to work. The City's low crime rate and hometown appeal have 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 2018. 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.

LONG-TERM FINANCIAL PLANNING

Capital improvement projects are funded with general governmental revenues. The City annually adopts a Five-year Capital Improvement Plan and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities, and parks. These plans are prepared by staff and presented to the City Council for review and acceptance. The plans require funding sources to be identified for each project.

For the last several years, the City has able to maintain its infrastructure on a cash basis. A portion of general fund revenues is allocated to the Capital Improvement Fund each year. Debt is issued when necessary to finance long-term capital improvements.

The City approved a stable tax rate for tax year 2017, fiscal year 2018.

Major Initiatives

Fiscal Year 2016-2017 was a year of accomplishments for the City of Spring Valley Village. The list below highlights some of the significant City activities:

- The Spring Oak East and West General Obligation Bond project was completed in 2017. This project included Peck road, Cedarbrake and Green valley.
- The New City Hall and Police Department were completed in May 2017.
- The Phase I Park Improvement was under design and construction will start in fiscal year 2018 and scheduled to be completed in spring of 2018.
- The Hilldale, Bade, and Cardwell project is under design phase and paving and utility improvement will start in fiscal year 2018.

The City also made strategic acquisitions on equipment and installed new traffic signals to better serve our residents and visitors.

Annual Budget

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator each year. The City Administrator uses these requests as the starting point for developing a proposed budget, which is presented to the City Council for review. The appropriated budget is prepared by fund, department, and function. Department heads may request a budget amendment with approval of the City Council.

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, but not absolute, assurance that these objectives are met.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Spring Valley Village for its CAFR for the fiscal year ended September 30, 2016. This was the third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michelle Yi". The signature is written in a cursive style with a small dot above the first letter.

Michelle Yi
City Treasurer

CITY OF SPRING VALLEY VILLAGE, TEXAS

LIST OF ELECTED OFFICIALS AND KEY STAFF

For the Year Ended September 30, 2017

Elected Officials	Position
Tom S. Ramsey	Mayor
Bo Bothe	Council Member
Allen Carpenter	Council Member
Tom Donaho	Council Member
Aaron Stai	Council Member
Marcus Vajdos	Council Member

Key Staff	Position
Julie Robinson	City Administrator
Roxanne Benitez	City Secretary
Michelle Yi	City Treasurer
Loyd R. Evans	Chief of Police

CITY OF SPRING VALLEY VILLAGE, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

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

Presented to

**City of Spring Valley Village
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

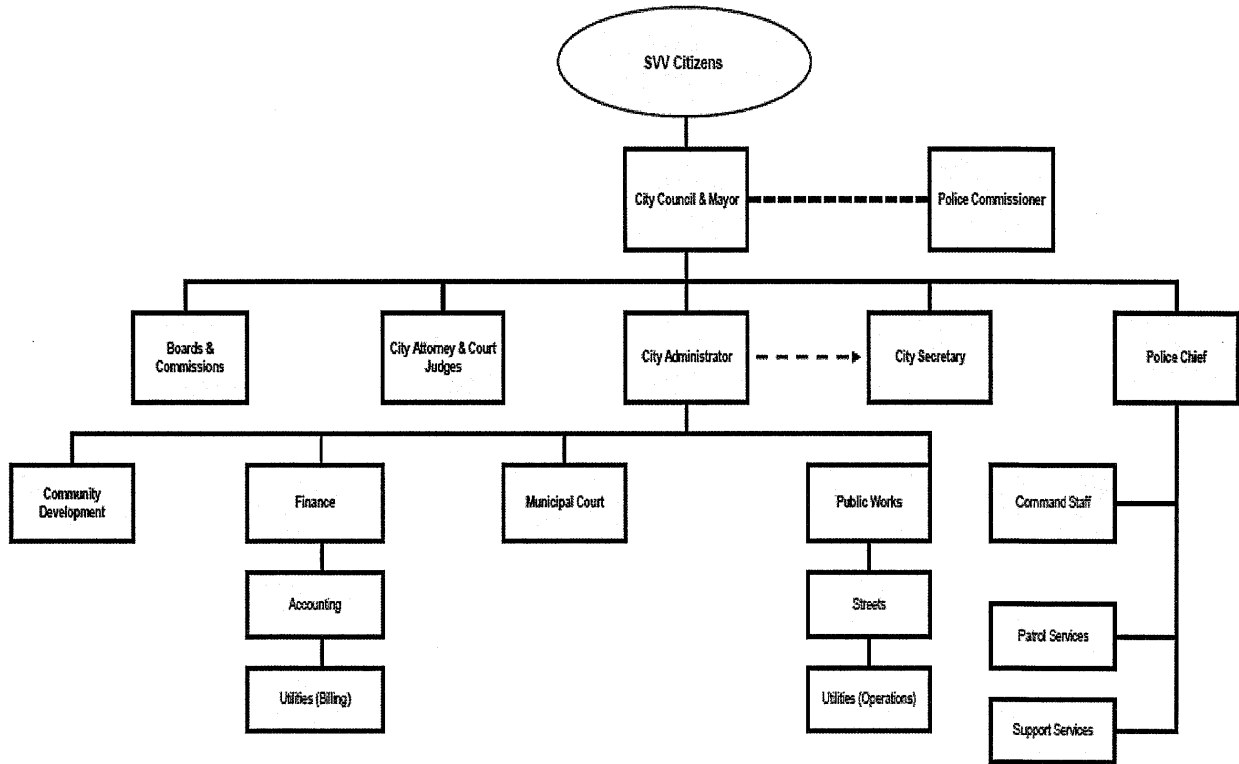
Christopher P. Morill

Executive Director/CEO

CITY OF SPRING VALLEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2017



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Spring Valley Village, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 8, 2018

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

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CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate corporation, the Spring Valley Legacy Fund Inc., for which the City is financially accountable. Financial information for this component unit is included in the financial information presented for the primary government.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains five governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered to be major funds for reporting purposes. The debt service fund, asset forfeiture fund, and legacy fund are nonmajor funds but the City has elected to present them as major funds for reporting purposes.

The City adopts annual appropriated budgets for its general fund and debt service fund. Budgetary comparison schedules have been provided for the general fund and debt service fund to demonstrate compliance with these budgets.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Proprietary Funds

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

The City also uses an internal service fund to account for its equipment replacement program. This internal service fund has been included within governmental activities in the governmental-wide financial statements.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$44,128,952 as of September 30, 2017. The largest portion of the City's net position (77%) reflects its investment in capital assets (e.g., land and City hall, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 10,495,535	\$ 1,606,940	\$ 12,102,475	\$ 20,584,206	\$ 1,265,992	\$ 21,850,198
Capital assets, net	40,870,108	7,628,446	48,498,554	30,721,845	8,145,964	38,867,809
Total Assets	51,365,643	9,235,386	60,601,029	51,306,051	9,411,956	60,718,007
Deferred outflows - pensions	617,415	122,426	739,841	770,904	150,249	921,153
Total Deferred Outflows of Resources	617,415	122,426	739,841	770,904	150,249	921,153
Long-term liabilities	13,321,964	2,597,600	15,919,564	13,834,220	2,776,072	16,610,292
Other liabilities	783,649	443,287	1,226,936	1,776,326	412,315	2,188,641
Total Liabilities	14,105,613	3,040,887	17,146,500	15,610,546	3,188,387	18,798,933
Deferred inflows - pensions	55,672	9,746	65,418	21,382	4,046	25,428
Total Deferred Inflows of of Resources	55,672	9,746	65,418	21,382	4,046	25,428
Net Position:						
Net investment in capital assets	28,189,939	5,764,333	33,954,272	26,621,889	6,446,443	33,068,332
Restricted	4,924,112	871,778	5,795,890	160,271	965,480	1,125,751
Unrestricted	4,707,722	(328,932)	4,378,790	9,662,867	(1,042,151)	8,620,716
Total Net Position	\$ 37,821,773	\$ 6,307,179	\$ 44,128,952	\$ 36,445,027	\$ 6,369,772	\$ 42,814,799

A portion of the City's net position, \$5,795,890, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$4,378,790, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$1,314,153 during the current fiscal year, an increase of 3% over the prior year. The overall condition of the City improved during the year primarily due to increases in property tax, sales taxes, and other revenues.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Activities:

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

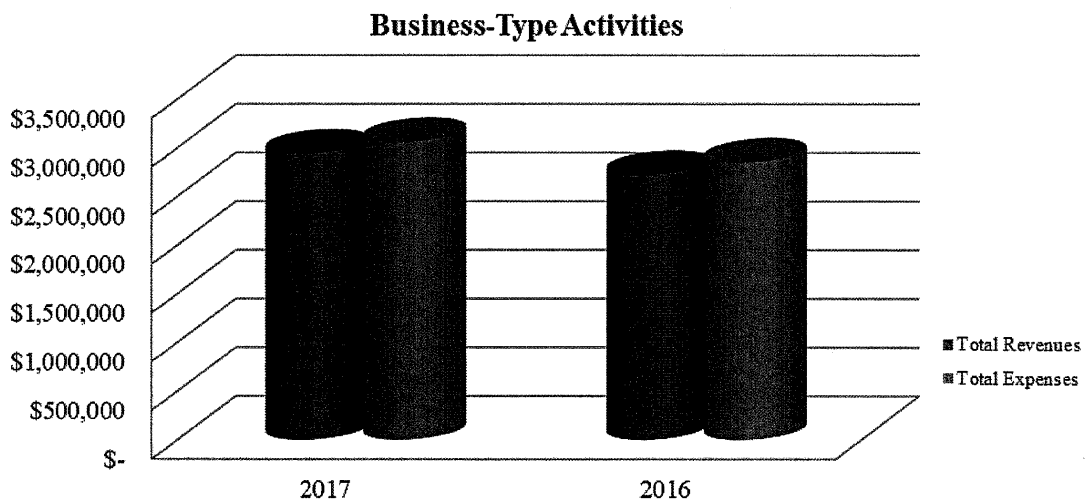
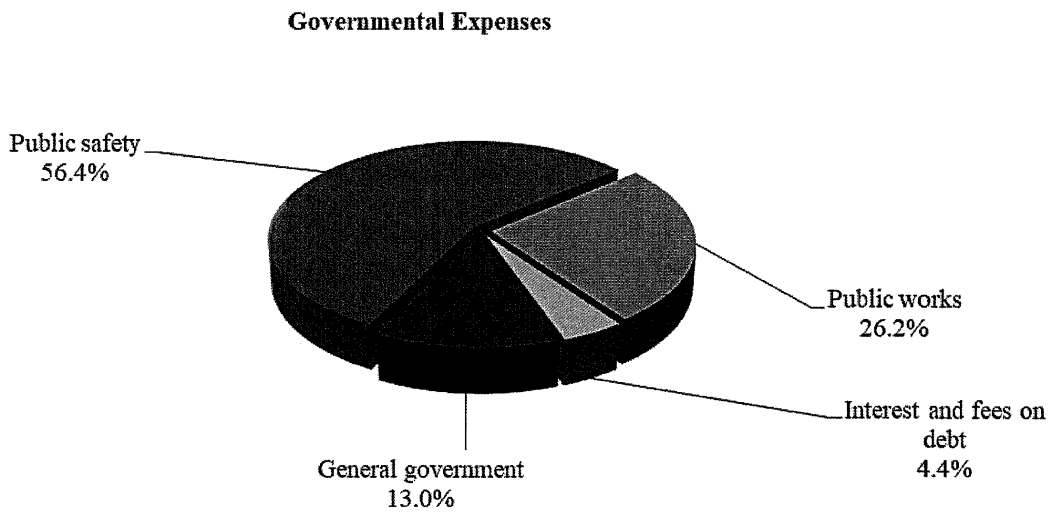
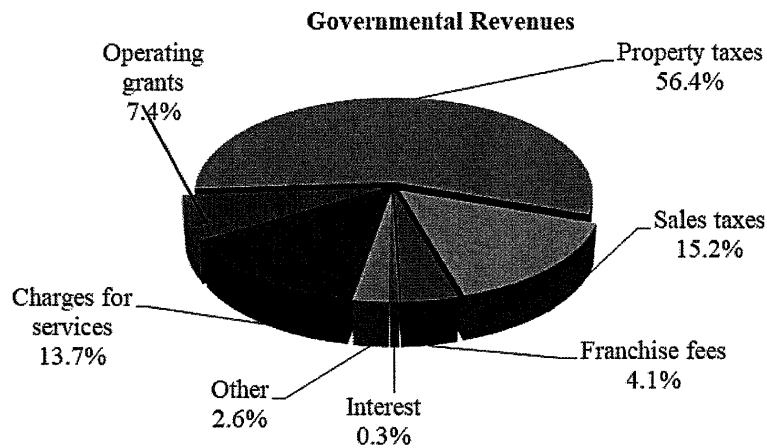
	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,140,544	\$ 2,940,857	\$ 4,081,401	\$ 1,204,115	\$ 2,720,856	\$ 3,924,971
Operating grants	620,005	-	620,005	661,046	-	661,046
General revenues:						
Property taxes	4,693,922	-	4,693,922	4,402,210	-	4,402,210
Sales taxes	1,262,647	-	1,262,647	1,197,292	-	1,197,292
Franchise fees	339,607	-	339,607	353,381	-	353,381
Interest	57,565	-	57,565	30,566	-	30,566
Other	214,149	54,920	269,069	136,207	26,066	162,273
Total Revenues	8,328,439	2,995,777	11,324,216	7,984,817	2,746,922	10,731,739
Expenses						
General government	903,011	-	903,011	800,723	-	800,723
Public safety	3,922,109	-	3,922,109	3,880,246	-	3,880,246
Public works	1,818,890	-	1,818,890	1,906,985	-	1,906,985
Interest and fees on debt	307,683	67,187	374,870	432,200	71,644	503,844
Water, sewer, and waste	-	2,991,183	2,991,183	-	2,776,634	2,776,634
Total Expenses	6,951,693	3,058,370	10,010,063	7,020,154	2,848,278	9,868,432
Change in Net Position	1,376,746	(62,593)	1,314,153	964,663	(101,356)	863,307
Beginning net position	36,445,027	6,369,772	42,814,799	35,480,364	6,471,128	41,951,492
Ending Net Position	\$ 37,821,773	\$ 6,307,179	\$ 44,128,952	\$ 36,445,027	\$ 6,369,772	\$ 42,814,799

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

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



CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Charges for services for governmental activities decreased \$63,571 or 5% due primarily to a decrease in court fine and fees. Property tax revenue increased by \$291,712 or 7% due to an increase in property tax values and increased collections from delinquent property taxes. Sales taxes revenue increased by \$65,355 or 5% due to consumer spending increase. Governmental total expenses increased \$68,461. General government expense increased \$102,288 or 13% mainly due to increases in personnel related costs, utility expense and computer service and maintenance. Public safety expenses increased \$41,863 or 1% mainly due to an increase in overtime salary expense for hurricane Harvey. Public work expense decreased \$88,095 or 5% mainly due to a decrease in contract labor cost and personnel related costs.

Revenues for business-type activities increased by \$248,855 or 9% from the prior year due to customers consuming more water. Business-type expenses increased by \$210,092 or 7% mainly due to increase in water purchasing and personnel related costs, and engineering fees for water and sewer projects.

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 \$8,353,881. At the end of the current year, \$3,428,566 was unassigned. \$2,475,631 was assigned for capital outlay of equipment and capital improvements. \$2,272,228 was assigned for 120 days' expenditures. Total restricted fund balance for other various purposes was \$176,253 and \$1,203 was nonspendable for prepaid purposes.

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 \$3,447,225, while total fund balance reached \$6,208,020. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 8 months of the general fund's expenditures. The general fund fund balance demonstrated an overall increase of \$103,917 primarily due to an increase in revenue from property and sales taxes.

The City's debt service fund had a deficit fund balance of \$18,659, which was a decrease of \$17,777. The debt service fund will collect property tax revenue to pay down debt principal and interest in subsequent years.

Overall, there was a decrease of \$9,073,257 in the capital improvements fund due primarily to the capital projects expenditures. The fund balance was \$2,116,364.

The asset forfeiture fund had a fund balance of \$16,105, which was a decrease of \$1,776 from the prior year due to expenditures for public safety.

The legacy fund had a fund balance of \$32,051, which was an increase of \$13,925 primarily due to the donation received.

Proprietary Funds – The City's proprietary fund had a net position of \$6,307,179, which was a decrease of \$62,593 mainly due to water purchases, personnel related costs and engineering fees.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded budgeted revenues by \$183,937 during the year. This net positive variance includes the positive variance of \$56,107 for sales taxes due to an increase in consumer spending and \$40,053 in interest income due to higher interest rates for investments. General fund expenditures were under the final budget by \$580,965 mainly due to a positive variance of \$230,165, \$56,714 and \$173,128 for police department, general government and street and drainage, respectively. These positive variances are a result of incurring less costs for public safety, general government and public works than expected.

CAPITAL ASSETS

At the end of the year, the City's had invested \$48,498,554 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$10,148,263 from the prior year.

Major capital asset events during the year included the following:

- City Hall and Police Station for \$7,777,566.
- Spring Oak East and West paving project for \$3,524,627.
- Park improvement for \$167,729
- Bracher Road improvement project for \$137,027.
- Purchase of three new police vehicles for \$163,862.

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

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt outstanding of \$15,055,000. Of this amount, \$12,565,000 was general obligation debt and \$2,490,000 was revenue bond debt.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved of a \$10.97 million budget for the 2017/2018 year. The property tax rate for 2017 was \$0.433500 per \$100 of property valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Michelle Yi, City Treasurer, Spring Valley Village City Hall, 1025 Campbell Road, Houston, Texas, 77055; telephone (713) 465-8308.

BASIC FINANCIAL STATEMENTS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 4,800,436	\$ 343,436	\$ 5,143,872
Restricted	137,983	871,778	1,009,761
Investments	5,172,338	-	5,172,338
Receivables, net	280,066	364,773	644,839
Due from other government	103,509	26,953	130,462
Prepaid items	1,203	-	1,203
	<u>10,495,535</u>	<u>1,606,940</u>	<u>12,102,475</u>
Noncurrent assets:			
Nondepreciable capital assets	2,362,315	5,207	2,367,522
Net depreciable capital assets	38,507,793	7,623,239	46,131,032
	<u>40,870,108</u>	<u>7,628,446</u>	<u>48,498,554</u>
Total Assets	<u>51,365,643</u>	<u>9,235,386</u>	<u>60,601,029</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	617,415	122,426	739,841
	<u>617,415</u>	<u>122,426</u>	<u>739,841</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	655,546	286,783	942,329
Accrued interests	67,738	8,186	75,924
Customer deposits	60,365	148,318	208,683
Long-term liabilities due within one year	630,967	187,024	817,991
	<u>1,414,616</u>	<u>630,311</u>	<u>2,044,927</u>
Noncurrent liabilities:			
Net pension liability	523,010	99,336	622,346
Long-term liabilities due in more than one year	12,167,987	2,311,240	14,479,227
	<u>12,690,997</u>	<u>2,410,576</u>	<u>15,101,573</u>
Total Liabilities	<u>14,105,613</u>	<u>3,040,887</u>	<u>17,146,500</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	55,672	9,746	65,418
	<u>55,672</u>	<u>9,746</u>	<u>65,418</u>
Net Position			
Net investment in capital assets	28,189,939	5,764,333	33,954,272
Restricted:			
Municipal court - child safety	63,892	-	63,892
Municipal court - security	64,205	-	64,205
Debt service	-	245,891	245,891
Asset forfeitures	16,105	-	16,105
120 days expenditures	2,272,228	-	2,272,228
Capital outlay and projects	2,475,631	625,887	3,101,518
Legacy fund	32,051	-	32,051
Unrestricted	4,707,722	(328,932)	4,378,790
	<u>4,707,722</u>	<u>(328,932)</u>	<u>4,378,790</u>
Total Net Position	<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 903,011	\$ 260,442	\$ -
Public safety	3,922,109	880,102	-
Public works	1,818,890	-	620,005
Interest and other charges on long-term debt	307,683	-	-
Total Governmental Activities	6,951,693	1,140,544	620,005
Business-Type Activities			
Water, sewer, and solid waste	3,058,370	2,940,857	-
Total Business-Type Activities	3,058,370	2,940,857	-
Total Primary Government	\$ 10,010,063	\$ 4,081,401	\$ 620,005

General Revenues:

- Taxes:
 - Property taxes
 - Sales taxes
- Franchise fees
- Investment income
- Other

**Total General Revenues and Transfers
Change in Net Position**

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (642,569)	\$ -	\$ (642,569)
(3,042,007)	-	(3,042,007)
(1,198,885)	-	(1,198,885)
<u>(307,683)</u>	<u>-</u>	<u>(307,683)</u>
<u>(5,191,144)</u>	<u>-</u>	<u>(5,191,144)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>(5,191,144)</u>	<u>(117,513)</u>	<u>(5,308,657)</u>
4,693,922	-	4,693,922
1,262,647	-	1,262,647
339,607	-	339,607
57,565	-	57,565
214,149	54,920	269,069
<u>6,567,890</u>	<u>54,920</u>	<u>6,622,810</u>
1,376,746	(62,593)	1,314,153
<u>36,445,027</u>	<u>6,369,772</u>	<u>42,814,799</u>
<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,185,568	\$ 4,998	\$ 2,456,672	\$ 16,105
Investments	5,172,338	-	-	-
Receivables, net	277,128	2,938	-	-
Due from other government	103,509	-	-	-
Due from other funds	-	15,519	26,322	-
Prepaid items	1,203	-	-	-
Restricted cash	137,983	-	-	-
Total Assets	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 267,907	\$ 17,114	\$ 366,630	\$ -
Deposits	60,365	-	-	-
Due to other funds	316,841	25,000	-	-
Total Liabilities	645,113	42,114	366,630	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	24,596	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	1,203	-	-	-
Restricted:				
Municipal court - child safety	63,892	-	-	-
Municipal court - security	64,205	-	-	-
Asset forfeitures	-	-	-	16,105
Legacy fund	-	-	-	-
Assigned:				
120 days expenditures	2,272,228	-	-	-
Capital outlay and projects	359,267	-	2,116,364	-
Unassigned	3,447,225	(18,659)	-	-
Total Fund Balances	6,208,020	(18,659)	2,116,364	16,105
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ 32,051	\$ 3,695,394
-	5,172,338
-	280,066
-	103,509
-	41,841
-	1,203
-	137,983
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>
\$ -	\$ 651,651
-	60,365
-	341,841
<u>-</u>	<u>1,053,857</u>
-	24,596
-	1,203
-	63,892
-	64,205
-	16,105
32,051	32,051
-	2,272,228
-	2,475,631
-	3,428,566
<u>32,051</u>	<u>8,353,881</u>
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>

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

September 30, 2017

Total fund balances for governmental funds	\$	8,353,881
Amounts reported for governmental activities in the Statement of Net Position are different, because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, nondepreciable		2,362,315
Capital assets, net depreciable		38,507,793
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		24,596
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		
		1,401,147
Deferred outflows and deferred inflows related to pension activity are not reported in the governmental funds.		
Deferred outflows - pensions		617,415
Deferred inflows - pensions		(55,672)
Net pension liability		(523,010)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(67,738)
Noncurrent liabilities due in one year		(630,967)
Noncurrent liabilities due in more than one year		(12,167,987)
		<u>37,821,773</u>
Net Position of Governmental Activities	\$	<u>37,821,773</u>

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
Property taxes	\$ 3,798,654	\$ 892,042	\$ -	\$ -
Sales taxes	1,262,647	-	-	-
Franchise fees	339,607	-	-	-
Fines and forfeitures	460,809	-	-	-
Licenses and permits	260,442	-	-	-
Hilshire police contract	419,293	-	-	-
Investment income	52,053	-	5,512	-
Intergovernmental	620,005	-	-	-
Other	208,210	-	-	-
Total Revenues	<u>7,421,720</u>	<u>892,042</u>	<u>5,512</u>	<u>-</u>
<u>Expenditures</u>				
Current:				
General government	1,427,121	-	-	-
Public safety	3,393,780	-	-	1,776
Public works	305,642	-	-	-
Capital outlay	-	-	11,414,618	-
Debt service:				
Principal	-	510,000	-	-
Interest and fiscal charges	-	399,819	-	-
Total Expenditures	<u>5,126,543</u>	<u>909,819</u>	<u>11,414,618</u>	<u>1,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,295,177</u>	<u>(17,777)</u>	<u>(11,409,106)</u>	<u>(1,776)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	2,335,849	-
Transfers (out)	(2,192,011)	-	-	-
Sale of capital assets	751	-	-	-
Total Other Financing Sources (Uses)	<u>(2,191,260)</u>	<u>-</u>	<u>2,335,849</u>	<u>-</u>
Net Change in Fund Balances	103,917	(17,777)	(9,073,257)	(1,776)
Beginning fund balances	6,104,103	(882)	11,189,621	17,881
Ending Fund Balances	<u>\$ 6,208,020</u>	<u>\$ (18,659)</u>	<u>\$ 2,116,364</u>	<u>\$ 16,105</u>

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ -	\$ 4,690,696
-	1,262,647
-	339,607
-	460,809
-	260,442
-	419,293
-	57,565
-	620,005
23,601	231,811
<u>23,601</u>	<u>8,342,875</u>
-	1,427,121
9,676	3,405,232
-	305,642
-	11,414,618
-	510,000
-	399,819
<u>9,676</u>	<u>17,462,432</u>
<u>13,925</u>	<u>(9,119,557)</u>
-	2,335,849
-	(2,192,011)
-	751
-	<u>144,589</u>
13,925	(8,974,968)
<u>18,126</u>	<u>17,328,849</u>
<u>\$ 32,051</u>	<u>\$ 8,353,881</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

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

Net change in fund balances - total governmental funds	\$ (8,974,968)
--	----------------

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	12,096,671
Depreciation expense	(1,948,408)

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

Net change in unavailable revenue - property taxes	3,226
--	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Accrued interest expense	85,738
Premium on debt	6,398
Principal payment	510,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(20,137)
Net pension liability	15,995
Deferred outflows - pensions	(153,489)
Deferred inflows - pensions	(34,290)

An internal service fund is used by management to charge the costs of providing various services and benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

	<u>(209,990)</u>
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	<u><u>\$ 1,376,746</u></u>
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See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash	871,778	-
Receivables, net	364,773	-
Due from other government	26,953	-
Due from general fund	-	300,000
Total Current Assets	1,606,940	1,405,042
Noncurrent Assets		
Capital assets:		
Land	5,207	-
Building	44,708	-
Infrastructure	26,892	-
Water system	8,825,180	-
Sewer system	5,741,776	-
Vehicles	45,895	-
Machinery and equipment	209,062	-
Less accumulated depreciation	(7,270,274)	-
Total Capital Assets Net of Depreciable Assets	7,628,446	-
Total Noncurrent Assets	7,628,446	-
Total Assets	9,235,386	1,405,042
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	122,426	-
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities	286,783	3,895
Customer deposits	148,318	-
Accrued interest payable	8,186	-
Long-term liabilities due within one year	187,024	-
Total Current Liabilities	630,311	3,895
Noncurrent Liabilities		
Net pension liability	99,336	-
Long-term liabilities due in more than one year	2,311,240	-
Total Noncurrent Liabilities	2,410,576	-
Total Liabilities	3,040,887	3,895
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	9,746	-
<u>Net Position</u>		
Net investment in capital assets	5,764,333	-
Restricted for capital projects	625,887	-
Restricted for debt service	245,891	-
Unrestricted	(328,932)	1,401,147
Total Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Operating Revenues</u>		
Water charges	\$ 1,407,337	\$ -
Sewer charges	1,202,837	-
Solid waste charges	330,683	-
Charges for services	-	109,720
Other	54,920	-
Total Operating Revenues	2,995,777	109,720
<u>Operating Expenses</u>		
General and administrative	615,600	175,872
Water	710,698	-
Sewer	817,898	-
Solid waste	320,550	-
Depreciation	526,437	-
Total Operating Expenses	2,991,183	175,872
Operating Income (Loss)	4,594	(66,152)
<u>Nonoperating Revenues (Expenses)</u>		
Interest expense	(67,187)	-
Total Nonoperating (Expenses)	(67,187)	-
(Loss) Before Transfers	(62,593)	(66,152)
Transfers in	-	66,162
Transfers (out)	-	(210,000)
Change in Net Position	(62,593)	(209,990)
Beginning net position	6,369,772	1,611,137
Ending Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 2,910,580	\$ (190,280)
Payments to suppliers	(1,885,057)	3,895
Payments to employees	(613,134)	(175,872)
Net Cash Provided (Used) by Operating Activities	412,389	(362,257)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers (out)	-	66,162
Transfers in	-	(210,000)
Net Cash (Used) by Noncapital Financing Activities	-	(143,838)
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases	(8,919)	-
Interest and fiscal agent fees paid	(67,187)	-
Debt payments	(175,000)	-
Net Cash (Used) by Capital and Related Financing Activities	(251,106)	-
Net Increase (Decrease) in Cash and Cash Equivalents	161,283	(506,095)
Beginning cash and cash equivalents	1,053,931	1,611,137
Ending Cash and Cash Equivalents	\$ 1,215,214	\$ 1,105,042
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash and cash equivalents	871,778	-
	\$ 1,215,214	\$ 1,105,042
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 4,594	\$ (66,152)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	526,437	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(90,185)	(300,000)
Deferred outflows - pensions	27,823	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	26,559	3,895
Accrued expenses	(575)	-
Due to other funds	(89,480)	-
Net pension liability	(2,659)	-
Deferred inflows - pensions	5,700	-
Compensated absences	(813)	-
Customer deposits	4,988	-
Net Cash Provided by Operating Activities	\$ 412,389	\$ (362,257)

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Spring Valley Village, Texas (the "City") was incorporated under the laws of the State of Texas in 1955. The City operates as a "General Law" city, which provides for a "Mayor-Council" form of government.

The City provides the following services: public safety, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas 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.

Blended Component Unit

Spring Valley Legacy Fund, Inc.

The Spring Valley Legacy Fund, Inc. (the "Corporation") has been included in the reporting entity as a blended component unit. The Corporation was established to allow the City to receive private and corporate donations to be used solely to benefit the Spring Valley Police Department. The Board of Directors consisting of six members, all members of the City Council, for terms of office coinciding with their respective terms of office with the City, plus one appointed individual.

The component unit identified above is included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a majority of the corporation's board and is either able to impose its will on it or a financial benefit/burden exists.

Complete financial statements of the component unit can be obtained directly from administrative offices of the City.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

The *capital improvements fund* is used to account for the expenditures related to capital projects through resources accumulated from various internal transfers and bond financing. The capital improvements fund is considered a major fund for reporting purposes.

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue fund, asset forfeiture, holds monies seized by the police department to be used for public safety and security. The City has elected to report the asset forfeiture fund as a major fund for reporting purposes.

The *legacy fund* is used solely to benefit the Spring Valley Police Department. The primary source of revenue for legacy fund is from private and corporate donations. The City has elected to report the legacy fund as a major fund for reporting purposes.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The City reports the following enterprise fund:

The *enterprise fund* is 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 enterprise fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

The *internal service fund* is used to account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The internal service fund is used to account for vehicle and equipment replacement.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

2. Investments

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

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

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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 future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 years
Furniture and fixtures	4-8 years
Infrastructure	40 years
Machinery and equipment	4-8 years
Water and sewer system	20-40 years
Buildings	40 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings related to the City's defined benefit pension plan. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for the changes in

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

actuarial assumptions related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

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. The City has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized as a result of differences between the expected and the actual economic experience on the pension plan liability related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

The City maintains formal programs for vacation and sick leave. Vacation pay is calculated six months from the date of employment and is cumulative up to 80 hours for employees with less than five years of service and 120 hours for employees with more than five years of service. According to policy, 40 hours may carry over at year end if no exceptions are made. Sick leave is accumulated up to 240 hours but does not vest.

8. Long-Term Obligations

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the object and purpose stated in the approved budget.

A. Deficit Fund Balance

As of September 30, 2017, the debt service fund had a deficit fund balance of \$18,659. The deficit will be recovered in future years through the collection of property tax.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2017, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
External investment pool (TexPool)	\$ 4,543,340	0.00
Certificates of deposit	628,998	0.26
Total Investments	\$ 5,172,338	
Portfolio Weighted Average Maturity		0.03

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and/or FDIC insurance with a collective market value of at least 105%. As of year end, market values of pledged securities and FDIC insurance was less than bank balances by \$1,404,826 due to a large month-end deposit that was not processed by the bank by fiscal year end. The bank increased the pledged securities amount on October 2, 2017 to cover the bank balance.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

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

B. Receivables

The following comprises receivable balances at year end:

	General	Debt service	Enterprise
Property taxes	\$ 26,263	\$ 2,938	\$ -
Other taxes	250,865	-	-
Other government	103,509	-	26,953
Accounts	-	-	391,973
Less allowance	-	-	(27,200)
Total	\$ 380,637	\$ 2,938	\$ 391,726

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

C. Capital Assets

A summary of changes in capital assets for the year is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,966,307	\$ -	\$ -	\$ 1,966,307
Construction in progress	7,818,676	346,156	(7,768,824)	396,008
Total Capital Assets Not Being Depreciated	9,784,983	346,156	(7,768,824)	2,362,315
Other capital assets:				
Infrastructure	43,943,853	9,617,450	-	53,561,303
Buildings	633,005	7,903,362	-	8,536,367
Furniture and fixtures	242,014	1,772,011	(102,420)	1,911,605
Machinery and equipment	694,178	81,067	(50,405)	724,840
Vehicles	666,639	163,862	-	830,501
Total Other Capital Assets	46,179,689	19,537,752	(152,825)	65,564,616
Less accumulated depreciation for:				
Infrastructure	(23,612,188)	(1,339,094)	-	(24,951,282)
Buildings	(541,168)	(202,847)	-	(744,015)
Furniture and fixtures	(145,926)	(237,399)	84,007	(299,318)
Machinery and equipment	(510,654)	(54,393)	50,405	(514,642)
Vehicles	(432,891)	(114,675)	-	(547,566)
Total Accumulated Depreciation	(25,242,827)	(1,948,408)	134,412	(27,056,823)
Other capital assets, net	20,936,862	17,589,344	(18,413)	38,507,793
Governmental Activities Capital Assets, Net	\$ 30,721,845	\$ 17,935,500	\$ (7,787,237)	40,870,108
		Less associated debt		(12,680,169)
		Net Investment in Capital Assets		\$ 28,189,939

Depreciation was charged to governmental functions as follows:

General government	\$ 299,866
Public safety	301,234
Public works	1,347,308
Total Governmental Activities Depreciation Expense	\$ 1,948,408

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 5,207	\$ -	\$ -	\$ 5,207
Construction in progress	1,035,790	-	(1,035,790)	-
Total Capital Assets Not Being Depreciated	1,040,997	-	(1,035,790)	5,207
Other capital assets:				
Building	44,708	-	-	44,708
Infrastructure	26,892	-	-	26,892
Water system	7,782,857	1,044,709	(2,386)	8,825,180
Sewer system	5,741,776	-	-	5,741,776
Vehicles	45,895	-	-	45,895
Machinery and equipment	209,062	-	-	209,062
Total Other Capital Assets	13,851,190	1,044,709	(2,386)	14,893,513
Less accumulated depreciation for:				
Building	(31,557)	(640)	-	(32,197)
Infrastructure	(6,048)	(675)	-	(6,723)
Water system	(4,444,733)	(334,302)	2,386	(4,776,649)
Sewer system	(2,114,159)	(171,519)	-	(2,285,678)
Vehicles	(45,894)	-	-	(45,894)
Machinery and equipment	(103,832)	(19,301)	-	(123,133)
Total Accumulated Depreciation	(6,746,223)	(526,437)	2,386	(7,270,274)
Other capital assets, net	7,104,967	518,272	-	7,623,239
Business-Type Activities Capital Assets, Net	\$ 8,145,964	\$ 518,272	\$ (1,035,790)	7,628,446
				(2,490,000)
				625,887
			Net Investment in Capital Assets	\$ 5,764,333

Depreciation was charged to business-type functions as follows:

Water	\$ 354,918
Sewer	171,519
Total Business-Type Activities Depreciation Expense	\$ 526,437

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the general fund and debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds series 2015	\$ 13,075,000	\$ -	\$ (510,000)	\$ 12,565,000	* \$ 530,000
Premiums	121,567	-	(6,398)	115,169	*
Net pension liability	539,005	-	(15,995)	523,010	-
Compensated absences	98,648	94,594	(74,457)	118,785	100,967
Total Governmental Activities	\$ 13,834,220	\$ 94,594	\$ (606,850)	\$ 13,321,964	\$ 630,967

Long-term liabilities due in more than one year \$ 12,690,997

* Debt associated with governmental activities capital assets \$ 12,680,169

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Revenue bonds, series 2014	\$ 2,665,000	\$ -	\$ (175,000)	\$ 2,490,000	* \$ 180,000
Net pension liability	101,995	-	(2,659)	99,336	-
Compensated absences	9,077	9,611	(10,424)	8,264	7,024
Total Business-Type Activities	\$ 2,776,072	\$ 9,611	\$ (188,083)	\$ 2,597,600	\$ 187,024

Long-term liabilities due in more than one year \$ 2,410,576

* Debt associated with business-type activities capital assets \$ 2,490,000

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
General Obligation Bonds Series 2015	\$ 12,565,000	2.00% - 3.89%	Feb 15, Aug 15

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
Revenue Bonds			
Series 2014	\$ 2,490,000	2.63%	Feb 15, Aug 15

Pledged Revenues

The net revenue of the enterprise fund is for the payment of interest and principal on the outstanding revenue bonds, series 2014. The revenue bonds were issued for the purpose of improving and extending the City's water and sanitary sewer system and are payable through 2029. The table below represents the pledged amount at September 30, 2017:

Gross Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirement (3)	Revenue Bond Coverage (4)
\$ 2,995,777	\$ 2,464,746	\$ 531,031	\$ 245,487	2.16

- (1) Gross revenues as defined in the revenue bond ordinance include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.
- (2) Total operating expenses as defined in the revenue bond ordinance do not include amortization, bond interest, and fiscal charges.
- (3) Debt service requirements are based on the expected debt service pays for the following fiscal year
- (4) The 2014 Bond series net revenue amount shall be at least equal to or greater than 1.1 times.

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

Fiscal Year Ending Sept. 30	Governmental Activities		
	General Obligation Bonds		
	Principal Due	Interest Due	Total Due
2018	\$ 530,000	\$ 378,269	\$ 908,269
2019	550,000	362,169	912,169
2020	565,000	345,369	910,369
2021	585,000	325,294	910,294
2022	600,000	307,519	907,519
2023-2027	3,300,000	1,251,094	4,551,094
2028-2032	3,835,000	716,509	4,551,509
2033-2035	2,600,000	128,013	2,728,013
Total	\$ 12,565,000	\$ 3,814,236	\$ 16,379,236

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Fiscal Year Ending Sept. 30	Business-Type Activities		
	Revenue Bonds		
	Principal Due	Interest Due	Total Due
2018	\$ 180,000	\$ 65,487	\$ 245,487
2019	185,000	60,753	245,753
2020	190,000	55,888	245,888
2021	195,000	50,891	245,891
2022	200,000	45,762	245,762
2023-2027	1,075,000	147,280	1,222,280
2028-2029	465,000	18,410	483,410
Total	\$ 2,490,000	\$ 444,471	\$ 2,934,471

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

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

E. Interfund Transactions

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

Transfer In	Transfer Out	Amount
Capital improvements fund	General fund	\$ 2,125,849
Capital improvements fund	Internal service fund	210,000
Internal service fund	General fund	66,162
	Total	\$ 2,402,011

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

Receivable Fund	Payable Fund	Amount
Capital improvements fund	Debt service fund	\$ 25,000
Internal service fund	General fund	300,000
Capital improvements fund	General fund	1,322
Debt service fund	General fund	15,519
	Total	\$ 341,841

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Fund Equity

Funds restricted by enabling legislation are \$124,264, which are related to municipal court security and child safety fees.

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Benefits Provided

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

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

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

	2017	2016
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to, but not yet receiving, benefits	24
Active employees	36
Total	89

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.07% and 7.50% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$194,112 and were equal to the required contributions.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	Changes for the year:		
Service cost	\$ 345,789	\$ -	\$ 345,789
Interest	675,456	-	675,456
Change in current period benefits	-	-	-
Difference between expected and actual experience	(69,514)	-	(69,514)
Changes in assumptions	-	-	-
Contributions - employer	-	155,593	(155,593)
Contributions - employee	-	179,431	(179,431)
Net investment income	-	643,013	(643,013)
Benefit payments, including refunds of employee contributions	641,405	(641,405)	-
Administrative expense	-	(7,261)	7,261
Other changes	-	(391)	391
Net Changes	310,326	328,980	(18,654)
Balance at December 31, 2015	10,154,568	9,513,568	641,000
Balance at December 31, 2016	\$ 10,464,894	\$ 9,842,548	\$ 622,346

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 1,891,680	\$ 622,346	\$ (440,824)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$396,758.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 65,418
Changes in actuarial assumptions	144,733	-
Difference between projected and actual investment earnings	437,189	-
Contributions subsequent to the measurement date	157,919	-
Total	\$ 739,841	\$ 65,418

\$157,919 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase to the net pension liability for the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2018	\$ 189,458
2019	200,347
2020	126,870
2021	(171)
Total	\$ 516,504

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Other Post Employment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2017, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate 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.

The City's contributions to the TMRS SDBF for the fiscal years ended 2017, 2016, and 2015 were \$807, \$735, and \$482, respectively. The City's contribution rates for the past three years are shown below:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.02%
Actual Contribution Made	0.03%	0.03%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Revenue Allocation Agreement

Effective October 1, 2014, the City entered into an amended Congestion Mitigation/Traffic Management Agreement (the "Agreement") with METRO, which continues through December 31, 2025, unless terminated earlier per the provisions of the Agreement. Under the terms of the Agreement, the City will receive periodic payments in amounts equal to one-half of all available sales and use tax revenues collected by or for METRO within the corporate limits of the City. The City may utilize the funds for traffic-related projects and costs. The funds are accounted for in the general fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Related Organizations and Joint Ventures

Fire Protection

The City has entered into an interlocal agreement (the "Agreement") with the cities of Bunker Hill Village, Hedwig Village, Hunters Creek Village, Piney Point Village, and Hilshire Village, Texas, to create the Village Fire Department (VFD). The Agreement automatically renews for a period of five years unless terminated by at least one of the contracting cities. Under the terms of this Agreement, the City is liable for 16.25% of VFD's approved budget.

Consolidated financial information extracted from the VFD's audited financial statements for the year ended December 31, 2016, on which the VFD's auditors expressed an unmodified opinion, is as follows:

	VFD Total		City's Portion (16.25%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets	\$ 4,037,202	\$ 1,187,507	\$ 656,045	\$ 192,969
Total liabilities	2,388,050	78,858	388,058	12,814
Total Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
	Change in Net Position	Revenues and Expenditures	Change in Net Position	Revenues and Expenditures
Total revenues	\$ 5,485,585	\$ 5,485,585	\$ 891,408	\$ 891,408
Total expenditures/expenses	5,725,908	5,254,499	930,460	853,856
Revenues (under) expenditures/expenses	(240,323)	231,086	(39,052)	37,551
Beginning participants' equity	1,889,475	877,563	307,039	142,604
Ending Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
Unfunded Actuarial Accrued Liability at 12/31/15 with TMRS	\$ 2,045,765		\$ 332,437	

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Property taxes	\$ 3,799,000	\$ 3,799,000	\$ 3,798,654	\$ (346)
Sales taxes	1,206,540	1,206,540	1,262,647	56,107
Franchise fees	331,000	331,000	339,607	8,607
Fines and forfeitures	514,800	514,800	460,809	(53,991)
Licenses and permits	230,150	230,150	260,442	30,292
Hilshire police contract	419,293	419,293	419,293	-
Investment income	12,000	12,000	52,053	40,053
Intergovernmental	620,000	620,000	620,005	5
Other	105,000	105,000	208,210	103,210
Total Revenues	<u>7,237,783</u>	<u>7,237,783</u>	<u>7,421,720</u>	<u>183,937</u>
Expenditures				
General Government				
Mayor and council	6,800	6,800	5,930	870
General government	1,166,259	1,247,263	1,134,128	113,135
Municipal court	284,139	289,374	232,660	56,714
Parks and recreation	61,140	61,356	54,403	6,953
Total General Government	<u>1,518,338</u>	<u>1,604,793</u>	<u>1,427,121</u>	<u>177,672</u>
Public Safety				
Police	2,610,778	2,734,973	2,504,808	230,165
Fire	888,972	888,972	888,972	-
Total Public Safety	<u>3,499,750</u>	<u>3,623,945</u>	<u>3,393,780</u>	<u>230,165</u>
Public Works				
Streets and drainage	464,738	478,770	305,642	173,128
Total Expenditures	<u>5,482,826</u>	<u>5,707,508</u>	<u>5,126,543</u>	<u>580,965</u>
Other Financing Sources (Uses)				
Transfers (out)	(1,287,500)	(2,125,849)	(2,192,011)	(66,162)
Sale of capital assets	-	-	751	751
Total Other Financing (Uses)	<u>(1,287,500)</u>	<u>(2,125,849)</u>	<u>(2,191,260)</u>	<u>(65,411)</u>
Net Change in Fund Balance	<u>\$ 467,457</u>	<u>\$ (595,574)</u>	103,917	<u>\$ 699,491</u>
Beginning fund balance			<u>6,104,103</u>	
Ending Fund Balance			<u>\$ 6,208,020</u>	

Notes to Required Supplementary Information:

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Measurement Year*		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 345,789	\$ 317,389	\$ 262,594
Interest (on the total pension liability)	675,456	647,576	612,560
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(69,514)	(239)	(49,336)
Change of assumptions	-	275,713	-
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Net Change in Total Pension Liability	<u>310,326</u>	<u>883,906</u>	<u>476,393</u>
Beginning total pension liability	<u>10,154,568</u>	<u>9,270,662</u>	<u>8,794,269</u>
Ending Total Pension Liability	<u>\$ 10,464,894</u>	<u>\$ 10,154,568</u>	<u>\$ 9,270,662</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 155,593	\$ 164,572	\$ 168,939
Contributions - employee	179,431	175,076	161,113
Net investment income	643,013	14,056	516,782
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Administrative expense	(7,261)	(8,561)	(5,396)
Other	(391)	(423)	(444)
Net Change in Plan Fiduciary Net Position	<u>328,980</u>	<u>(11,813)</u>	<u>491,569</u>
Beginning plan fiduciary net position	<u>9,513,568</u>	<u>9,525,381</u>	<u>9,033,812</u>
Ending Plan Fiduciary Net Position	<u>\$ 9,842,548</u>	<u>\$ 9,513,568</u>	<u>\$ 9,525,381</u>
Net Pension Liability/(Asset)	<u>\$ 622,346</u>	<u>\$ 641,000</u>	<u>\$ (254,719)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.05%	93.69%	102.75%
Covered Employee Payroll	\$ 2,563,301	\$ 2,501,093	\$ 2,301,618
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	24.28%	25.63%	(11.07%)

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Fiscal Year*		
	2017	2016	2015
Actuarially determined contribution	\$ 194,112	\$ 167,012	\$ 164,572
Contributions in relation to the actuarially determined contribution	194,112	167,012	164,572
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2,691,643	\$ 2,690,588	\$ 2,501,093
Contributions as a percentage of covered employee payroll	7.21%	6.21%	6.58%

*Only three of ten years of information is currently available. The City will build this schedule over the next seven-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	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 103% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 912,069	\$ 912,069	\$ 892,042	\$ (20,027)
Total Revenues	<u>912,069</u>	<u>912,069</u>	<u>892,042</u>	<u>(20,027)</u>
<u>Expenditures</u>				
Principal	510,000	510,000	510,000	-
Interest and fiscal charges	<u>400,069</u>	<u>400,069</u>	<u>399,819</u>	<u>250</u>
Total Expenditures	<u>910,069</u>	<u>910,069</u>	<u>909,819</u>	<u>250</u>
Net Change in Fund Balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	(17,777)	<u>\$ (19,777)</u>
Beginning fund balance			<u>(882)</u>	
Ending Fund Balance			<u>\$ (18,659)</u>	

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	80
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	90
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	98
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	109
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	113
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF SPRING VALLEY VILLAGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 17,797,616	\$ 20,358,533	\$ 20,112,126	\$ 20,562,889
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,261,898	4,599,339	5,784,809	6,582,772
Total Governmental Activities Net Position	\$ 24,911,635	\$ 25,983,772	\$ 26,688,458	\$ 27,866,438
 Business-Type Activities				
Net investment in capital assets	\$ 7,267,936	\$ 8,110,784	\$ 8,194,572	\$ 7,822,043
Restricted	-	-	-	-
Unrestricted	(22,150)	(750,876)	(1,226,981)	(744,008)
Total Business-Type Activities Net Position	\$ 7,245,786	\$ 7,359,908	\$ 6,967,591	\$ 7,078,035
 Primary Government				
Net investment in capital assets	\$ 25,065,552	\$ 28,469,317	\$ 28,306,698	\$ 28,384,932
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,239,748	3,848,463	4,557,828	5,838,764
Total Primary Government Net Position	\$ 32,157,421	\$ 33,343,680	\$ 33,656,049	\$ 34,944,473

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 23,227,286	\$ 25,437,372	\$ 24,859,774	\$ 25,354,855	\$ 26,621,889	\$ 28,189,939
75,118	121,848	150,437	154,588	160,271	4,924,112
5,825,609	5,065,577	7,973,362	9,970,921	9,662,867	4,707,722
<u>\$ 29,128,013</u>	<u>\$ 30,624,797</u>	<u>\$ 32,983,573</u>	<u>\$ 35,480,364</u>	<u>\$ 36,445,027</u>	<u>\$ 37,821,773</u>
\$ 7,416,956	\$ 7,201,090	\$ 7,484,141	\$ 6,429,975	\$ 6,446,443	\$ 5,764,333
-	-	1,612,394	1,004,614	965,480	871,778
(364,877)	(259,161)	(2,241,483)	(963,461)	(1,042,151)	(328,932)
<u>\$ 7,052,079</u>	<u>\$ 6,941,929</u>	<u>\$ 6,855,052</u>	<u>\$ 6,471,128</u>	<u>\$ 6,369,772</u>	<u>\$ 6,307,179</u>
\$ 30,644,242	\$ 32,638,462	\$ 32,343,915	\$ 31,784,830	\$ 33,068,332	\$ 33,954,272
75,118	121,848	150,437	1,159,202	1,125,751	5,795,890
5,460,732	4,806,416	5,731,879	9,007,460	8,620,716	4,378,790
<u>\$ 36,180,092</u>	<u>\$ 37,566,726</u>	<u>\$ 38,226,231</u>	<u>\$ 41,951,492</u>	<u>\$ 42,814,799</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 1,378,291	\$ 1,657,481	\$ 1,211,535	\$ 1,225,535
Public safety	2,588,428	2,694,742	2,906,948	2,837,702
Public works	799,234	729,391	1,270,439	1,164,949
Interest and fiscal agent fees	5,028	3,724	19,261	-
Total Governmental Activities Expenses	<u>4,770,981</u>	<u>5,085,338</u>	<u>5,408,183</u>	<u>5,228,186</u>
Business-Type Activities				
Water, sewer, and solid waste	1,763,893	2,012,235	2,344,054	2,635,600
Total Business-Type Activities Expenses	<u>1,763,893</u>	<u>2,012,235</u>	<u>2,344,054</u>	<u>2,635,600</u>
Total Expenses	<u>\$ 6,534,874</u>	<u>\$ 7,097,573</u>	<u>\$ 7,752,237</u>	<u>\$ 7,863,786</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 268,530	\$ 161,928	\$ 219,210	\$ 210,123
Public safety	666,844	960,101	918,499	922,068
Operating grants and contributions	282,561	158,942	165,080	154,000
Capital grants and contributions	2,106,655	-	-	-
Total Governmental Activities Program Revenues	<u>3,324,590</u>	<u>1,280,971</u>	<u>1,302,789</u>	<u>1,286,191</u>
Business-Type Activities				
Charges for services				
Water, sewer, and solid waste	2,201,823	2,289,356	2,114,736	2,909,044
Total Business-Type Activities Program Revenues	<u>2,201,823</u>	<u>2,289,356</u>	<u>2,114,736</u>	<u>2,909,044</u>
Total Program Revenues	<u>\$ 5,526,413</u>	<u>\$ 3,570,327</u>	<u>\$ 3,417,525</u>	<u>\$ 4,195,235</u>
Net (Expense)/Revenue				
Governmental activities	\$ (1,446,391)	\$ (3,804,367)	\$ (4,105,394)	\$ (3,941,995)
Business-type activities	437,930	277,121	(229,318)	273,444
Total Net Expense	<u>\$ (1,008,461)</u>	<u>\$ (3,527,246)</u>	<u>\$ (4,334,712)</u>	<u>\$ (3,668,551)</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,229,504	\$ 1,590,735	\$ 1,320,245	\$ 1,247,843	\$ 800,723	\$ 903,011
2,786,639	2,648,646	2,738,631	3,036,137	3,880,246	3,922,109
1,324,918	1,153,278	1,278,240	1,354,685	1,906,985	1,818,890
-	-	-	337,430	432,200	307,683
<u>5,341,061</u>	<u>5,392,659</u>	<u>5,337,116</u>	<u>5,976,095</u>	<u>7,020,154</u>	<u>6,951,693</u>
2,442,239	2,675,934	2,658,992	2,614,157	2,848,278	3,058,370
<u>2,442,239</u>	<u>2,675,934</u>	<u>2,658,992</u>	<u>2,614,157</u>	<u>2,848,278</u>	<u>3,058,370</u>
<u>\$ 7,783,300</u>	<u>\$ 8,068,593</u>	<u>\$ 7,996,108</u>	<u>\$ 8,590,252</u>	<u>\$ 9,868,432</u>	<u>\$ 10,010,063</u>
\$ 219,074	\$ 236,953	\$ 214,713	\$ 397,023	\$ 265,706	\$ 260,442
814,509	800,772	1,127,801	1,133,967	938,409	880,102
154,000	154,000	154,000	438,493	661,046	620,005
-	-	-	-	-	-
<u>1,187,583</u>	<u>1,191,725</u>	<u>1,496,514</u>	<u>1,969,483</u>	<u>1,865,161</u>	<u>1,760,549</u>
2,709,775	2,859,499	2,730,542	2,708,075	2,720,856	2,940,857
<u>2,709,775</u>	<u>2,859,499</u>	<u>2,730,542</u>	<u>2,708,075</u>	<u>2,720,856</u>	<u>2,940,857</u>
<u>\$ 3,897,358</u>	<u>\$ 4,051,224</u>	<u>\$ 4,227,056</u>	<u>\$ 4,677,558</u>	<u>\$ 4,586,017</u>	<u>\$ 4,701,406</u>
\$ (4,153,478)	\$ (4,200,934)	\$ (3,840,602)	\$ (4,006,612)	\$ (5,154,993)	\$ (5,191,144)
267,536	183,565	71,550	93,918	(127,422)	(117,513)
<u>\$ (3,885,942)</u>	<u>\$ (4,017,369)</u>	<u>\$ (3,769,052)</u>	<u>\$ (3,912,694)</u>	<u>\$ (5,282,415)</u>	<u>\$ (5,308,657)</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,137,677	\$ 3,215,025	\$ 3,356,982	\$ 3,548,991
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Investment income	228,733	98,528	37,644	32,876
Other	179,787	151,217	141,288	132,543
Gain on sale of capital assets	-	-	7,220	-
Transfers	169,693	162,999	162,999	163,000
Total Governmental Activities	<u>5,150,750</u>	<u>4,876,504</u>	<u>4,810,080</u>	<u>5,119,975</u>
Business-type activities				
Other	-	-	-	-
Transfers	(169,693)	(162,999)	(162,999)	(163,000)
Total Business-Type Activities	<u>(169,693)</u>	<u>(162,999)</u>	<u>(162,999)</u>	<u>(163,000)</u>
Total Primary Government	<u>\$ 4,981,057</u>	<u>\$ 4,713,505</u>	<u>\$ 4,647,081</u>	<u>\$ 4,956,975</u>
Change in Net Position				
Governmental activities	\$ 3,704,359	\$ 1,072,137	\$ 704,686	\$ 1,177,980
Business-type activities	268,237	114,122	(392,317)	110,444
Total Change in Net Position	<u>\$ 3,972,596</u>	<u>\$ 1,186,259</u>	<u>\$ 312,369</u>	<u>\$ 1,288,424</u>

Fiscal Year

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	3,685,289	\$ 3,812,544	\$ 3,904,606	\$ 4,245,518	\$ 4,402,210	\$ 4,693,922
	934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
	332,619	357,602	331,764	339,321	353,381	339,607
	25,176	19,163	19,659	21,502	30,566	57,565
	124,179	111,057	132,760	136,451	136,207	214,149
	-	-	-	-	-	-
	313,000	315,000	676,025	75,000	-	-
	<u>5,415,053</u>	<u>5,697,718</u>	<u>6,171,198</u>	<u>6,009,148</u>	<u>6,119,656</u>	<u>6,567,890</u>
	19,508	21,285	23,343	89	26,066	54,920
	(313,000)	(315,000)	(676,025)	(75,000)	-	-
	<u>(293,492)</u>	<u>(293,715)</u>	<u>(652,682)</u>	<u>(74,911)</u>	<u>26,066</u>	<u>54,920</u>
\$	<u><u>5,121,561</u></u>	<u><u>5,404,003</u></u>	<u><u>5,518,516</u></u>	<u><u>5,934,237</u></u>	<u><u>6,145,722</u></u>	<u><u>6,622,810</u></u>
\$	1,261,575	\$ 1,496,784	\$ 2,330,596	\$ 2,002,536	\$ 964,663	\$ 1,376,746
	(25,956)	(110,150)	(581,132)	19,007	(101,356)	(62,593)
\$	<u><u>1,235,619</u></u>	<u><u>1,386,634</u></u>	<u><u>1,749,464</u></u>	<u><u>2,021,543</u></u>	<u><u>863,307</u></u>	<u><u>1,314,153</u></u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011*
General Fund				
Reserved	\$ 1,852,121	\$ 1,025,900	\$ 791,523	\$ -
Unreserved and designated	4,047,277	2,350,019	2,413,781	-
Unreserved and undesignated	1,165,165	2,249,809	3,485,628	-
Nonspendable	-	-	-	-
Committed	-	-	-	4,815,560
Restricted	-	-	-	720,777
Assigned	-	-	-	-
Unassigned	-	-	-	1,918,202
Total General Fund	<u>\$ 7,064,563</u>	<u>\$ 5,625,728</u>	<u>\$ 6,690,932</u>	<u>\$ 7,454,539</u>
 All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Note: In fiscal year 2011, the City implemented GASB 54,
Fund Balance Reporting and Governmental Fund Type Definitions.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	385	870	870	870	1,203
3,817,458	-	-	-	-	-
75,118	121,848	122,257	121,659	124,264	128,097
-	359,267	359,267	359,267	359,267	359,267
2,191,707	3,550,699	4,004,162	4,926,770	5,619,702	3,447,225
<u>\$ 6,084,283</u>	<u>\$ 4,032,199</u>	<u>\$ 4,486,556</u>	<u>\$ 5,408,566</u>	<u>\$ 6,104,103</u>	<u>\$ 3,935,792</u>
\$ -	\$ -	\$ -	\$ 13,135,970	\$ 9,132,618	\$ 48,156
-	1,321,366	-	3,112,942	2,093,010	2,116,364
-	-	-	-	(882)	(18,659)
<u>\$ -</u>	<u>\$ 1,321,366</u>	<u>\$ -</u>	<u>\$ 16,248,912</u>	<u>\$ 11,224,746</u>	<u>\$ 2,145,861</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Property taxes	\$ 3,091,799	\$ 3,254,064	\$ 3,334,593	\$ 3,538,671
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Fines and forfeitures	666,844	664,542	609,344	602,246
Licenses and permits	268,530	161,928	219,210	210,123
Hilshire police contract	282,561	295,559	309,155	319,822
Investment income	228,733	98,528	37,644	32,876
Intergovernmental	2,106,655	158,942	165,080	154,000
Other	179,787	151,217	141,288	122,638
Total Revenues	8,259,769	6,033,515	5,920,261	6,222,941
Expenditures				
General government	1,385,617	1,923,284	1,297,268	1,145,736
Public safety	2,622,183	2,746,404	2,910,260	2,841,154
Public works	3,349,144	2,882,196	695,234	1,645,349
Capital outlay	-	-	-	-
Debt service				
Bond issuance costs	-	-	-	-
Principal	78,438	79,741	103,253	-
Interest	5,028	3,724	19,261	-
Total Expenditures	7,440,410	7,635,349	5,025,276	5,632,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	819,359	(1,601,834)	894,985	590,702
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Sale of capital assets	-	-	7,220	9,905
Transfers in	169,693	162,999	162,999	163,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	169,693	162,999	170,219	172,905
Net Change in Fund Balances	\$ 989,052	\$ (1,438,835)	\$ 1,065,204	\$ 763,607
Debt service as a percentage of noncapital expenditures	1.12%	1.09%	2.44%	-

Fiscal Year

	2012	2013	2014	2015	2016	2017
\$	3,715,316	\$ 3,792,043	\$ 3,936,160	\$ 4,159,264	\$ 4,508,707	\$ 4,690,696
	934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
	332,619	357,602	331,764	339,321	353,381	339,607
	506,233	470,225	772,834	752,084	540,494	460,809
	219,074	236,953	214,713	397,023	265,706	260,442
	308,276	330,547	354,967	381,883	397,915	419,293
	25,176	19,163	19,659	21,502	30,566	57,565
	154,000	154,000	154,000	438,493	661,046	620,005
	121,604	111,057	132,760	132,090	136,439	231,811
	<u>6,317,088</u>	<u>6,553,942</u>	<u>7,023,241</u>	<u>7,813,016</u>	<u>8,091,546</u>	<u>8,342,875</u>
	1,188,587	1,262,101	1,355,108	1,337,875	1,287,658	1,427,121
	2,786,166	2,886,525	3,002,128	3,201,065	3,397,221	3,405,232
	4,028,166	181,440	262,499	286,142	393,737	305,642
	-	3,269,594	439,623	2,114,494	6,288,546	11,414,618
	-	-	-	104,614	-	-
	-	-	-	-	400,000	510,000
	-	-	-	-	524,336	399,819
	<u>8,002,919</u>	<u>7,599,660</u>	<u>5,059,358</u>	<u>7,044,190</u>	<u>12,291,498</u>	<u>17,462,432</u>
	(1,685,831)	(1,045,718)	1,963,883	768,826	(4,199,952)	(9,119,557)
	-	-	-	13,475,000	-	-
	-	-	-	134,363	-	-
	2,575	-	84,352	5,310	4,320	751
	313,000	2,065,000	1,930,766	2,217,000	1,250,000	2,335,849
	-	(1,750,000)	(2,161,767)	(2,142,000)	(1,382,997)	(2,192,011)
	<u>315,575</u>	<u>315,000</u>	<u>(146,649)</u>	<u>13,689,673</u>	<u>(128,677)</u>	<u>144,589</u>
\$	<u>(1,370,256)</u>	<u>(730,718)</u>	<u>1,817,234</u>	<u>14,458,499</u>	<u>(4,328,629)</u>	<u>(8,974,968)</u>
	-	-	-	2.18%	15.01%	16.96%

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

	Fiscal Year			
	2008	2009	2010	2011
Residential	\$ 529,736,301	\$ 586,392,158	\$ 658,509,304	\$ 682,799,385
Vacant	17,212,065	18,270,408	22,296,426	18,988,324
Commercial and industrial	61,235,481	66,141,060	49,480,422	48,897,421
Utilities	15,672,560	13,597,987	12,735,134	12,368,450
Real properties	28,365,945	24,604,687	24,541,306	23,956,770
Governmental and charities	89,179,800	122,500,359	126,487,069	121,839,666
Total assessed value (1)	<u>741,402,152</u>	<u>831,506,659</u>	<u>894,049,661</u>	<u>908,850,016</u>
Less: Tax exempt property	<u>(193,715,335)</u>	<u>(236,039,917)</u>	<u>(252,438,683)</u>	<u>(255,559,740)</u>
Total Taxable Assessed Valuation	<u>\$ 547,686,817</u>	<u>\$ 595,466,742</u>	<u>\$ 641,610,978</u>	<u>\$ 653,290,276</u>
Taxable value as a percentage of assessed value	74%	72%	72%	72%
Total tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760

Source: Tax department of the Spring Branch ISD.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 727,362,843	\$ 749,621,556	\$ 816,582,662	\$ 938,839,232	\$ 1,057,666,553	\$ 1,147,232,344
16,467,688	16,340,891	16,982,310	23,119,734	22,897,005	20,219,114
48,724,472	50,298,328	54,623,908	71,949,422	69,321,629	104,087,202
11,291,453	10,776,364	10,542,288	4,250,555	10,289,952	11,484,003
22,184,491	23,043,294	23,360,586	8,625	25,945,101	23,553,054
114,230,914	114,503,217	117,469,367	138,803,675	147,694,988	151,935,233
940,261,861	964,583,650	1,039,561,121	1,176,971,243	1,333,815,228	1,458,510,950
(258,228,448)	(261,606,047)	(280,032,062)	(312,592,100)	(355,139,172)	(373,888,856)
<u>\$ 682,033,413</u>	<u>\$ 702,977,603</u>	<u>\$ 759,529,059</u>	<u>\$ 864,379,143</u>	<u>\$ 978,676,056</u>	<u>\$ 1,084,622,094</u>
73%	73%	73%	73%	73%	74%
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.450000	\$ 0.433500

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

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village:				
Operating tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760
Debt service tax rate	-	-	-	-
Total Direct Rates	<u>\$ 0.565000</u>	<u>\$ 0.548659</u>	<u>\$ 0.539760</u>	<u>\$ 0.539760</u>
Spring Branch Independent School District	\$ 1.285000	\$ 1.382500	\$ 1.394500	\$ 1.394500
Harris County	0.392390	0.389230	0.388050	0.391170
Harris County Flood Control	0.031060	0.030860	0.029230	0.028090
Port of Houston Authority	0.014370	0.017730	0.020540	0.018560
Harris County Hospital District	0.192160	0.192160	0.192160	0.192160
Harris County Education Department	0.005850	0.005840	0.006580	0.006580
Total Overlapping Rates	<u>\$ 1.920830</u>	<u>\$ 2.018320</u>	<u>\$ 2.031060</u>	<u>\$ 2.031060</u>
Total Direct and Overlapping Rates	<u>\$ 2.485830</u>	<u>\$ 2.566979</u>	<u>\$ 2.570820</u>	<u>\$ 2.570820</u>

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

Source: Tax department records of the various governments.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.356160	\$ 0.350711
-	-	-	-	0.093840	0.082789
<u>\$ 0.539760</u>	<u>\$ 0.539760</u>	<u>\$ 0.512843</u>	<u>\$ 0.487843</u>	<u>\$ 0.450000</u>	<u>\$ 0.433500</u>
\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500
0.400210	0.414550	0.414550	0.417310	0.419230	0.416560
0.028090	0.028270	0.028270	0.027360	0.027330	0.028290
0.019520	0.017160	0.017160	0.015310	0.013420	0.013340
0.182160	0.170000	0.170000	0.170000	0.170000	0.171790
0.006620	0.006360	0.006358	0.005999	0.005422	0.005200
<u>\$ 2.031100</u>	<u>\$ 2.030840</u>	<u>\$ 2.030838</u>	<u>\$ 2.030479</u>	<u>\$ 2.029902</u>	<u>\$ 2.029680</u>
<u>\$ 2.570860</u>	<u>\$ 2.570600</u>	<u>\$ 2.543681</u>	<u>\$ 2.518322</u>	<u>\$ 2.479902</u>	<u>\$ 2.463180</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Ten Voss Ltd	\$ 21,651,944	1	2.21%	\$ 34,701,203	1	7.16%
Campbell Project Partners LLC	21,074,820	2	2.15%	-	-	-
HD Development Properties	19,781,840	3	2.02%	14,293,339	2	2.95%
Spring Valley One Center Ltd	16,971,347	4	1.73%	-	-	-
SV Physician Properties I LP	14,178,000	5	1.45%	-	-	-
Memorial Design Center Ltd	10,496,597	6	1.07%	-	-	-
Southwestern Bell	9,012,191	7	0.92%	13,630,076	3	2.81%
Managed Rehabilitation Inc	7,677,757	8	0.78%	3,225,165	8	0.67%
Wellington Fidelis Campbell I LP	6,667,560	9	0.68%	-	-	-
Spring Valley Shopping Center II Ltd	5,056,250	10	0.52%	-	-	-
Memorial MRI & Diagnostic	-	-	-	3,293,691	7	0.68%
Kish Komie LP	-	-	-	2,150,350	9	0.44%
Schlumberger Inc	-	-	-	1,866,868	10	0.39%
Campbell I10 Ltd	-	-	-	5,687,825	5	1.17%
Stiffel-Schwab Builders LLC	-	-	-	6,871,097	4	1.42%
Wilson Investments	-	-	-	5,240,000	6	1.08%
Subtotal	132,568,306		13.55%	90,959,614		18.77%
Other Taxpayers	846,107,750		86.45%	393,545,775		81.23%
Total ⁽¹⁾	\$ 978,676,056		100.00%	\$ 484,505,389		100.00%

Source: Tax department of the Spring Branch ISD.

(1) Net of exemptions and abatements

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collected	Total Collections to Date	
				Amount Collected	Percentage of Levy	Amount Collected	Amount Collected	Percentage of Levy
2008	2007	\$ 0.565000	\$ 3,114,260	\$ 3,053,499	98.05%	\$ 60,320	\$ 3,113,819	99.99%
2009	2008	\$ 0.548659	\$ 3,257,243	\$ 3,237,636	99.40%	\$ 18,102	\$ 3,255,738	99.95%
2010	2009	\$ 0.539760	\$ 3,464,268	\$ 3,433,357	99.11%	\$ 28,535	\$ 3,461,892	99.93%
2011	2010	\$ 0.539760	\$ 3,525,346	\$ 3,499,080	99.25%	\$ 24,494	\$ 3,523,574	99.95%
2012	2011	\$ 0.539760	\$ 3,681,702	\$ 3,663,573	99.51%	\$ 16,013	\$ 3,679,586	99.94%
2013	2012	\$ 0.539760	\$ 3,795,231	\$ 3,770,251	99.34%	\$ 22,718	\$ 3,792,969	99.94%
2014	2013	\$ 0.512843	\$ 3,893,084	\$ 3,881,284	99.70%	\$ 7,747	\$ 3,889,031	99.90%
2015	2014	\$ 0.487843	\$ 4,212,362	\$ 4,100,837	97.35%	\$ 24,979	\$ 4,125,816	97.95%
2016	2015	\$ 0.450000	\$ 4,509,649	\$ 4,392,632	97.41%	\$ 91,129	\$ 4,483,761	99.43%
2017	2016	\$ 0.433500	\$ 4,688,384	\$ 4,687,314	99.69%	\$ (28,559)	\$ 4,658,755	99.08%

Source: Tax department of the Spring Branch ISD.

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Capital leases	82,994	28,253	-	-
Subtotal	<u>82,994</u>	<u>28,253</u>	<u>-</u>	<u>-</u>
Business-Type Activities:				
Revenue bonds	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Government-Wide:				
Revenue bonds	-	-	-	-
General obligation bonds	-	-	-	-
Capital leases	82,994	28,253	-	-
Total Government-Wide	<u>\$ 82,994</u>	<u>\$ 28,253</u>	<u>\$ -</u>	<u>\$ -</u>
Estimated Full Property Value	\$ 741,402,152	\$ 831,506,659	\$ 894,049,661	\$ 908,850,016
Percentage of Full Property Value:				
Government-wide	0.01%	0.00%	-	-
Population	3,700	3,710	3,715	3,843
Debt Per Capita:				
Governmental activities	\$ 22	\$ 8	\$ -	\$ -
Government-wide	\$ 22	\$ 8	\$ -	\$ -

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
-	-	-	13,602,965	13,196,567	12,680,169
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 16,437,965</u>	<u>\$ 15,861,567</u>	<u>\$ 15,170,169</u>
\$ 940,261,861	\$ 964,583,650	\$ 1,039,561,121	\$ 1,176,971,243	\$ 1,333,815,228	\$ 1,458,510,950
-	-	0.29%	1.40%	1.19%	1.04%
3,941	3,852	4,013	4,135	4,191	4,328
\$ -	\$ -	\$ -	\$ 3,259	\$ 3,215	\$ 3,215
\$ -	\$ -	\$ 748	\$ 3,944	\$ 3,892	\$ 3,892

CITY OF SPRING VALLEY VILLAGE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Estimated Actual Taxable Value of Property	<u>\$ 547,686,817</u>	<u>\$ 595,466,742</u>	<u>\$ 641,610,978</u>	<u>\$ 653,209,276</u>
Net Bonded Debt				
Gross bonded debt	\$ -	\$ -	\$ -	\$ -
Less: amounts available in debt service fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of Estimated Actual Taxable Value of Property	-	-	-	-
Population	3,700	3,710	3,715	3,843
Per Capita	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year					
2011	2012	2014	2015	2016	2017
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	1.57%	1.35%	1.17%
3,941	3,852	4,013	4,135	4,191	4,191
\$ -	\$ -	\$ -	\$ -	\$ 3,149	\$ 3,026

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CITY OF SPRING VALLEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2017

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Spring Branch Independent School District	\$ 617,990,000	3.820%	\$ 23,607,218
Harris County	\$ 2,295,044,505	0.280%	6,426,125
Harris County Flood Control District	\$ 83,075,000	0.280%	232,610
Harris Co Hosp District	\$ 61,595,000	0.280%	175,882
Harris County Department of Education	\$ 6,780,000	0.280%	18,984
Port of Houston Authority	\$ 657,994,397	0.280%	1,842,384
Subtotal, overlapping debt			32,303,203
City Direct Debt	\$ 12,565,000	100.00%	12,565,000
Total Direct and Overlapping Debt			\$ 44,868,203

Source: Municipal Advisory Council of Texas

CITY OF SPRING VALLEY VILLAGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Debt limit ⁽¹⁾	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-
Legal Debt Margin Calculation				
Assessed value	\$ 547,686,817	\$ 831,506,659	\$ 641,610,978	\$ 653,290,276
Debt limit (10% of assessed value)	54,768,682	83,150,666	64,161,098	65,329,028
Debt applicable to limit:				
Gross bonded debt	-	-	-	-
Less: amount set aside for repayment of general obligation debt	-	-	-	-
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 68,203,341	\$ 70,297,760	\$ 75,952,906	\$ 86,437,914	\$ 97,867,606	\$ 108,462,209
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>
-	-	-	15.58%	13.48%	11.69%
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
68,203,341	70,297,760	75,952,906	86,437,914	97,867,606	108,462,209
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	(4,749)	-	-
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Years*

	Fiscal Year			
	2014	2015	2016	2017
Gross Revenues (1)	\$ 2,753,885	\$ 2,708,164	\$ 2,746,922	\$ 2,995,777
Operating Expenses (2)	2,146,586	2,059,433	2,297,918	2,464,746
Net Revenues Available for Debt Service	<u>\$ 607,299</u>	<u>\$ 648,731</u>	<u>\$ 449,004</u>	<u>\$ 531,031</u>
Debt Service Requirements (3)				
Principal	\$ 165,000	\$ 170,000	\$ 175,000	\$ 180,000
Interest	78,000	74,561	70,090	65,487
Total	<u>\$ 243,900</u>	<u>\$ 244,561</u>	<u>\$ 245,090</u>	<u>\$ 245,487</u>
Coverage	2.49	2.65	1.83	2.16

(1) Gross revenues as defined in the revenue bond ordinances include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses as defined in the revenue bond ordinances do not include amortization, bond interest, and fiscal charges.

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

*The City did not have revenue bonds prior to fiscal year 2014.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept. 30	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Public School Enrollment ⁽²⁾	Unemployment Rate ⁽¹⁾	Education Level in Years of Formal Schooling ⁽¹⁾
2008	3,700	N/A	N/A	N/A	905	N/A	N/A
2009	3,710	N/A	N/A	N/A	813	N/A	N/A
2010	3,715	N/A	N/A	N/A	773	N/A	N/A
2011	3,843	N/A	N/A	N/A	812	N/A	N/A
2012	3,941	N/A	N/A	N/A	839	N/A	N/A
2013	3,852	N/A	N/A	N/A	732	N/A	N/A
2014	4,013	\$ 266,584	\$ 66,430	44.0	905	4.7%	78%
2015	4,142	\$ 266,584	\$ 68,839	43.0	910	4.7%	79%
2016	4,191	\$ 201,496	\$ 75,372	42.0	280	1.2%	78%
2017	4,328	\$ 242,866	\$ 88,899	42.0	905	1.2%	78%

Data sources:

(1) Colliers International Estimate

(2) Spring Branch ISD

Information not presented is not available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Two Years Ago

Employer	2017			2015		
	Employees	Employment ⁽¹⁾	Rank	Employees	Employment ⁽¹⁾	Rank
Spring Branch ISD	258	35.34%	1	126	23.16%	2
Home Depot	157	21.51%	2	153	28.13%	1
East West Bank	62	8.49%	3	n/a	n/a	n/a
DTK	44	6.03%	4	75	13.79%	3
Spring Branch Presbyterian Church	39	5.34%	5	40	7.35%	4
Stoller Group	38	5.21%	6	n/a	n/a	n/a
Starbucks Corporation	36	4.93%	7	35	6.43%	5
SSI	34	4.66%	8	25	4.60%	8
Houston Plastic & Craniofacial Surgeons	35	4.79%	9	n/a	n/a	n/a
Specs	27	3.70%	10	26	4.78%	7
Pueblo Viejo	n/a	n/a	n/a	35	6.43%	6
Premier Technology Group	n/a	n/a	n/a	15	2.76%	9
Hunan Chef	n/a	n/a	n/a	14	2.57%	10
	<u>730</u>	<u>100.00%</u>		<u>544</u>	<u>100.00%</u>	

Source: Human Resource Department of each company

Note: The requirement is for the current year and nine years ago;
however, only the current year and two years ago information is available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Governmental Activities:</u>										
General government	8	8	8	8	8	8	8	8	8	8
Public safety	21	21	21	21	21	23	23	24	24	24
Public works	2	2	2	2	2	3	3	3	3	3
<u>Business-Type Activities:</u>										
Water, sewer, and solid waste	4	4	4	4	4	4	4	4	4	4
Total City Positions	35	35	35	35	35	38	38	39	39	39

Source: City Finance Department

CITY OF SPRING VALLEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village				
Budgeted full-time employees	35	35	35	35
Function				
Police				
Arrests	595	708	540	402
Accident reports	230	148	124	125
Citations	4,374	4,162	5,655	5,760
Offense reports	1,286	1,222	1,082	918
Calls for service	12,676	15,227	15,922	21,838
Municipal court				
Traffic violations	7,397	6,566	8,093	5,714
Non-traffic violations	249	175	225	470
Community Development				
Residential building permits issued	47	21	36	32
Residential building permits-value	\$ 18,247,972	\$ 7,726,877	\$ 13,518,000	\$ 13,813,000
Commercial building permits issued	5	3	11	11
Commercial building permits-value	\$ 736,550	\$ 127,000	\$ 1,061,000	\$ 496,084
Water				
Average daily gallons pumped-combined water (millions of gallons)	0.65	0.71	0.74	0.95
Average daily gallons pumped-surface water (millions of gallons)	-	0.01	0.16	0.02
Average daily gallons pumped-well water (millions of gallons)	0.65	0.70	0.58	0.93
Number of connections	1,442	1,439	2,041	2,059

Source: Various City departments

Fiscal Year						
2012	2013	2014	2015	2016	2017	
35	38	39	39	39	39	39
293	508	719	697	460	300	
134	155	160	165	157	208	
4,137	5,190	8,043	8,061	4,417	5,487	
988	1,183	1,530	1,094	962	913	
22,587	19,560	36,254	59,646	33,351	29,068	
3,725	9,585	12,352	8,519	5,147	6,442	
484	302	1,472	1,442	528	963	
23	38	19	29	37	37	
\$ 10,681,000	\$ 17,061,800	\$ 9,353,990	\$ 16,780,178	\$ 21,569,270	\$ 17,376,892	
12	15	9	12	30	2	
\$ 742,000	\$ 1,090,500	\$ 1,343,000	\$ 47,985,000	\$ 58,788,170	\$ 125,000	
0.78	0.79	0.71	0.68	0.72	0.72	
-	0.05	-	0.05	0.40	0.44	
0.78	0.75	0.71	0.68	0.32	0.60	
2,045	2,130	2,135	2,137	2,227	2,138	

CITY OF SPRING VALLEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function	Fical Year			
	2008	2009	2010	2011
General government				
Municipal buildings	1	1	1	1
Public safety				
Police protection				
Stations	1	1	1	1
Public works				
Streets (lane miles)	-	-	-	-
Community services				
Parks	-	-	-	-
Pavilions	-	-	-	-
Park acreage developed	-	-	-	-
Water				
Water wells	1	1	1	1
Ground/elevated storage tanks	-	-	-	-
Water mains (miles)	-	-	-	-
Fire hydrants	153	153	157	157
Wastewater				
Sanitary sewers (miles)	-	-	-	-
Sewer manholes	-	-	-	-

Source: Various City departments

Fical Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
-	-	20.01	20.01	20.01	20.01	20.01
-	-	1	1	1	1	1
-	-	1	1	1	1	1
-	-	2.62	2.62	2.62	2.62	2.62
1	1	1	1	1	1	1
-	-	3	3	3	3	3
-	-	26	26	26	26	26
157	157	157	157	206	206	206
-	-	16	16	16	16	16
-	-	389	389	389	389	389

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EST. 1955

SPRING VALLEY VILLAGE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING

SEPTEMBER 30, 2017



***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

**CITY OF SPRING
VALLEY VILLAGE, TEXAS**

**For the Year Ended
September 30, 2017**

Prepared by:

**Julie Robinson
City Administrator**

**Michelle Yi
City Treasurer**

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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EST. 1955
SPRING VALLEY
V I L L A G E

March 8, 2018

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Spring Valley Village, Texas (the “City”) for the fiscal year ended September 30, 2017. 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 present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2017. 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 of Spring Valley Village, Texas (the “City”) was incorporated under the laws of State of Texas in 1955. The City operates as a “General Law” City, which provides for a “Mayor-Council” form of government.

The City provides the following municipal services: public safety, parks, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. Spring Valley Village is one of the six Memorial Villages and located ten miles west of downtown Houston. As of September 30, 2017, the City an estimated population of approximately 4,328. 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.

The City Ordinance establishes the fiscal year as October 1 through September 30. The Ordinance requires the City Administrator to submit a proposed budget and accompanying budget message to the City Council each year. The proposed budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Administrator is required to inform any revisions of expenditures of any fund or department must be approved by the Council.

Budgetary control has been established at the department level. Monthly financial reports for City Council are produced showing budget and actual revenues and expenditures. Individual line items are reviewed and analyzed for budgetary compliance.

ECONOMIC CONDITION AND OUTLOOK

The City encompasses a 1.6 square mile area located along the north side of Interstate 10. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Hilshire Village, Hedwig Village, and Hunters Creek Village. The City is primarily a residential area whose approximately 4,328 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. Currently, there are two buildings completed and fully occupied. The City continues to enjoy a stable outlook with property taxable values at \$1,190,872,304, up 22 percent over the previous year. Among reasons for this strength is the City's convenient proximity to the Energy Corridor and downtown Houston, as well as the ever-evolving Memorial area.

The City's tax rate is among the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Greater Houston area economy.

The City's relative stability is the result of a desire for suburban families to live closer to work. The City's low crime rate and hometown appeal have 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 2018. 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.

LONG-TERM FINANCIAL PLANNING

Capital improvement projects are funded with general governmental revenues. The City annually adopts a Five-year Capital Improvement Plan and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities, and parks. These plans are prepared by staff and presented to the City Council for review and acceptance. The plans require funding sources to be identified for each project.

For the last several years, the City has able to maintain its infrastructure on a cash basis. A portion of general fund revenues is allocated to the Capital Improvement Fund each year. Debt is issued when necessary to finance long-term capital improvements.

The City approved a stable tax rate for tax year 2017, fiscal year 2018.

Major Initiatives

Fiscal Year 2016-2017 was a year of accomplishments for the City of Spring Valley Village. The list below highlights some of the significant City activities:

- The Spring Oak East and West General Obligation Bond project was completed in 2017. This project included Peck road, Cedarbrake and Green valley.
- The New City Hall and Police Department were completed in May 2017.
- The Phase I Park Improvement was under design and construction will start in fiscal year 2018 and scheduled to be completed in spring of 2018.
- The Hilldale, Bade, and Cardwell project is under design phase and paving and utility improvement will start in fiscal year 2018.

The City also made strategic acquisitions on equipment and installed new traffic signals to better serve our residents and visitors.

Annual Budget

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator each year. The City Administrator uses these requests as the starting point for developing a proposed budget, which is presented to the City Council for review. The appropriated budget is prepared by fund, department, and function. Department heads may request a budget amendment with approval of the City Council.

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, but not absolute, assurance that these objectives are met.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Spring Valley Village for its CAFR for the fiscal year ended September 30, 2016. This was the third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michelle Yi". The signature is written in a cursive style with a small dot above the first letter.

Michelle Yi
City Treasurer

CITY OF SPRING VALLEY VILLAGE, TEXAS

LIST OF ELECTED OFFICIALS AND KEY STAFF

For the Year Ended September 30, 2017

Elected Officials	Position
Tom S. Ramsey	Mayor
Bo Bothe	Council Member
Allen Carpenter	Council Member
Tom Donaho	Council Member
Aaron Stai	Council Member
Marcus Vajdos	Council Member

Key Staff	Position
Julie Robinson	City Administrator
Roxanne Benitez	City Secretary
Michelle Yi	City Treasurer
Loyd R. Evans	Chief of Police

CITY OF SPRING VALLEY VILLAGE, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

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

Presented to

**City of Spring Valley Village
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

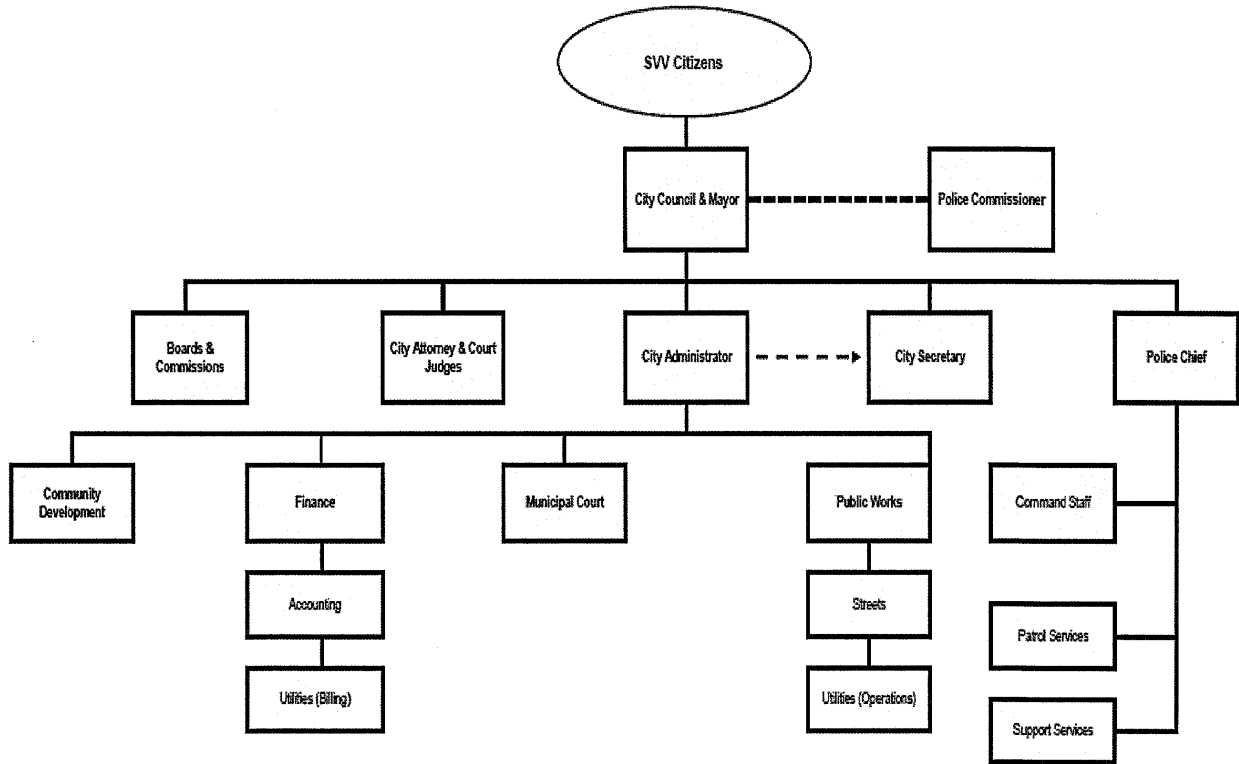
Christopher P. Morill

Executive Director/CEO

CITY OF SPRING VALLEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2017



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Spring Valley Village, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 8, 2018

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

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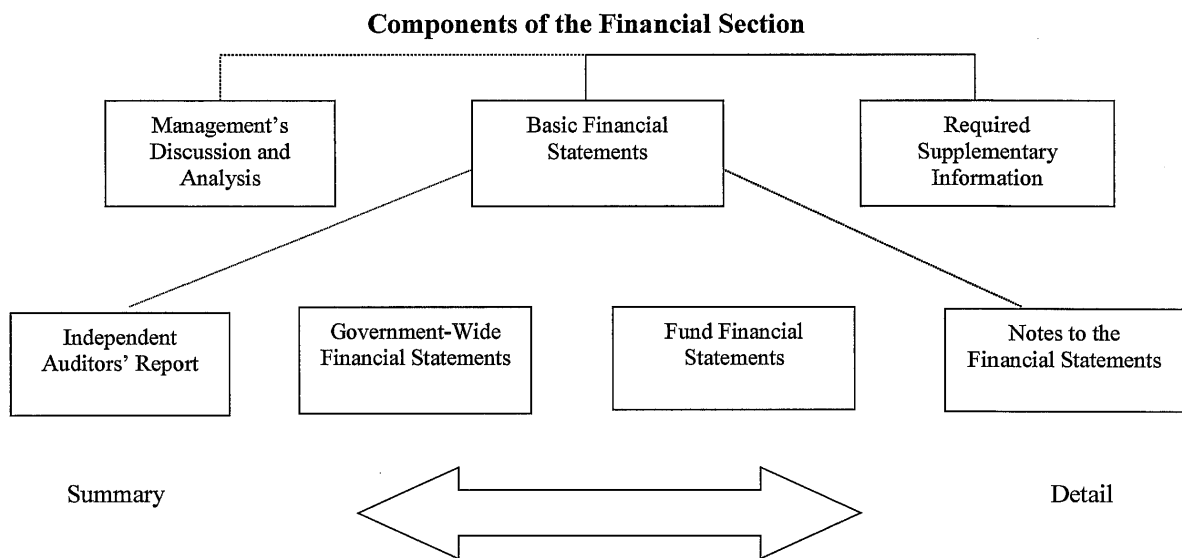
CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2017

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 Spring Valley Village, Texas (the "City") for the year ended September 30, 2017. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analyses of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

GOVERNMENT-WIDE STATEMENTS

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal 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.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate corporation, the Spring Valley Legacy Fund Inc., for which the City is financially accountable. Financial information for this component unit is included in the financial information presented for the primary government.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains five governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, which are considered to be major funds for reporting purposes. The debt service fund, asset forfeiture fund, and legacy fund are nonmajor funds but the City has elected to present them as major funds for reporting purposes.

The City adopts annual appropriated budgets for its general fund and debt service fund. Budgetary comparison schedules have been provided for the general fund and debt service fund to demonstrate compliance with these budgets.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

Proprietary Funds

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

The City also uses an internal service fund to account for its equipment replacement program. This internal service fund has been included within governmental activities in the governmental-wide financial statements.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$44,128,952 as of September 30, 2017. The largest portion of the City's net position (77%) reflects its investment in capital assets (e.g., land and City hall, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 10,495,535	\$ 1,606,940	\$ 12,102,475	\$ 20,584,206	\$ 1,265,992	\$ 21,850,198
Capital assets, net	40,870,108	7,628,446	48,498,554	30,721,845	8,145,964	38,867,809
Total Assets	51,365,643	9,235,386	60,601,029	51,306,051	9,411,956	60,718,007
Deferred outflows - pensions	617,415	122,426	739,841	770,904	150,249	921,153
Total Deferred Outflows of Resources	617,415	122,426	739,841	770,904	150,249	921,153
Long-term liabilities	13,321,964	2,597,600	15,919,564	13,834,220	2,776,072	16,610,292
Other liabilities	783,649	443,287	1,226,936	1,776,326	412,315	2,188,641
Total Liabilities	14,105,613	3,040,887	17,146,500	15,610,546	3,188,387	18,798,933
Deferred inflows - pensions	55,672	9,746	65,418	21,382	4,046	25,428
Total Deferred Inflows of of Resources	55,672	9,746	65,418	21,382	4,046	25,428
Net Position:						
Net investment in capital assets	28,189,939	5,764,333	33,954,272	26,621,889	6,446,443	33,068,332
Restricted	4,924,112	871,778	5,795,890	160,271	965,480	1,125,751
Unrestricted	4,707,722	(328,932)	4,378,790	9,662,867	(1,042,151)	8,620,716
Total Net Position	\$ 37,821,773	\$ 6,307,179	\$ 44,128,952	\$ 36,445,027	\$ 6,369,772	\$ 42,814,799

A portion of the City's net position, \$5,795,890, represents resources restricted to a specific purpose. The balance of unrestricted net position, \$4,378,790, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position increased by \$1,314,153 during the current fiscal year, an increase of 3% over the prior year. The overall condition of the City improved during the year primarily due to increases in property tax, sales taxes, and other revenues.

CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Activities:

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

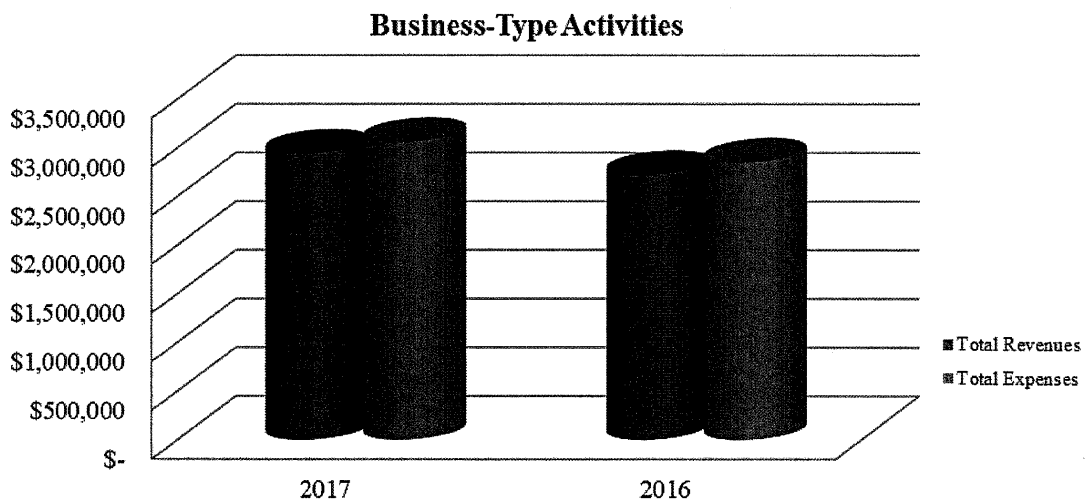
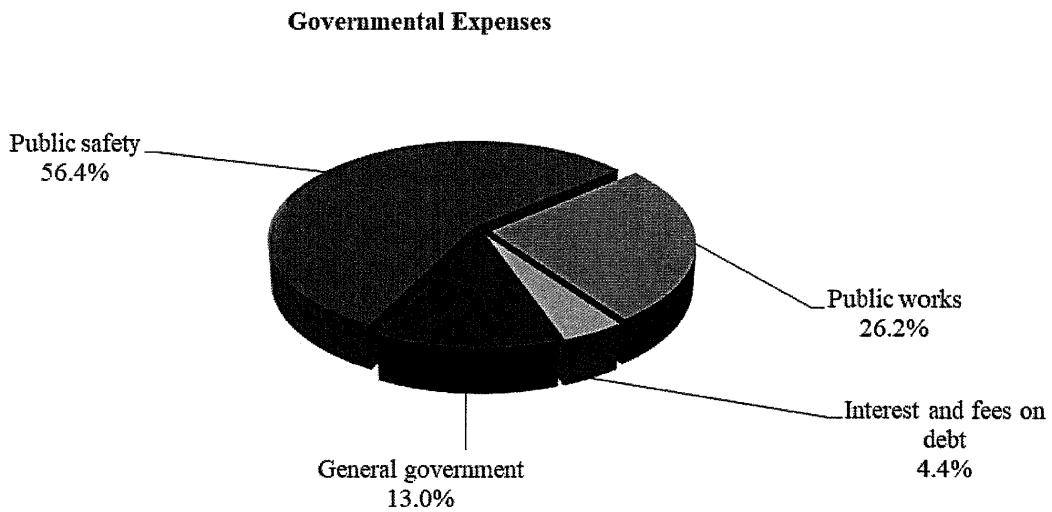
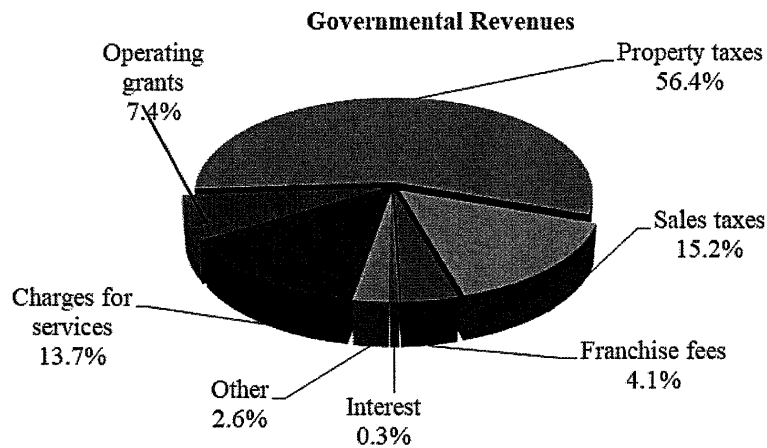
	<u>For the Year Ended September 30, 2017</u>			<u>For the Year Ended September 30, 2016</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,140,544	\$ 2,940,857	\$ 4,081,401	\$ 1,204,115	\$ 2,720,856	\$ 3,924,971
Operating grants	620,005	-	620,005	661,046	-	661,046
General revenues:						
Property taxes	4,693,922	-	4,693,922	4,402,210	-	4,402,210
Sales taxes	1,262,647	-	1,262,647	1,197,292	-	1,197,292
Franchise fees	339,607	-	339,607	353,381	-	353,381
Interest	57,565	-	57,565	30,566	-	30,566
Other	214,149	54,920	269,069	136,207	26,066	162,273
Total Revenues	<u>8,328,439</u>	<u>2,995,777</u>	<u>11,324,216</u>	<u>7,984,817</u>	<u>2,746,922</u>	<u>10,731,739</u>
Expenses						
General government	903,011	-	903,011	800,723	-	800,723
Public safety	3,922,109	-	3,922,109	3,880,246	-	3,880,246
Public works	1,818,890	-	1,818,890	1,906,985	-	1,906,985
Interest and fees on debt	307,683	67,187	374,870	432,200	71,644	503,844
Water, sewer, and waste	-	2,991,183	2,991,183	-	2,776,634	2,776,634
Total Expenses	<u>6,951,693</u>	<u>3,058,370</u>	<u>10,010,063</u>	<u>7,020,154</u>	<u>2,848,278</u>	<u>9,868,432</u>
Change in Net Position	1,376,746	(62,593)	1,314,153	964,663	(101,356)	863,307
Beginning net position	<u>36,445,027</u>	<u>6,369,772</u>	<u>42,814,799</u>	<u>35,480,364</u>	<u>6,471,128</u>	<u>41,951,492</u>
Ending Net Position	<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>	<u>\$ 36,445,027</u>	<u>\$ 6,369,772</u>	<u>\$ 42,814,799</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

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



CITY OF SPRING VALLEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Charges for services for governmental activities decreased \$63,571 or 5% due primarily to a decrease in court fine and fees. Property tax revenue increased by \$291,712 or 7% due to an increase in property tax values and increased collections from delinquent property taxes. Sales taxes revenue increased by \$65,355 or 5% due to consumer spending increase. Governmental total expenses increased \$68,461. General government expense increased \$102,288 or 13% mainly due to increases in personnel related costs, utility expense and computer service and maintenance. Public safety expenses increased \$41,863 or 1% mainly due to an increase in overtime salary expense for hurricane Harvey. Public work expense decreased \$88,095 or 5% mainly due to a decrease in contract labor cost and personnel related costs.

Revenues for business-type activities increased by \$248,855 or 9% from the prior year due to customers consuming more water. Business-type expenses increased by \$210,092 or 7% mainly due to increase in water purchasing and personnel related costs, and engineering fees for water and sewer projects.

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 \$8,353,881. At the end of the current year, \$3,428,566 was unassigned. \$2,475,631 was assigned for capital outlay of equipment and capital improvements. \$2,272,228 was assigned for 120 days' expenditures. Total restricted fund balance for other various purposes was \$176,253 and \$1,203 was nonspendable for prepaid purposes.

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 \$3,447,225, while total fund balance reached \$6,208,020. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 8 months of the general fund's expenditures. The general fund fund balance demonstrated an overall increase of \$103,917 primarily due to an increase in revenue from property and sales taxes.

The City's debt service fund had a deficit fund balance of \$18,659, which was a decrease of \$17,777. The debt service fund will collect property tax revenue to pay down debt principal and interest in subsequent years.

Overall, there was a decrease of \$9,073,257 in the capital improvements fund due primarily to the capital projects expenditures. The fund balance was \$2,116,364.

The asset forfeiture fund had a fund balance of \$16,105, which was a decrease of \$1,776 from the prior year due to expenditures for public safety.

The legacy fund had a fund balance of \$32,051, which was an increase of \$13,925 primarily due to the donation received.

Proprietary Funds – The City's proprietary fund had a net position of \$6,307,179, which was a decrease of \$62,593 mainly due to water purchases, personnel related costs and engineering fees.

CITY OF SPRING VALLEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues exceeded budgeted revenues by \$183,937 during the year. This net positive variance includes the positive variance of \$56,107 for sales taxes due to an increase in consumer spending and \$40,053 in interest income due to higher interest rates for investments. General fund expenditures were under the final budget by \$580,965 mainly due to a positive variance of \$230,165, \$56,714 and \$173,128 for police department, general government and street and drainage, respectively. These positive variances are a result of incurring less costs for public safety, general government and public works than expected.

CAPITAL ASSETS

At the end of the year, the City's had invested \$48,498,554 in capital assets and infrastructure (net of accumulated depreciation). This represents an increase of \$10,148,263 from the prior year.

Major capital asset events during the year included the following:

- City Hall and Police Station for \$7,777,566.
- Spring Oak East and West paving project for \$3,524,627.
- Park improvement for \$167,729
- Bracher Road improvement project for \$137,027.
- Purchase of three new police vehicles for \$163,862.

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

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt outstanding of \$15,055,000. Of this amount, \$12,565,000 was general obligation debt and \$2,490,000 was revenue bond debt.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved of a \$10.97 million budget for the 2017/2018 year. The property tax rate for 2017 was \$0.433500 per \$100 of property valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Michelle Yi, City Treasurer, Spring Valley Village City Hall, 1025 Campbell Road, Houston, Texas, 77055; telephone (713) 465-8308.

BASIC FINANCIAL STATEMENTS

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 4,800,436	\$ 343,436	\$ 5,143,872
Restricted	137,983	871,778	1,009,761
Investments	5,172,338	-	5,172,338
Receivables, net	280,066	364,773	644,839
Due from other government	103,509	26,953	130,462
Prepaid items	1,203	-	1,203
	<u>10,495,535</u>	<u>1,606,940</u>	<u>12,102,475</u>
Noncurrent assets:			
Nondepreciable capital assets	2,362,315	5,207	2,367,522
Net depreciable capital assets	38,507,793	7,623,239	46,131,032
	<u>40,870,108</u>	<u>7,628,446</u>	<u>48,498,554</u>
Total Assets	<u>51,365,643</u>	<u>9,235,386</u>	<u>60,601,029</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	617,415	122,426	739,841
	<u>617,415</u>	<u>122,426</u>	<u>739,841</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	655,546	286,783	942,329
Accrued interests	67,738	8,186	75,924
Customer deposits	60,365	148,318	208,683
Long-term liabilities due within one year	630,967	187,024	817,991
	<u>1,414,616</u>	<u>630,311</u>	<u>2,044,927</u>
Noncurrent liabilities:			
Net pension liability	523,010	99,336	622,346
Long-term liabilities due in more than one year	12,167,987	2,311,240	14,479,227
	<u>12,690,997</u>	<u>2,410,576</u>	<u>15,101,573</u>
Total Liabilities	<u>14,105,613</u>	<u>3,040,887</u>	<u>17,146,500</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	55,672	9,746	65,418
	<u>55,672</u>	<u>9,746</u>	<u>65,418</u>
Net Position			
Net investment in capital assets	28,189,939	5,764,333	33,954,272
Restricted:			
Municipal court - child safety	63,892	-	63,892
Municipal court - security	64,205	-	64,205
Debt service	-	245,891	245,891
Asset forfeitures	16,105	-	16,105
120 days expenditures	2,272,228	-	2,272,228
Capital outlay and projects	2,475,631	625,887	3,101,518
Legacy fund	32,051	-	32,051
Unrestricted	4,707,722	(328,932)	4,378,790
	<u>4,707,722</u>	<u>(328,932)</u>	<u>4,378,790</u>
Total Net Position	<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
General government	\$ 903,011	\$ 260,442	\$ -
Public safety	3,922,109	880,102	-
Public works	1,818,890	-	620,005
Interest and other charges on long-term debt	307,683	-	-
Total Governmental Activities	<u>6,951,693</u>	<u>1,140,544</u>	<u>620,005</u>
Business-Type Activities			
Water, sewer, and solid waste	3,058,370	2,940,857	-
Total Business-Type Activities	<u>3,058,370</u>	<u>2,940,857</u>	<u>-</u>
Total Primary Government	<u>\$ 10,010,063</u>	<u>\$ 4,081,401</u>	<u>\$ 620,005</u>

General Revenues:

- Taxes:
 - Property taxes
 - Sales taxes
- Franchise fees
- Investment income
- Other

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (642,569)	\$ -	\$ (642,569)
(3,042,007)	-	(3,042,007)
(1,198,885)	-	(1,198,885)
<u>(307,683)</u>	<u>-</u>	<u>(307,683)</u>
<u>(5,191,144)</u>	<u>-</u>	<u>(5,191,144)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>-</u>	<u>(117,513)</u>	<u>(117,513)</u>
<u>(5,191,144)</u>	<u>(117,513)</u>	<u>(5,308,657)</u>
4,693,922	-	4,693,922
1,262,647	-	1,262,647
339,607	-	339,607
57,565	-	57,565
214,149	54,920	269,069
<u>6,567,890</u>	<u>54,920</u>	<u>6,622,810</u>
1,376,746	(62,593)	1,314,153
<u>36,445,027</u>	<u>6,369,772</u>	<u>42,814,799</u>
<u>\$ 37,821,773</u>	<u>\$ 6,307,179</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,185,568	\$ 4,998	\$ 2,456,672	\$ 16,105
Investments	5,172,338	-	-	-
Receivables, net	277,128	2,938	-	-
Due from other government	103,509	-	-	-
Due from other funds	-	15,519	26,322	-
Prepaid items	1,203	-	-	-
Restricted cash	137,983	-	-	-
Total Assets	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 267,907	\$ 17,114	\$ 366,630	\$ -
Deposits	60,365	-	-	-
Due to other funds	316,841	25,000	-	-
Total Liabilities	645,113	42,114	366,630	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	24,596	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	1,203	-	-	-
Restricted:				
Municipal court - child safety	63,892	-	-	-
Municipal court - security	64,205	-	-	-
Asset forfeitures	-	-	-	16,105
Legacy fund	-	-	-	-
Assigned:				
120 days expenditures	2,272,228	-	-	-
Capital outlay and projects	359,267	-	2,116,364	-
Unassigned	3,447,225	(18,659)	-	-
Total Fund Balances	6,208,020	(18,659)	2,116,364	16,105
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,877,729	\$ 23,455	\$ 2,482,994	\$ 16,105

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ 32,051	\$ 3,695,394
-	5,172,338
-	280,066
-	103,509
-	41,841
-	1,203
-	137,983
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>
\$ -	\$ 651,651
-	60,365
-	341,841
<u>-</u>	<u>1,053,857</u>
-	24,596
-	1,203
-	63,892
-	64,205
-	16,105
32,051	32,051
-	2,272,228
-	2,475,631
-	3,428,566
<u>32,051</u>	<u>8,353,881</u>
<u>\$ 32,051</u>	<u>\$ 9,432,334</u>

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

September 30, 2017

Total fund balances for governmental funds	\$	8,353,881
Amounts reported for governmental activities in the Statement of Net Position are different, because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, nondepreciable		2,362,315
Capital assets, net depreciable		38,507,793
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		24,596
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		
		1,401,147
Deferred outflows and deferred inflows related to pension activity are not reported in the governmental funds.		
Deferred outflows - pensions		617,415
Deferred inflows - pensions		(55,672)
Net pension liability		(523,010)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(67,738)
Noncurrent liabilities due in one year		(630,967)
Noncurrent liabilities due in more than one year		(12,167,987)
Net Position of Governmental Activities		\$ 37,821,773

See Notes to Financial Statements.

CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017

<u>Revenues</u>	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Asset Forfeiture</u>
Property taxes	\$ 3,798,654	\$ 892,042	\$ -	\$ -
Sales taxes	1,262,647	-	-	-
Franchise fees	339,607	-	-	-
Fines and forfeitures	460,809	-	-	-
Licenses and permits	260,442	-	-	-
Hilshire police contract	419,293	-	-	-
Investment income	52,053	-	5,512	-
Intergovernmental	620,005	-	-	-
Other	208,210	-	-	-
Total Revenues	<u>7,421,720</u>	<u>892,042</u>	<u>5,512</u>	<u>-</u>
<u>Expenditures</u>				
Current:				
General government	1,427,121	-	-	-
Public safety	3,393,780	-	-	1,776
Public works	305,642	-	-	-
Capital outlay	-	-	11,414,618	-
Debt service:				
Principal	-	510,000	-	-
Interest and fiscal charges	-	399,819	-	-
Total Expenditures	<u>5,126,543</u>	<u>909,819</u>	<u>11,414,618</u>	<u>1,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,295,177</u>	<u>(17,777)</u>	<u>(11,409,106)</u>	<u>(1,776)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	2,335,849	-
Transfers (out)	(2,192,011)	-	-	-
Sale of capital assets	751	-	-	-
Total Other Financing Sources (Uses)	<u>(2,191,260)</u>	<u>-</u>	<u>2,335,849</u>	<u>-</u>
Net Change in Fund Balances	103,917	(17,777)	(9,073,257)	(1,776)
Beginning fund balances	6,104,103	(882)	11,189,621	17,881
Ending Fund Balances	<u>\$ 6,208,020</u>	<u>\$ (18,659)</u>	<u>\$ 2,116,364</u>	<u>\$ 16,105</u>

See Notes to Financial Statements.

<u>Legacy</u>	<u>Total Governmental Funds</u>
\$ -	\$ 4,690,696
-	1,262,647
-	339,607
-	460,809
-	260,442
-	419,293
-	57,565
-	620,005
23,601	231,811
<u>23,601</u>	<u>8,342,875</u>
-	1,427,121
9,676	3,405,232
-	305,642
-	11,414,618
-	510,000
-	399,819
<u>9,676</u>	<u>17,462,432</u>
<u>13,925</u>	<u>(9,119,557)</u>
-	2,335,849
-	(2,192,011)
-	751
-	<u>144,589</u>
13,925	(8,974,968)
<u>18,126</u>	<u>17,328,849</u>
<u>\$ 32,051</u>	<u>\$ 8,353,881</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

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

Net change in fund balances - total governmental funds	\$ (8,974,968)
--	----------------

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	12,096,671
Depreciation expense	(1,948,408)

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

Net change in unavailable revenue - property taxes	3,226
--	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Accrued interest expense	85,738
Premium on debt	6,398
Principal payment	510,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(20,137)
Net pension liability	15,995
Deferred outflows - pensions	(153,489)
Deferred inflows - pensions	(34,290)

An internal service fund is used by management to charge the costs of providing various services and benefits to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

	<u>(209,990)</u>
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Change in Net Position of Governmental Activities	\$ <u>1,376,746</u>
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See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash	871,778	-
Receivables, net	364,773	-
Due from other government	26,953	-
Due from general fund	-	300,000
Total Current Assets	1,606,940	1,405,042
Noncurrent Assets		
Capital assets:		
Land	5,207	-
Building	44,708	-
Infrastructure	26,892	-
Water system	8,825,180	-
Sewer system	5,741,776	-
Vehicles	45,895	-
Machinery and equipment	209,062	-
Less accumulated depreciation	(7,270,274)	-
Total Capital Assets Net of Depreciable Assets	7,628,446	-
Total Noncurrent Assets	7,628,446	-
Total Assets	9,235,386	1,405,042
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	122,426	-
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities	286,783	3,895
Customer deposits	148,318	-
Accrued interest payable	8,186	-
Long-term liabilities due within one year	187,024	-
Total Current Liabilities	630,311	3,895
Noncurrent Liabilities		
Net pension liability	99,336	-
Long-term liabilities due in more than one year	2,311,240	-
Total Noncurrent Liabilities	2,410,576	-
Total Liabilities	3,040,887	3,895
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	9,746	-
<u>Net Position</u>		
Net investment in capital assets	5,764,333	-
Restricted for capital projects	625,887	-
Restricted for debt service	245,891	-
Unrestricted	(328,932)	1,401,147
Total Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Operating Revenues</u>		
Water charges	\$ 1,407,337	\$ -
Sewer charges	1,202,837	-
Solid waste charges	330,683	-
Charges for services	-	109,720
Other	54,920	-
Total Operating Revenues	2,995,777	109,720
<u>Operating Expenses</u>		
General and administrative	615,600	175,872
Water	710,698	-
Sewer	817,898	-
Solid waste	320,550	-
Depreciation	526,437	-
Total Operating Expenses	2,991,183	175,872
Operating Income (Loss)	4,594	(66,152)
<u>Nonoperating Revenues (Expenses)</u>		
Interest expense	(67,187)	-
Total Nonoperating (Expenses)	(67,187)	-
(Loss) Before Transfers	(62,593)	(66,152)
Transfers in	-	66,162
Transfers (out)	-	(210,000)
Change in Net Position	(62,593)	(209,990)
Beginning net position	6,369,772	1,611,137
Ending Net Position	\$ 6,307,179	\$ 1,401,147

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 2,910,580	\$ (190,280)
Payments to suppliers	(1,885,057)	3,895
Payments to employees	(613,134)	(175,872)
Net Cash Provided (Used) by Operating Activities	412,389	(362,257)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers (out)	-	66,162
Transfers in	-	(210,000)
Net Cash (Used) by Noncapital Financing Activities	-	(143,838)
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases	(8,919)	-
Interest and fiscal agent fees paid	(67,187)	-
Debt payments	(175,000)	-
Net Cash (Used) by Capital and Related Financing Activities	(251,106)	-
Net Increase (Decrease) in Cash and Cash Equivalents	161,283	(506,095)
Beginning cash and cash equivalents	1,053,931	1,611,137
Ending Cash and Cash Equivalents	\$ 1,215,214	\$ 1,105,042
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 343,436	\$ 1,105,042
Restricted cash and cash equivalents	871,778	-
	\$ 1,215,214	\$ 1,105,042
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 4,594	\$ (66,152)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	526,437	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(90,185)	(300,000)
Deferred outflows - pensions	27,823	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	26,559	3,895
Accrued expenses	(575)	-
Due to other funds	(89,480)	-
Net pension liability	(2,659)	-
Deferred inflows - pensions	5,700	-
Compensated absences	(813)	-
Customer deposits	4,988	-
Net Cash Provided by Operating Activities	\$ 412,389	\$ (362,257)

See Notes to Financial Statements.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Spring Valley Village, Texas (the "City") was incorporated under the laws of the State of Texas in 1955. The City operates as a "General Law" city, which provides for a "Mayor-Council" form of government.

The City provides the following services: public safety, highways and streets, sanitation, water and sewer services, and general administration.

The City is an independent political subdivision of the State of Texas 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.

Blended Component Unit

Spring Valley Legacy Fund, Inc.

The Spring Valley Legacy Fund, Inc. (the "Corporation") has been included in the reporting entity as a blended component unit. The Corporation was established to allow the City to receive private and corporate donations to be used solely to benefit the Spring Valley Police Department. The Board of Directors consisting of six members, all members of the City Council, for terms of office coinciding with their respective terms of office with the City, plus one appointed individual.

The component unit identified above is included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a majority of the corporation's board and is either able to impose its will on it or a financial benefit/burden exists.

Complete financial statements of the component unit can be obtained directly from administrative offices of the City.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

The *capital improvements fund* is used to account for the expenditures related to capital projects through resources accumulated from various internal transfers and bond financing. The capital improvements fund is considered a major fund for reporting purposes.

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue fund, asset forfeiture, holds monies seized by the police department to be used for public safety and security. The City has elected to report the asset forfeiture fund as a major fund for reporting purposes.

The *legacy fund* is used solely to benefit the Spring Valley Police Department. The primary source of revenue for legacy fund is from private and corporate donations. The City has elected to report the legacy fund as a major fund for reporting purposes.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The City reports the following enterprise fund:

The *enterprise fund* is 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 enterprise fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

The *internal service* fund is used to account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The internal service fund is used to account for vehicle and equipment replacement.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

2. Investments

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

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

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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 future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 years
Furniture and fixtures	4-8 years
Infrastructure	40 years
Machinery and equipment	4-8 years
Water and sewer system	20-40 years
Buildings	40 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings related to the City's defined benefit pension plan. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for the changes in

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

actuarial assumptions related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

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. The City has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized as a result of differences between the expected and the actual economic experience on the pension plan liability related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

The City maintains formal programs for vacation and sick leave. Vacation pay is calculated six months from the date of employment and is cumulative up to 80 hours for employees with less than five years of service and 120 hours for employees with more than five years of service. According to policy, 40 hours may carry over at year end if no exceptions are made. Sick leave is accumulated up to 240 hours but does not vest.

8. Long-Term Obligations

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the object and purpose stated in the approved budget.

A. Deficit Fund Balance

As of September 30, 2017, the debt service fund had a deficit fund balance of \$18,659. The deficit will be recovered in future years through the collection of property tax.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2017, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
External investment pool (TexPool)	\$ 4,543,340	0.00
Certificates of deposit	628,998	0.26
Total Investments	\$ 5,172,338	
Portfolio Weighted Average Maturity		0.03

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and/or FDIC insurance with a collective market value of at least 105%. As of year end, market values of pledged securities and FDIC insurance was less than bank balances by \$1,404,826 due to a large month-end deposit that was not processed by the bank by fiscal year end. The bank increased the pledged securities amount on October 2, 2017 to cover the bank balance.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

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

B. Receivables

The following comprises receivable balances at year end:

	General	Debt service	Enterprise
Property taxes	\$ 26,263	\$ 2,938	\$ -
Other taxes	250,865	-	-
Other government	103,509	-	26,953
Accounts	-	-	391,973
Less allowance	-	-	(27,200)
Total	\$ 380,637	\$ 2,938	\$ 391,726

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

C. Capital Assets

A summary of changes in capital assets for the year is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,966,307	\$ -	\$ -	\$ 1,966,307
Construction in progress	7,818,676	346,156	(7,768,824)	396,008
Total Capital Assets Not Being Depreciated	9,784,983	346,156	(7,768,824)	2,362,315
Other capital assets:				
Infrastructure	43,943,853	9,617,450	-	53,561,303
Buildings	633,005	7,903,362	-	8,536,367
Furniture and fixtures	242,014	1,772,011	(102,420)	1,911,605
Machinery and equipment	694,178	81,067	(50,405)	724,840
Vehicles	666,639	163,862	-	830,501
Total Other Capital Assets	46,179,689	19,537,752	(152,825)	65,564,616
Less accumulated depreciation for:				
Infrastructure	(23,612,188)	(1,339,094)	-	(24,951,282)
Buildings	(541,168)	(202,847)	-	(744,015)
Furniture and fixtures	(145,926)	(237,399)	84,007	(299,318)
Machinery and equipment	(510,654)	(54,393)	50,405	(514,642)
Vehicles	(432,891)	(114,675)	-	(547,566)
Total Accumulated Depreciation	(25,242,827)	(1,948,408)	134,412	(27,056,823)
Other capital assets, net	20,936,862	17,589,344	(18,413)	38,507,793
Governmental Activities Capital Assets, Net	\$ 30,721,845	\$ 17,935,500	\$ (7,787,237)	40,870,108
		Less associated debt		(12,680,169)
		Net Investment in Capital Assets		\$ 28,189,939

Depreciation was charged to governmental functions as follows:

General government	\$ 299,866
Public safety	301,234
Public works	1,347,308
Total Governmental Activities Depreciation Expense	\$ 1,948,408

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 5,207	\$ -	\$ -	\$ 5,207
Construction in progress	1,035,790	-	(1,035,790)	-
Total Capital Assets Not Being Depreciated	1,040,997	-	(1,035,790)	5,207
Other capital assets:				
Building	44,708	-	-	44,708
Infrastructure	26,892	-	-	26,892
Water system	7,782,857	1,044,709	(2,386)	8,825,180
Sewer system	5,741,776	-	-	5,741,776
Vehicles	45,895	-	-	45,895
Machinery and equipment	209,062	-	-	209,062
Total Other Capital Assets	13,851,190	1,044,709	(2,386)	14,893,513
Less accumulated depreciation for:				
Building	(31,557)	(640)	-	(32,197)
Infrastructure	(6,048)	(675)	-	(6,723)
Water system	(4,444,733)	(334,302)	2,386	(4,776,649)
Sewer system	(2,114,159)	(171,519)	-	(2,285,678)
Vehicles	(45,894)	-	-	(45,894)
Machinery and equipment	(103,832)	(19,301)	-	(123,133)
Total Accumulated Depreciation	(6,746,223)	(526,437)	2,386	(7,270,274)
Other capital assets, net	7,104,967	518,272	-	7,623,239
Business-Type Activities Capital Assets, Net	\$ 8,145,964	\$ 518,272	\$ (1,035,790)	7,628,446
				Less associated debt (2,490,000)
				Unspent bond proceeds 625,887
				Net Investment in Capital Assets \$ 5,764,333

Depreciation was charged to business-type functions as follows:

Water	\$ 354,918
Sewer	171,519
	526,437
Total Business-Type Activities Depreciation Expense	\$ 526,437

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the general fund and debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds series 2015	\$ 13,075,000	\$ -	\$ (510,000)	\$ 12,565,000	* \$ 530,000
Premiums	121,567	-	(6,398)	115,169	*
Net pension liability	539,005	-	(15,995)	523,010	-
Compensated absences	98,648	94,594	(74,457)	118,785	100,967
Total Governmental Activities	\$ 13,834,220	\$ 94,594	\$ (606,850)	\$ 13,321,964	\$ 630,967

Long-term liabilities due in more than one year \$ 12,690,997

* Debt associated with governmental activities capital assets \$ 12,680,169

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Revenue bonds, series 2014	\$ 2,665,000	\$ -	\$ (175,000)	\$ 2,490,000	* \$ 180,000
Net pension liability	101,995	-	(2,659)	99,336	-
Compensated absences	9,077	9,611	(10,424)	8,264	7,024
Total Business-Type Activities	\$ 2,776,072	\$ 9,611	\$ (188,083)	\$ 2,597,600	\$ 187,024

Long-term liabilities due in more than one year \$ 2,410,576

* Debt associated with business-type activities capital assets \$ 2,490,000

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
General Obligation Bonds Series 2015	\$ 12,565,000	2.00% - 3.89%	Feb 15, Aug 15

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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

	Amounts Outstanding	Interest Rates	Maturity Interest Pmt. Dates
Revenue Bonds			
Series 2014	\$ 2,490,000	2.63%	Feb 15, Aug 15

Pledged Revenues

The net revenue of the enterprise fund is for the payment of interest and principal on the outstanding revenue bonds, series 2014. The revenue bonds were issued for the purpose of improving and extending the City's water and sanitary sewer system and are payable through 2029. The table below represents the pledged amount at September 30, 2017:

Gross Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirement (3)	Revenue Bond Coverage (4)
\$ 2,995,777	\$ 2,464,746	\$ 531,031	\$ 245,487	2.16

- (1) Gross revenues as defined in the revenue bond ordinance include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.
- (2) Total operating expenses as defined in the revenue bond ordinance do not include amortization, bond interest, and fiscal charges.
- (3) Debt service requirements are based on the expected debt service pays for the following fiscal year
- (4) The 2014 Bond series net revenue amount shall be at least equal to or greater than 1.1 times.

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

Fiscal Year Ending Sept. 30	Governmental Activities General Obligation Bonds		
	Principal Due	Interest Due	Total Due
	2018	\$ 530,000	\$ 378,269	$ 908,269
2019	550,000	362,169	912,169
2020	565,000	345,369	910,369
2021	585,000	325,294	910,294
2022	600,000	307,519	907,519
2023-2027	3,300,000	1,251,094	4,551,094
2028-2032	3,835,000	716,509	4,551,509
2033-2035	2,600,000	128,013	2,728,013
Total	\$ 12,565,000	\$ 3,814,236	\$ 16,379,236

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Fiscal Year Ending Sept. 30	Business-Type Activities		
	Revenue Bonds		
	Principal Due	Interest Due	Total Due
2018	\$ 180,000	\$ 65,487	\$ 245,487
2019	185,000	60,753	245,753
2020	190,000	55,888	245,888
2021	195,000	50,891	245,891
2022	200,000	45,762	245,762
2023-2027	1,075,000	147,280	1,222,280
2028-2029	465,000	18,410	483,410
Total	\$ 2,490,000	\$ 444,471	\$ 2,934,471

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

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

E. Interfund Transactions

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

Transfer In	Transfer Out	Amount
Capital improvements fund	General fund	\$ 2,125,849
Capital improvements fund	Internal service fund	210,000
Internal service fund	General fund	66,162
	Total	\$ 2,402,011

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

Receivable Fund	Payable Fund	Amount
Capital improvements fund	Debt service fund	\$ 25,000
Internal service fund	General fund	300,000
Capital improvements fund	General fund	1,322
Debt service fund	General fund	15,519
	Total	\$ 341,841

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Fund Equity

Funds restricted by enabling legislation are \$124,264, which are related to municipal court security and child safety fees.

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Benefits Provided

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

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

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

	2017	2016
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to, but not yet receiving, benefits	24
Active employees	36
Total	89

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.07% and 7.50% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$194,112 and were equal to the required contributions.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 345,789	\$ -	\$ 345,789
Interest	675,456	-	675,456
Change in current period benefits	-	-	-
Difference between expected and actual experience	(69,514)	-	(69,514)
Changes in assumptions	-	-	-
Contributions - employer	-	155,593	(155,593)
Contributions - employee	-	179,431	(179,431)
Net investment income	-	643,013	(643,013)
Benefit payments, including refunds of employee contributions	641,405	(641,405)	-
Administrative expense	-	(7,261)	7,261
Other changes	-	(391)	391
Net Changes	310,326	328,980	(18,654)
Balance at December 31, 2015	10,154,568	9,513,568	641,000
Balance at December 31, 2016	\$ 10,464,894	\$ 9,842,548	\$ 622,346

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 1,891,680	\$ 622,346	\$ (440,824)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$396,758.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 65,418
Changes in actuarial assumptions	144,733	-
Difference between projected and actual investment earnings	437,189	-
Contributions subsequent to the measurement date	157,919	-
Total	\$ 739,841	\$ 65,418

\$157,919 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase to the net pension liability for the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2018	\$ 189,458
2019	200,347
2020	126,870
2021	(171)
Total	\$ 516,504

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

D. Other Post Employment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2017, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate 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.

The City's contributions to the TMRS SDBF for the fiscal years ended 2017, 2016, and 2015 were \$807, \$735, and \$482, respectively. The City's contribution rates for the past three years are shown below:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.02%
Actual Contribution Made	0.03%	0.03%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Revenue Allocation Agreement

Effective October 1, 2014, the City entered into an amended Congestion Mitigation/Traffic Management Agreement (the "Agreement") with METRO, which continues through December 31, 2025, unless terminated earlier per the provisions of the Agreement. Under the terms of the Agreement, the City will receive periodic payments in amounts equal to one-half of all available sales and use tax revenues collected by or for METRO within the corporate limits of the City. The City may utilize the funds for traffic-related projects and costs. The funds are accounted for in the general fund.

CITY OF SPRING VALLEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

F. Related Organizations and Joint Ventures

Fire Protection

The City has entered into an interlocal agreement (the "Agreement") with the cities of Bunker Hill Village, Hedwig Village, Hunters Creek Village, Piney Point Village, and Hilshire Village, Texas, to create the Village Fire Department (VFD). The Agreement automatically renews for a period of five years unless terminated by at least one of the contracting cities. Under the terms of this Agreement, the City is liable for 16.25% of VFD's approved budget.

Consolidated financial information extracted from the VFD's audited financial statements for the year ended December 31, 2016, on which the VFD's auditors expressed an unmodified opinion, is as follows:

	VFD Total		City's Portion (16.25%)	
	Net Position	Balance Sheet	Net Position	Balance Sheet
Total assets	\$ 4,037,202	\$ 1,187,507	\$ 656,045	\$ 192,969
Total liabilities	2,388,050	78,858	388,058	12,814
Total Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
	Change in Net Position	Revenues and Expenditures	Change in Net Position	Revenues and Expenditures
Total revenues	\$ 5,485,585	\$ 5,485,585	\$ 891,408	\$ 891,408
Total expenditures/expenses	5,725,908	5,254,499	930,460	853,856
Revenues (under) expenditures/expenses	(240,323)	231,086	(39,052)	37,551
Beginning participants' equity	1,889,475	877,563	307,039	142,604
Ending Participants' Equity	\$ 1,649,152	\$ 1,108,649	\$ 267,987	\$ 180,155
Unfunded Actuarial Accrued Liability at 12/31/15 with TMRS	\$ 2,045,765		\$ 332,437	

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Property taxes	\$ 3,799,000	\$ 3,799,000	\$ 3,798,654	\$ (346)
Sales taxes	1,206,540	1,206,540	1,262,647	56,107
Franchise fees	331,000	331,000	339,607	8,607
Fines and forfeitures	514,800	514,800	460,809	(53,991)
Licenses and permits	230,150	230,150	260,442	30,292
Hilshire police contract	419,293	419,293	419,293	-
Investment income	12,000	12,000	52,053	40,053
Intergovernmental	620,000	620,000	620,005	5
Other	105,000	105,000	208,210	103,210
Total Revenues	<u>7,237,783</u>	<u>7,237,783</u>	<u>7,421,720</u>	<u>183,937</u>
Expenditures				
General Government				
Mayor and council	6,800	6,800	5,930	870
General government	1,166,259	1,247,263	1,134,128	113,135
Municipal court	284,139	289,374	232,660	56,714
Parks and recreation	61,140	61,356	54,403	6,953
Total General Government	<u>1,518,338</u>	<u>1,604,793</u>	<u>1,427,121</u>	<u>177,672</u>
Public Safety				
Police	2,610,778	2,734,973	2,504,808	230,165
Fire	888,972	888,972	888,972	-
Total Public Safety	<u>3,499,750</u>	<u>3,623,945</u>	<u>3,393,780</u>	<u>230,165</u>
Public Works				
Streets and drainage	464,738	478,770	305,642	173,128
Total Expenditures	<u>5,482,826</u>	<u>5,707,508</u>	<u>5,126,543</u>	<u>580,965</u>
Other Financing Sources (Uses)				
Transfers (out)	(1,287,500)	(2,125,849)	(2,192,011)	(66,162)
Sale of capital assets	-	-	751	751
Total Other Financing (Uses)	<u>(1,287,500)</u>	<u>(2,125,849)</u>	<u>(2,191,260)</u>	<u>(65,411)</u>
Net Change in Fund Balance	<u>\$ 467,457</u>	<u>\$ (595,574)</u>	103,917	<u>\$ 699,491</u>
Beginning fund balance			<u>6,104,103</u>	
Ending Fund Balance			<u>\$ 6,208,020</u>	

Notes to Required Supplementary Information:

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Measurement Year*		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 345,789	\$ 317,389	\$ 262,594
Interest (on the total pension liability)	675,456	647,576	612,560
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(69,514)	(239)	(49,336)
Change of assumptions	-	275,713	-
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Net Change in Total Pension Liability	<u>310,326</u>	<u>883,906</u>	<u>476,393</u>
Beginning total pension liability	<u>10,154,568</u>	<u>9,270,662</u>	<u>8,794,269</u>
Ending Total Pension Liability	<u>\$ 10,464,894</u>	<u>\$ 10,154,568</u>	<u>\$ 9,270,662</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 155,593	\$ 164,572	\$ 168,939
Contributions - employee	179,431	175,076	161,113
Net investment income	643,013	14,056	516,782
Benefit payments, including refunds of employee contributions	(641,405)	(356,533)	(349,425)
Administrative expense	(7,261)	(8,561)	(5,396)
Other	(391)	(423)	(444)
Net Change in Plan Fiduciary Net Position	<u>328,980</u>	<u>(11,813)</u>	<u>491,569</u>
Beginning plan fiduciary net position	<u>9,513,568</u>	<u>9,525,381</u>	<u>9,033,812</u>
Ending Plan Fiduciary Net Position	<u>\$ 9,842,548</u>	<u>\$ 9,513,568</u>	<u>\$ 9,525,381</u>
Net Pension Liability/(Asset)	<u>\$ 622,346</u>	<u>\$ 641,000</u>	<u>\$ (254,719)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.05%	93.69%	102.75%
Covered Employee Payroll	\$ 2,563,301	\$ 2,501,093	\$ 2,301,618
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	24.28%	25.63%	(11.07%)

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

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CITY OF SPRING VALLEY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2017

	Fiscal Year*		
	2017	2016	2015
Actuarially determined contribution	\$ 194,112	\$ 167,012	\$ 164,572
Contributions in relation to the actuarially determined contribution	194,112	167,012	164,572
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,691,643	\$ 2,690,588	\$ 2,501,093
Contributions as a percentage of covered employee payroll	7.21%	6.21%	6.58%

*Only three of ten years of information is currently available. The City will build this schedule over the next seven-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	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 103% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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SUPPLEMENTARY INFORMATION

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CITY OF SPRING VALLEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 912,069	\$ 912,069	\$ 892,042	\$ (20,027)
Total Revenues	<u>912,069</u>	<u>912,069</u>	<u>892,042</u>	<u>(20,027)</u>
<u>Expenditures</u>				
Principal	510,000	510,000	510,000	-
Interest and fiscal charges	<u>400,069</u>	<u>400,069</u>	<u>399,819</u>	<u>250</u>
Total Expenditures	<u>910,069</u>	<u>910,069</u>	<u>909,819</u>	<u>250</u>
Net Change in Fund Balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	(17,777)	<u>\$ (19,777)</u>
Beginning fund balance			<u>(882)</u>	
Ending Fund Balance			<u>\$ (18,659)</u>	

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	80
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	90
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	98
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	109
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	113
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF SPRING VALLEY VILLAGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 17,797,616	\$ 20,358,533	\$ 20,112,126	\$ 20,562,889
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,261,898	4,599,339	5,784,809	6,582,772
Total Governmental Activities Net Position	\$ 24,911,635	\$ 25,983,772	\$ 26,688,458	\$ 27,866,438
 Business-Type Activities				
Net investment in capital assets	\$ 7,267,936	\$ 8,110,784	\$ 8,194,572	\$ 7,822,043
Restricted	-	-	-	-
Unrestricted	(22,150)	(750,876)	(1,226,981)	(744,008)
Total Business-Type Activities Net Position	\$ 7,245,786	\$ 7,359,908	\$ 6,967,591	\$ 7,078,035
 Primary Government				
Net investment in capital assets	\$ 25,065,552	\$ 28,469,317	\$ 28,306,698	\$ 28,384,932
Restricted	1,852,121	1,025,900	791,523	720,777
Unrestricted	5,239,748	3,848,463	4,557,828	5,838,764
Total Primary Government Net Position	\$ 32,157,421	\$ 33,343,680	\$ 33,656,049	\$ 34,944,473

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 23,227,286	\$ 25,437,372	\$ 24,859,774	\$ 25,354,855	\$ 26,621,889	\$ 28,189,939
75,118	121,848	150,437	154,588	160,271	4,924,112
5,825,609	5,065,577	7,973,362	9,970,921	9,662,867	4,707,722
<u>\$ 29,128,013</u>	<u>\$ 30,624,797</u>	<u>\$ 32,983,573</u>	<u>\$ 35,480,364</u>	<u>\$ 36,445,027</u>	<u>\$ 37,821,773</u>
\$ 7,416,956	\$ 7,201,090	\$ 7,484,141	\$ 6,429,975	\$ 6,446,443	\$ 5,764,333
-	-	1,612,394	1,004,614	965,480	871,778
(364,877)	(259,161)	(2,241,483)	(963,461)	(1,042,151)	(328,932)
<u>\$ 7,052,079</u>	<u>\$ 6,941,929</u>	<u>\$ 6,855,052</u>	<u>\$ 6,471,128</u>	<u>\$ 6,369,772</u>	<u>\$ 6,307,179</u>
\$ 30,644,242	\$ 32,638,462	\$ 32,343,915	\$ 31,784,830	\$ 33,068,332	\$ 33,954,272
75,118	121,848	150,437	1,159,202	1,125,751	5,795,890
5,460,732	4,806,416	5,731,879	9,007,460	8,620,716	4,378,790
<u>\$ 36,180,092</u>	<u>\$ 37,566,726</u>	<u>\$ 38,226,231</u>	<u>\$ 41,951,492</u>	<u>\$ 42,814,799</u>	<u>\$ 44,128,952</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 1,378,291	\$ 1,657,481	\$ 1,211,535	\$ 1,225,535
Public safety	2,588,428	2,694,742	2,906,948	2,837,702
Public works	799,234	729,391	1,270,439	1,164,949
Interest and fiscal agent fees	5,028	3,724	19,261	-
Total Governmental Activities Expenses	<u>4,770,981</u>	<u>5,085,338</u>	<u>5,408,183</u>	<u>5,228,186</u>
Business-Type Activities				
Water, sewer, and solid waste	1,763,893	2,012,235	2,344,054	2,635,600
Total Business-Type Activities Expenses	<u>1,763,893</u>	<u>2,012,235</u>	<u>2,344,054</u>	<u>2,635,600</u>
Total Expenses	<u>\$ 6,534,874</u>	<u>\$ 7,097,573</u>	<u>\$ 7,752,237</u>	<u>\$ 7,863,786</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 268,530	\$ 161,928	\$ 219,210	\$ 210,123
Public safety	666,844	960,101	918,499	922,068
Operating grants and contributions	282,561	158,942	165,080	154,000
Capital grants and contributions	2,106,655	-	-	-
Total Governmental Activities Program Revenues	<u>3,324,590</u>	<u>1,280,971</u>	<u>1,302,789</u>	<u>1,286,191</u>
Business-Type Activities				
Charges for services				
Water, sewer, and solid waste	2,201,823	2,289,356	2,114,736	2,909,044
Total Business-Type Activities Program Revenues	<u>2,201,823</u>	<u>2,289,356</u>	<u>2,114,736</u>	<u>2,909,044</u>
Total Program Revenues	<u>\$ 5,526,413</u>	<u>\$ 3,570,327</u>	<u>\$ 3,417,525</u>	<u>\$ 4,195,235</u>
Net (Expense)/Revenue				
Governmental activities	\$ (1,446,391)	\$ (3,804,367)	\$ (4,105,394)	\$ (3,941,995)
Business-type activities	437,930	277,121	(229,318)	273,444
Total Net Expense	<u>\$ (1,008,461)</u>	<u>\$ (3,527,246)</u>	<u>\$ (4,334,712)</u>	<u>\$ (3,668,551)</u>

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,229,504	\$ 1,590,735	\$ 1,320,245	\$ 1,247,843	\$ 800,723	\$ 903,011
2,786,639	2,648,646	2,738,631	3,036,137	3,880,246	3,922,109
1,324,918	1,153,278	1,278,240	1,354,685	1,906,985	1,818,890
-	-	-	337,430	432,200	307,683
<u>5,341,061</u>	<u>5,392,659</u>	<u>5,337,116</u>	<u>5,976,095</u>	<u>7,020,154</u>	<u>6,951,693</u>
2,442,239	2,675,934	2,658,992	2,614,157	2,848,278	3,058,370
<u>2,442,239</u>	<u>2,675,934</u>	<u>2,658,992</u>	<u>2,614,157</u>	<u>2,848,278</u>	<u>3,058,370</u>
<u>\$ 7,783,300</u>	<u>\$ 8,068,593</u>	<u>\$ 7,996,108</u>	<u>\$ 8,590,252</u>	<u>\$ 9,868,432</u>	<u>\$ 10,010,063</u>
\$ 219,074	\$ 236,953	\$ 214,713	\$ 397,023	\$ 265,706	\$ 260,442
814,509	800,772	1,127,801	1,133,967	938,409	880,102
154,000	154,000	154,000	438,493	661,046	620,005
-	-	-	-	-	-
<u>1,187,583</u>	<u>1,191,725</u>	<u>1,496,514</u>	<u>1,969,483</u>	<u>1,865,161</u>	<u>1,760,549</u>
2,709,775	2,859,499	2,730,542	2,708,075	2,720,856	2,940,857
<u>2,709,775</u>	<u>2,859,499</u>	<u>2,730,542</u>	<u>2,708,075</u>	<u>2,720,856</u>	<u>2,940,857</u>
<u>\$ 3,897,358</u>	<u>\$ 4,051,224</u>	<u>\$ 4,227,056</u>	<u>\$ 4,677,558</u>	<u>\$ 4,586,017</u>	<u>\$ 4,701,406</u>
\$ (4,153,478)	\$ (4,200,934)	\$ (3,840,602)	\$ (4,006,612)	\$ (5,154,993)	\$ (5,191,144)
267,536	183,565	71,550	93,918	(127,422)	(117,513)
<u>\$ (3,885,942)</u>	<u>\$ (4,017,369)</u>	<u>\$ (3,769,052)</u>	<u>\$ (3,912,694)</u>	<u>\$ (5,282,415)</u>	<u>\$ (5,308,657)</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 3,137,677	\$ 3,215,025	\$ 3,356,982	\$ 3,548,991
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Investment income	228,733	98,528	37,644	32,876
Other	179,787	151,217	141,288	132,543
Gain on sale of capital assets	-	-	7,220	-
Transfers	169,693	162,999	162,999	163,000
Total Governmental Activities	<u>5,150,750</u>	<u>4,876,504</u>	<u>4,810,080</u>	<u>5,119,975</u>
Business-type activities				
Other	-	-	-	-
Transfers	(169,693)	(162,999)	(162,999)	(163,000)
Total Business-Type Activities	<u>(169,693)</u>	<u>(162,999)</u>	<u>(162,999)</u>	<u>(163,000)</u>
Total Primary Government	<u>\$ 4,981,057</u>	<u>\$ 4,713,505</u>	<u>\$ 4,647,081</u>	<u>\$ 4,956,975</u>
Change in Net Position				
Governmental activities	\$ 3,704,359	\$ 1,072,137	\$ 704,686	\$ 1,177,980
Business-type activities	268,237	114,122	(392,317)	110,444
Total Change in Net Position	<u>\$ 3,972,596</u>	<u>\$ 1,186,259</u>	<u>\$ 312,369</u>	<u>\$ 1,288,424</u>

Fiscal Year

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	3,685,289	\$ 3,812,544	\$ 3,904,606	\$ 4,245,518	\$ 4,402,210	\$ 4,693,922
	934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
	332,619	357,602	331,764	339,321	353,381	339,607
	25,176	19,163	19,659	21,502	30,566	57,565
	124,179	111,057	132,760	136,451	136,207	214,149
	-	-	-	-	-	-
	313,000	315,000	676,025	75,000	-	-
	<u>5,415,053</u>	<u>5,697,718</u>	<u>6,171,198</u>	<u>6,009,148</u>	<u>6,119,656</u>	<u>6,567,890</u>
	19,508	21,285	23,343	89	26,066	54,920
	(313,000)	(315,000)	(676,025)	(75,000)	-	-
	(293,492)	(293,715)	(652,682)	(74,911)	26,066	54,920
\$	<u><u>5,121,561</u></u>	<u><u>\$ 5,404,003</u></u>	<u><u>\$ 5,518,516</u></u>	<u><u>\$ 5,934,237</u></u>	<u><u>\$ 6,145,722</u></u>	<u><u>\$ 6,622,810</u></u>
\$	1,261,575	\$ 1,496,784	\$ 2,330,596	\$ 2,002,536	\$ 964,663	\$ 1,376,746
	(25,956)	(110,150)	(581,132)	19,007	(101,356)	(62,593)
\$	<u><u>1,235,619</u></u>	<u><u>\$ 1,386,634</u></u>	<u><u>\$ 1,749,464</u></u>	<u><u>\$ 2,021,543</u></u>	<u><u>\$ 863,307</u></u>	<u><u>\$ 1,314,153</u></u>

CITY OF SPRING VALLEY VILLAGE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011*
General Fund				
Reserved	\$ 1,852,121	\$ 1,025,900	\$ 791,523	\$ -
Unreserved and designated	4,047,277	2,350,019	2,413,781	-
Unreserved and undesignated	1,165,165	2,249,809	3,485,628	-
Nonspendable	-	-	-	-
Committed	-	-	-	4,815,560
Restricted	-	-	-	720,777
Assigned	-	-	-	-
Unassigned	-	-	-	1,918,202
Total General Fund	<u>\$ 7,064,563</u>	<u>\$ 5,625,728</u>	<u>\$ 6,690,932</u>	<u>\$ 7,454,539</u>
 All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Note: In fiscal year 2011, the City implemented GASB 54,
Fund Balance Reporting and Governmental Fund Type Definitions.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	385	870	870	870	1,203
3,817,458	-	-	-	-	-
75,118	121,848	122,257	121,659	124,264	128,097
-	359,267	359,267	359,267	359,267	359,267
2,191,707	3,550,699	4,004,162	4,926,770	5,619,702	3,447,225
<u>\$ 6,084,283</u>	<u>\$ 4,032,199</u>	<u>\$ 4,486,556</u>	<u>\$ 5,408,566</u>	<u>\$ 6,104,103</u>	<u>\$ 3,935,792</u>
\$ -	\$ -	\$ -	\$ 13,135,970	\$ 9,132,618	\$ 48,156
-	1,321,366	-	3,112,942	2,093,010	2,116,364
-	-	-	-	(882)	(18,659)
<u>\$ -</u>	<u>\$ 1,321,366</u>	<u>\$ -</u>	<u>\$ 16,248,912</u>	<u>\$ 11,224,746</u>	<u>\$ 2,145,861</u>

CITY OF SPRING VALLEY VILLAGE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Property taxes	\$ 3,091,799	\$ 3,254,064	\$ 3,334,593	\$ 3,538,671
Sales taxes	1,165,828	941,938	786,042	929,607
Franchise fees	269,032	306,797	317,905	312,958
Fines and forfeitures	666,844	664,542	609,344	602,246
Licenses and permits	268,530	161,928	219,210	210,123
Hilshire police contract	282,561	295,559	309,155	319,822
Investment income	228,733	98,528	37,644	32,876
Intergovernmental	2,106,655	158,942	165,080	154,000
Other	179,787	151,217	141,288	122,638
Total Revenues	8,259,769	6,033,515	5,920,261	6,222,941
Expenditures				
General government	1,385,617	1,923,284	1,297,268	1,145,736
Public safety	2,622,183	2,746,404	2,910,260	2,841,154
Public works	3,349,144	2,882,196	695,234	1,645,349
Capital outlay	-	-	-	-
Debt service				
Bond issuance costs	-	-	-	-
Principal	78,438	79,741	103,253	-
Interest	5,028	3,724	19,261	-
Total Expenditures	7,440,410	7,635,349	5,025,276	5,632,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	819,359	(1,601,834)	894,985	590,702
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Sale of capital assets	-	-	7,220	9,905
Transfers in	169,693	162,999	162,999	163,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	169,693	162,999	170,219	172,905
Net Change in Fund Balances	\$ 989,052	\$ (1,438,835)	\$ 1,065,204	\$ 763,607
Debt service as a percentage of noncapital expenditures	1.12%	1.09%	2.44%	-

Fiscal Year

	2012	2013	2014	2015	2016	2017
\$	3,715,316	\$ 3,792,043	\$ 3,936,160	\$ 4,159,264	\$ 4,508,707	\$ 4,690,696
	934,790	1,082,352	1,106,384	1,191,356	1,197,292	1,262,647
	332,619	357,602	331,764	339,321	353,381	339,607
	506,233	470,225	772,834	752,084	540,494	460,809
	219,074	236,953	214,713	397,023	265,706	260,442
	308,276	330,547	354,967	381,883	397,915	419,293
	25,176	19,163	19,659	21,502	30,566	57,565
	154,000	154,000	154,000	438,493	661,046	620,005
	121,604	111,057	132,760	132,090	136,439	231,811
	<u>6,317,088</u>	<u>6,553,942</u>	<u>7,023,241</u>	<u>7,813,016</u>	<u>8,091,546</u>	<u>8,342,875</u>
	1,188,587	1,262,101	1,355,108	1,337,875	1,287,658	1,427,121
	2,786,166	2,886,525	3,002,128	3,201,065	3,397,221	3,405,232
	4,028,166	181,440	262,499	286,142	393,737	305,642
	-	3,269,594	439,623	2,114,494	6,288,546	11,414,618
	-	-	-	104,614	-	-
	-	-	-	-	400,000	510,000
	-	-	-	-	524,336	399,819
	<u>8,002,919</u>	<u>7,599,660</u>	<u>5,059,358</u>	<u>7,044,190</u>	<u>12,291,498</u>	<u>17,462,432</u>
	(1,685,831)	(1,045,718)	1,963,883	768,826	(4,199,952)	(9,119,557)
	-	-	-	13,475,000	-	-
	-	-	-	134,363	-	-
	2,575	-	84,352	5,310	4,320	751
	313,000	2,065,000	1,930,766	2,217,000	1,250,000	2,335,849
	-	(1,750,000)	(2,161,767)	(2,142,000)	(1,382,997)	(2,192,011)
	<u>315,575</u>	<u>315,000</u>	<u>(146,649)</u>	<u>13,689,673</u>	<u>(128,677)</u>	<u>144,589</u>
\$	<u>(1,370,256)</u>	<u>(730,718)</u>	<u>1,817,234</u>	<u>14,458,499</u>	<u>(4,328,629)</u>	<u>(8,974,968)</u>
	-	-	-	2.18%	15.01%	16.96%

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

	Fiscal Year			
	2008	2009	2010	2011
Residential	\$ 529,736,301	\$ 586,392,158	\$ 658,509,304	\$ 682,799,385
Vacant	17,212,065	18,270,408	22,296,426	18,988,324
Commercial and industrial	61,235,481	66,141,060	49,480,422	48,897,421
Utilities	15,672,560	13,597,987	12,735,134	12,368,450
Real properties	28,365,945	24,604,687	24,541,306	23,956,770
Governmental and charities	89,179,800	122,500,359	126,487,069	121,839,666
Total assessed value (1)	<u>741,402,152</u>	<u>831,506,659</u>	<u>894,049,661</u>	<u>908,850,016</u>
Less: Tax exempt property	<u>(193,715,335)</u>	<u>(236,039,917)</u>	<u>(252,438,683)</u>	<u>(255,559,740)</u>
Total Taxable Assessed Valuation	<u>\$ 547,686,817</u>	<u>\$ 595,466,742</u>	<u>\$ 641,610,978</u>	<u>\$ 653,290,276</u>
Taxable value as a percentage of assessed value	74%	72%	72%	72%
Total tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760

Source: Tax department of the Spring Branch ISD.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 727,362,843	\$ 749,621,556	\$ 816,582,662	\$ 938,839,232	\$ 1,057,666,553	\$ 1,147,232,344
16,467,688	16,340,891	16,982,310	23,119,734	22,897,005	20,219,114
48,724,472	50,298,328	54,623,908	71,949,422	69,321,629	104,087,202
11,291,453	10,776,364	10,542,288	4,250,555	10,289,952	11,484,003
22,184,491	23,043,294	23,360,586	8,625	25,945,101	23,553,054
114,230,914	114,503,217	117,469,367	138,803,675	147,694,988	151,935,233
940,261,861	964,583,650	1,039,561,121	1,176,971,243	1,333,815,228	1,458,510,950
(258,228,448)	(261,606,047)	(280,032,062)	(312,592,100)	(355,139,172)	(373,888,856)
<u>\$ 682,033,413</u>	<u>\$ 702,977,603</u>	<u>\$ 759,529,059</u>	<u>\$ 864,379,143</u>	<u>\$ 978,676,056</u>	<u>\$ 1,084,622,094</u>
73%	73%	73%	73%	73%	74%
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.450000	\$ 0.433500

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

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village:				
Operating tax rate	\$ 0.565000	\$ 0.548659	\$ 0.539760	\$ 0.539760
Debt service tax rate	-	-	-	-
Total Direct Rates	<u>\$ 0.565000</u>	<u>\$ 0.548659</u>	<u>\$ 0.539760</u>	<u>\$ 0.539760</u>
Spring Branch Independent School District	\$ 1.285000	\$ 1.382500	\$ 1.394500	\$ 1.394500
Harris County	0.392390	0.389230	0.388050	0.391170
Harris County Flood Control	0.031060	0.030860	0.029230	0.028090
Port of Houston Authority	0.014370	0.017730	0.020540	0.018560
Harris County Hospital District	0.192160	0.192160	0.192160	0.192160
Harris County Education Department	0.005850	0.005840	0.006580	0.006580
Total Overlapping Rates	<u>\$ 1.920830</u>	<u>\$ 2.018320</u>	<u>\$ 2.031060</u>	<u>\$ 2.031060</u>
Total Direct and Overlapping Rates	<u>\$ 2.485830</u>	<u>\$ 2.566979</u>	<u>\$ 2.570820</u>	<u>\$ 2.570820</u>

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

Source: Tax department records of the various governments.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 0.539760	\$ 0.539760	\$ 0.512843	\$ 0.487843	\$ 0.356160	\$ 0.350711
-	-	-	-	0.093840	0.082789
<u>\$ 0.539760</u>	<u>\$ 0.539760</u>	<u>\$ 0.512843</u>	<u>\$ 0.487843</u>	<u>\$ 0.450000</u>	<u>\$ 0.433500</u>
\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500	\$ 1.394500
0.400210	0.414550	0.414550	0.417310	0.419230	0.416560
0.028090	0.028270	0.028270	0.027360	0.027330	0.028290
0.019520	0.017160	0.017160	0.015310	0.013420	0.013340
0.182160	0.170000	0.170000	0.170000	0.170000	0.171790
0.006620	0.006360	0.006358	0.005999	0.005422	0.005200
<u>\$ 2.031100</u>	<u>\$ 2.030840</u>	<u>\$ 2.030838</u>	<u>\$ 2.030479</u>	<u>\$ 2.029902</u>	<u>\$ 2.029680</u>
<u>\$ 2.570860</u>	<u>\$ 2.570600</u>	<u>\$ 2.543681</u>	<u>\$ 2.518322</u>	<u>\$ 2.479902</u>	<u>\$ 2.463180</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Ten Voss Ltd	\$ 21,651,944	1	2.21%	\$ 34,701,203	1	7.16%
Campbell Project Partners LLC	21,074,820	2	2.15%	-	-	-
HD Development Properties	19,781,840	3	2.02%	14,293,339	2	2.95%
Spring Valley One Center Ltd	16,971,347	4	1.73%	-	-	-
SV Physician Properties I LP	14,178,000	5	1.45%	-	-	-
Memorial Design Center Ltd	10,496,597	6	1.07%	-	-	-
Southwestern Bell	9,012,191	7	0.92%	13,630,076	3	2.81%
Managed Rehabilitation Inc	7,677,757	8	0.78%	3,225,165	8	0.67%
Wellington Fidelis Campbell I LP	6,667,560	9	0.68%	-	-	-
Spring Valley Shopping Center II Ltd	5,056,250	10	0.52%	-	-	-
Memorial MRI & Diagnostic	-	-	-	3,293,691	7	0.68%
Kish Komie LP	-	-	-	2,150,350	9	0.44%
Schlumberger Inc	-	-	-	1,866,868	10	0.39%
Campbell I10 Ltd	-	-	-	5,687,825	5	1.17%
Stiffel-Schwab Builders LLC	-	-	-	6,871,097	4	1.42%
Wilson Investments	-	-	-	5,240,000	6	1.08%
Subtotal	132,568,306		13.55%	90,959,614		18.77%
Other Taxpayers	846,107,750		86.45%	393,545,775		81.23%
Total ⁽¹⁾	\$ 978,676,056		100.00%	\$ 484,505,389		100.00%

Source: Tax department of the Spring Branch ISD.

(1) Net of exemptions and abatements

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collected	Total Collections to Date	
				Amount Collected	Percentage of Levy	Amount Collected	Amount Collected	Percentage of Levy
2008	2007	\$ 0.565000	\$ 3,114,260	\$ 3,053,499	98.05%	\$ 60,320	\$ 3,113,819	99.99%
2009	2008	\$ 0.548659	\$ 3,257,243	\$ 3,237,636	99.40%	\$ 18,102	\$ 3,255,738	99.95%
2010	2009	\$ 0.539760	\$ 3,464,268	\$ 3,433,357	99.11%	\$ 28,535	\$ 3,461,892	99.93%
2011	2010	\$ 0.539760	\$ 3,525,346	\$ 3,499,080	99.25%	\$ 24,494	\$ 3,523,574	99.95%
2012	2011	\$ 0.539760	\$ 3,681,702	\$ 3,663,573	99.51%	\$ 16,013	\$ 3,679,586	99.94%
2013	2012	\$ 0.539760	\$ 3,795,231	\$ 3,770,251	99.34%	\$ 22,718	\$ 3,792,969	99.94%
2014	2013	\$ 0.512843	\$ 3,893,084	\$ 3,881,284	99.70%	\$ 7,747	\$ 3,889,031	99.90%
2015	2014	\$ 0.487843	\$ 4,212,362	\$ 4,100,837	97.35%	\$ 24,979	\$ 4,125,816	97.95%
2016	2015	\$ 0.450000	\$ 4,509,649	\$ 4,392,632	97.41%	\$ 91,129	\$ 4,483,761	99.43%
2017	2016	\$ 0.433500	\$ 4,688,384	\$ 4,687,314	99.69%	\$ (28,559)	\$ 4,658,755	99.08%

Source: Tax department of the Spring Branch ISD.

CITY OF SPRING VALLEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Capital leases	82,994	28,253	-	-
Subtotal	<u>82,994</u>	<u>28,253</u>	<u>-</u>	<u>-</u>
Business-Type Activities:				
Revenue bonds	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Government-Wide:				
Revenue bonds	-	-	-	-
General obligation bonds	-	-	-	-
Capital leases	82,994	28,253	-	-
Total Government-Wide	<u>\$ 82,994</u>	<u>\$ 28,253</u>	<u>\$ -</u>	<u>\$ -</u>
Estimated Full Property Value	\$ 741,402,152	\$ 831,506,659	\$ 894,049,661	\$ 908,850,016
Percentage of Full Property Value:				
Government-wide	0.01%	0.00%	-	-
Population	3,700	3,710	3,715	3,843
Debt Per Capita:				
Governmental activities	\$ 22	\$ 8	\$ -	\$ -
Government-wide	\$ 22	\$ 8	\$ -	\$ -

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
-	-	-	13,602,965	13,196,567	12,680,169
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	3,000,000	2,835,000	2,665,000	2,490,000
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 16,437,965</u>	<u>\$ 15,861,567</u>	<u>\$ 15,170,169</u>
\$ 940,261,861	\$ 964,583,650	\$ 1,039,561,121	\$ 1,176,971,243	\$ 1,333,815,228	\$ 1,458,510,950
-	-	0.29%	1.40%	1.19%	1.04%
3,941	3,852	4,013	4,135	4,191	4,328
\$ -	\$ -	\$ -	\$ 3,259	\$ 3,215	\$ 3,215
\$ -	\$ -	\$ 748	\$ 3,944	\$ 3,892	\$ 3,892

CITY OF SPRING VALLEY VILLAGE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Estimated Actual Taxable Value of Property	<u>\$ 547,686,817</u>	<u>\$ 595,466,742</u>	<u>\$ 641,610,978</u>	<u>\$ 653,209,276</u>
Net Bonded Debt				
Gross bonded debt	\$ -	\$ -	\$ -	\$ -
Less: amounts available in debt service fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percentage of Estimated Actual Taxable Value of Property	-	-	-	-
Population	3,700	3,710	3,715	3,843
Per Capita	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year					
2011	2012	2014	2015	2016	2017
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 13,602,965	\$ 13,196,567	\$ 12,680,169
-	-	-	1.57%	1.35%	1.17%
3,941	3,852	4,013	4,135	4,191	4,191
\$ -	\$ -	\$ -	\$ -	\$ 3,149	\$ 3,026

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CITY OF SPRING VALLEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2017

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Spring Branch Independent School District	\$ 617,990,000	3.820%	\$ 23,607,218
Harris County	\$ 2,295,044,505	0.280%	6,426,125
Harris County Flood Control District	\$ 83,075,000	0.280%	232,610
Harris Co Hosp District	\$ 61,595,000	0.280%	175,882
Harris County Department of Education	\$ 6,780,000	0.280%	18,984
Port of Houston Authority	\$ 657,994,397	0.280%	1,842,384
Subtotal, overlapping debt			32,303,203
City Direct Debt	\$ 12,565,000	100.00%	12,565,000
Total Direct and Overlapping Debt			\$ 44,868,203

Source: Municipal Advisory Council of Texas

CITY OF SPRING VALLEY VILLAGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Debt limit ⁽¹⁾	\$ 54,768,682	\$ 83,150,666	\$ 64,161,098	\$ 65,329,028
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 54,768,682</u>	<u>\$ 83,150,666</u>	<u>\$ 64,161,098</u>	<u>\$ 65,329,028</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-
Legal Debt Margin Calculation				
Assessed value	\$ 547,686,817	\$ 831,506,659	\$ 641,610,978	\$ 653,290,276
Debt limit (10% of assessed value)	54,768,682	83,150,666	64,161,098	65,329,028
Debt applicable to limit:				
Gross bonded debt	-	-	-	-
Less: amount set aside for repayment of general obligation debt	-	-	-	-
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 54,768,682</u>	<u>\$ 83,150,666</u>	<u>\$ 64,161,098</u>	<u>\$ 65,329,028</u>

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 68,203,341	\$ 70,297,760	\$ 75,952,906	\$ 86,437,914	\$ 97,867,606	\$ 108,462,209
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>
-	-	-	15.58%	13.48%	11.69%
\$ 682,033,413	\$ 702,977,603	\$ 759,529,059	\$ 864,379,143	\$ 978,676,056	\$ 1,084,622,094
68,203,341	70,297,760	75,952,906	86,437,914	97,867,606	108,462,209
-	-	-	13,602,965	13,196,567	12,680,169
-	-	-	(4,749)	-	-
-	-	-	13,598,216	13,196,567	12,680,169
<u>\$ 68,203,341</u>	<u>\$ 70,297,760</u>	<u>\$ 75,952,906</u>	<u>\$ 72,839,698</u>	<u>\$ 84,671,039</u>	<u>\$ 95,782,040</u>

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CITY OF SPRING VALLEY VILLAGE, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Years*

	Fiscal Year			
	2014	2015	2016	2017
Gross Revenues (1)	\$ 2,753,885	\$ 2,708,164	\$ 2,746,922	\$ 2,995,777
Operating Expenses (2)	<u>2,146,586</u>	<u>2,059,433</u>	<u>2,297,918</u>	<u>2,464,746</u>
Net Revenues Available for Debt Service	<u>\$ 607,299</u>	<u>\$ 648,731</u>	<u>\$ 449,004</u>	<u>\$ 531,031</u>
Debt Service Requirements (3)				
Principal	\$ 165,000	\$ 170,000	\$ 175,000	\$ 180,000
Interest	78,000	74,561	70,090	65,487
Total	<u>\$ 243,900</u>	<u>\$ 244,561</u>	<u>\$ 245,090</u>	<u>\$ 245,487</u>
Coverage	2.49	2.65	1.83	2.16

(1) Gross revenues as defined in the revenue bond ordinances include operating and nonoperating revenue and exclude capital contributions, grant revenues, and capital recovery fees.

(2) Total operating expenses as defined in the revenue bond ordinances do not include amortization, bond interest, and fiscal charges.

(3) Debt service requirements are based on the expected debt service payments for the following fiscal year.

*The City did not have revenue bonds prior to fiscal year 2014.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Sept. 30	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Public School Enrollment ⁽²⁾	Unemployment Rate ⁽¹⁾	Education Level in Years of Formal Schooling ⁽¹⁾
2008	3,700	N/A	N/A	N/A	905	N/A	N/A
2009	3,710	N/A	N/A	N/A	813	N/A	N/A
2010	3,715	N/A	N/A	N/A	773	N/A	N/A
2011	3,843	N/A	N/A	N/A	812	N/A	N/A
2012	3,941	N/A	N/A	N/A	839	N/A	N/A
2013	3,852	N/A	N/A	N/A	732	N/A	N/A
2014	4,013	\$ 266,584	\$ 66,430	44.0	905	4.7%	78%
2015	4,142	\$ 266,584	\$ 68,839	43.0	910	4.7%	79%
2016	4,191	\$ 201,496	\$ 75,372	42.0	280	1.2%	78%
2017	4,328	\$ 242,866	\$ 88,899	42.0	905	1.2%	78%

Data sources:

(1) Colliers International Estimate

(2) Spring Branch ISD

Information not presented is not available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Two Years Ago

Employer	2017			2015		
	Employees	Employment ⁽¹⁾	Rank	Employees	Employment ⁽¹⁾	Rank
Spring Branch ISD	258	35.34%	1	126	23.16%	2
Home Depot	157	21.51%	2	153	28.13%	1
East West Bank	62	8.49%	3	n/a	n/a	n/a
DTK	44	6.03%	4	75	13.79%	3
Spring Branch Presbyterian Church	39	5.34%	5	40	7.35%	4
Stoller Group	38	5.21%	6	n/a	n/a	n/a
Starbucks Corporation	36	4.93%	7	35	6.43%	5
SSI	34	4.66%	8	25	4.60%	8
Houston Plastic & Craniofacial Surgeons	35	4.79%	9	n/a	n/a	n/a
Specs	27	3.70%	10	26	4.78%	7
Pueblo Viejo	n/a	n/a	n/a	35	6.43%	6
Premier Technology Group	n/a	n/a	n/a	15	2.76%	9
Hunan Chef	n/a	n/a	n/a	14	2.57%	10
	<u>730</u>	<u>100.00%</u>		<u>544</u>	<u>100.00%</u>	

Source: Human Resource Department of each company

Note: The requirement is for the current year and nine years ago;
however, only the current year and two years ago information is available.

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CITY OF SPRING VALLEY VILLAGE, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Governmental Activities:</u>										
General government	8	8	8	8	8	8	8	8	8	8
Public safety	21	21	21	21	21	23	23	24	24	24
Public works	2	2	2	2	2	3	3	3	3	3
<u>Business-Type Activities:</u>										
Water, sewer, and solid waste	4	4	4	4	4	4	4	4	4	4
Total City Positions	35	35	35	35	35	38	38	39	39	39

Source: City Finance Department

CITY OF SPRING VALLEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
City of Spring Valley Village				
Budgeted full-time employees	35	35	35	35
Function				
Police				
Arrests	595	708	540	402
Accident reports	230	148	124	125
Citations	4,374	4,162	5,655	5,760
Offense reports	1,286	1,222	1,082	918
Calls for service	12,676	15,227	15,922	21,838
Municipal court				
Traffic violations	7,397	6,566	8,093	5,714
Non-traffic violations	249	175	225	470
Community Development				
Residential building permits issued	47	21	36	32
Residential building permits-value	\$ 18,247,972	\$ 7,726,877	\$ 13,518,000	\$ 13,813,000
Commercial building permits issued	5	3	11	11
Commercial building permits-value	\$ 736,550	\$ 127,000	\$ 1,061,000	\$ 496,084
Water				
Average daily gallons pumped-combined water (millions of gallons)	0.65	0.71	0.74	0.95
Average daily gallons pumped-surface water (millions of gallons)	-	0.01	0.16	0.02
Average daily gallons pumped-well water (millions of gallons)	0.65	0.70	0.58	0.93
Number of connections	1,442	1,439	2,041	2,059

Source: Various City departments

Fiscal Year						
2012	2013	2014	2015	2016	2017	
35	38	39	39	39	39	39
293	508	719	697	460	300	
134	155	160	165	157	208	
4,137	5,190	8,043	8,061	4,417	5,487	
988	1,183	1,530	1,094	962	913	
22,587	19,560	36,254	59,646	33,351	29,068	
3,725	9,585	12,352	8,519	5,147	6,442	
484	302	1,472	1,442	528	963	
23	38	19	29	37	37	
\$ 10,681,000	\$ 17,061,800	\$ 9,353,990	\$ 16,780,178	\$ 21,569,270	\$ 17,376,892	
12	15	9	12	30	2	
\$ 742,000	\$ 1,090,500	\$ 1,343,000	\$ 47,985,000	\$ 58,788,170	\$ 125,000	
0.78	0.79	0.71	0.68	0.72	0.72	
-	0.05	-	0.05	0.40	0.44	
0.78	0.75	0.71	0.68	0.32	0.60	
2,045	2,130	2,135	2,137	2,227	2,138	

CITY OF SPRING VALLEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function	Fical Year			
	2008	2009	2010	2011
General government				
Municipal buildings	1	1	1	1
Public safety				
Police protection				
Stations	1	1	1	1
Public works				
Streets (lane miles)	-	-	-	-
Community services				
Parks	-	-	-	-
Pavilions	-	-	-	-
Park acreage developed	-	-	-	-
Water				
Water wells	1	1	1	1
Ground/elevated storage tanks	-	-	-	-
Water mains (miles)	-	-	-	-
Fire hydrants	153	153	157	157
Wastewater				
Sanitary sewers (miles)	-	-	-	-
Sewer manholes	-	-	-	-

Source: Various City departments

Fical Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
-	-	20.01	20.01	20.01	20.01	20.01
-	-	1	1	1	1	1
-	-	1	1	1	1	1
-	-	2.62	2.62	2.62	2.62	2.62
1	1	1	1	1	1	1
-	-	3	3	3	3	3
-	-	26	26	26	26	26
157	157	157	157	206	206	206
-	-	16	16	16	16	16
-	-	389	389	389	389	389

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Applicant's Ten Largest Employers

Spring Branch ISA: 258

Home Depot: 157

East West Bank: 62

DTK: 44

Spring Branch Presbyterian Church: 39

Stoller Group: 38

Starbucks Corporation: 36

SSI: 34

Houston Plastic & Caraniofacial Surgeons: 35

Specs: 27

Ten Largest Employers Comments:

Bond Ratings

Bond Ratings

Type	Standard & Poors	Date Received	Fitch	Date Received	Moody's	Date Received
G.O.	AAA	04-28-2015				
Revenue						

Bond Rating N/A: Y

Receive Water or Sewer

Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?: N

Project Description

Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.): To expand capacity.

Provide a detailed description of the proposed project. The description should include a discussion of the current service area, existing system facilities; and an adequate description of all proposed project elements (include a bulleted list of new project elements/components): The City of Spring Valley Village has a water supply system that is composed of one older water well that is capable of providing part of the City's water needs. Another component of the system is treated surface

water that is purchased from the City of Houston, routed to City of Spring Valley Village ground storage tanks, additionally chlorinate and distributed to the City system.

The proposed project elements to improve the City's water supply facilities include the following.

- Construction and equipping of a new water well capable of providing about 1,800 gallons per minute (gpm) to essentially replace the old water well
- Replacement of motor control center so that it will be capable of providing electricity to the new well and related disinfection system upgrades
- Upgrade the existing disinfection equipment so that it can provide disinfectant to the water supplied by the new well, any water provided by the old water well that will be a temporary backup supply, and the surface water supplied by the City of Houston
- A new power drop from CenterPoint Energy was added to serve the new motor control center supplying power for a new water well and chemical system
- A new Programmable Logic Controller (PLC) was installed for operation of the new water well and chemical feed systems
- Expansion and modifications to the existing water plant PLC with a HMI monitor
- Modifications to the existing water well water control system and plant SCADA network for the inclusion of the new facilities

Water Made Available

New Supply: 1,290 (acre-feet/year)/\$2,120,000 (capital cost)

New Conservation Savings: 0 (acre-feet/year)/\$0 (capital cost)

New Reuse Supply: 0 (acre-feet/year)/\$0 (capital cost)

Maintenance of Current Supply: 900 (acre-feet/year)/\$4,000,000 (capital cost)

SWIFT

SWIFT Funding Type

Low Interest Loan: \$2500000.00

Is this request for multi-year funding or phased commitments?: N

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.: Y

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas

Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.: Y

ORDINANCE NO. 2018-__

CITY OF SPRING VALLEY VILLAGE, TEXAS

**AN ORDINANCE AUTHORIZING ISSUANCE OF THE CITY OF SPRING VALLEY
VILLAGE, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES
2018; AUTHORIZING EXECUTION OF A PAYING AGENCY AGREEMENT;
AUTHORIZING AN INVESTOR LETTER; AND OTHER MATTERS IN CONNECTION
THEREWITH**

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**AN ORDINANCE AUTHORIZING ISSUANCE OF THE CITY OF
SPRING VALLEY VILLAGE, TEXAS, WATER AND WASTEWATER
SYSTEM REVENUE BONDS, SERIES 2018; AUTHORIZING
EXECUTION OF A PAYING AGENCY AGREEMENT; AUTHORIZING
AN INVESTOR LETTER; AND OTHER MATTERS IN CONNECTION
THEREWITH.**

**BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SPRING
VALLEY VILLAGE, TEXAS:**

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.1. Findings and Determinations. It is hereby officially found and determined that:

(a) The Issuer is authorized by chapter 1502, Texas Government Code, as amended, to issue revenue bonds payable from the revenues of its water and wastewater system for the purpose of constructing improvements and extensions to the Issuer's water and wastewater system.

(b) The Governing Body now deems it to be in the best interest of the Issuer to issue, sell and deliver the Bonds as hereinafter authorized.

(c) The Issuer is authorized to issue the Bonds and make the pledges and covenants set forth herein.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1. Definitions. For purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires:

(1) The terms defined in this Section have the meanings assigned to them in this Section.

(2) All terms defined herein include the plural as well as the singular.

(3) references in this Ordinance to designated "*Articles*", "*Sections*", "*Exhibits*", and other subdivisions are to the designed Articles, Sections, Exhibits, and other subdivisions of this Ordinance as originally adopted.

(4) the words "*herein*", "*hereof*", and "*hereunder*" and other words of similar import refer to this Ordinance as a whole and not to any particular Article, Section, Exhibit, or other subdivision.

“*Additional Bonds*” means the additional revenue bonds permitted to be issued by the Issuer pursuant to **Section 6.1**.

“*Average Annual Principal and Interest Requirements*” means the average annual principal and interest requirements for all Parity Bonds. Upon the issuance of the Bonds, the Average Annual Principal and Interest Requirements are hereby determined to be \$_____ and shall be recomputed upon the issuance of each series of Additional Bonds and set forth in each ordinance authorizing the issuance of Additional Bonds.

“*Bond*” or “*Bonds*” shall mean any or all of the Issuer’s Water & Wastewater System Revenue Bonds, Series 2018.

“*Business Day*” means any day other than (i) a Saturday, Sunday or other day on which commercial banks located in the State of New York or the State of Texas are authorized or required by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

“*Dated Date*” has the meaning stated in **Section 3.2**.

“*Fiscal Year*” means the Issuer’s fiscal year, which currently runs from October 1 to September 30, but which may be changed from time to time by the Issuer.

“*Funds*” means the Revenue Fund, Interest and Sinking Fund and Reserve Fund established in **Section 5.3**.

“*Governing Body*” means the City Council of the Issuer.

“*Governmental Obligations*” means (1) direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, or (2) obligations authorized under Texas law from time to time for discharge and final payment of political or governmental obligations which, when deposited have been assigned ratings in the highest rating category of either Moody’s Investors Service or Standard & Poor’s Corporation, or any successor to the bond operations of either of such corporations, *but* in the case of both *Clauses* (1) and (2) only if such obligations may not be called for redemption prior to maturity.

“*Gross Revenues*” means all income, revenues and receipts of every nature derived from and received by virtue of the access, use and operation of the System; provided that the fees paid to the Issuer for access to the System shall not be included in Gross Revenues unless such fees have actually been received by the Issuer.

“*Interest Payment Date*” means February 15, 2019 and each August 15 and February 15 thereafter until maturity.

“*Issuer*” means the City of Spring Valley Village, Texas

“*Maintenance and Operation Expenses*” means the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs,

replacements, improvements, or extensions necessary to render efficient service, and all payments including payments of amounts equal to all or a part of the debt service on bonds issued under contracts with “issuers”, within the meaning of Texas Government Code section 1201.002 (or any successor statute thereto) which may now or hereafter be “operating expenses” of the System under Texas Government Code section 1502.056(c), or any successor statute thereto, or similar statute now in effect or hereinafter enacted by Legislature of the State of Texas. Depreciation shall never be considered as a Maintenance and Operation Expense. Maintenance and Operation Expenses shall include, without limitation, all payments under contracts for the impoundment, conveyance or treatment of water or otherwise which are now or hereafter defined as operating expenses by the Legislature of the State of Texas and the treatment of such payments as Maintenance and Operation Expenses shall not be affected in any way if, subsequent to the entering into such contracts, the Issuer acquires as a part of the System title to any properties or facilities used to impound, convey or treat water under such contracts, or if the Issuer contracts to acquire title to such properties or facilities as a part of the System upon the final payment of debt service on the bonds issued to finance such properties or facilities.

“*Maturity*” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein provided, whether at the Stated Maturity, by call for redemption, or otherwise.

“*Net Revenues*” means all Gross Revenues remaining after deducting the Maintenance and Operation Expenses.

“*Ordinance*” means this Bond Ordinance and all amendments hereof and supplements hereto.

“*Outstanding*” when used with reference to the Bonds and any Parity Bond means, as of a particular date, all such Bonds and other Parity Bonds theretofore delivered except: (a) any such Bond or other Parity Bond canceled by or on behalf of the Issuer at or before said date; (b) any such Bond or Parity Bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; (c) any such Bond or Parity Bond in lieu of or in substitution for which another Bond or Parity Bond of the same series shall have been delivered pursuant to the ordinance authorizing the issuance of such Bond or Parity Bond; and (d) any Bond or Parity Bond alleged to have been destroyed, lost, or stolen which have been paid as provided in the ordinance authorizing its issuance.

“*Owner*”, “*Registered Owner*”, “*Holder*”, or “*Bondholder*” when used with respect to any Bond, means the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners of the Bonds of a particular class or series of Bonds shall mean the Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds or the Bonds of such class or series then Outstanding.

“*Parity Bonds*” means any or all of the Series 2014 Bonds; the Bonds, and any Additional Bonds from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding within the meaning of this Ordinance.

“*Paying Agent*” means The Bank of New York Mellon Trust Company, N.A., Houston, Texas and its successors in that capacity.

“*Purchaser*” means the initial purchaser or purchasers of the Bonds named in **Section 9.1**.

“*Record Date*” for the interest payable on any Interest Payment Date means the last day of the calendar month next preceding such Interest Payment Date.

“*Redemption Date*” means the date fixed for redemption of a Bond pursuant to the terms of this Ordinance.

“*Redemption Price*” means the price specified in the Form of Bond in **Section 4.2** as the price at which a Bond may be redeemed pursuant to the terms of the Ordinance.

“*Register*” means the books of registration kept by the Paying Agent in which are maintained the names and addresses of and the principal amounts registered to each Owner of Bonds.

“*Reserve Fund*” means the fund of such name established and maintained pursuant to **Section 5.5**.

“*Reserve Fund Requirement*” means the lesser of maximum annual debt service, 125% of average annual adjusted debt service, or 10% of the par amount on the Parity Bonds, which may be determined and redetermined each year by the City but in no event less frequently than upon the issuance of each series of Parity Bonds.

“*Reserve Fund Surety Policy*” means a surety bond, insurance policy, letter of credit, or other similar instrument issued by a financial institution, provided that the claims paying ability of such issuer is rated in one of the highest category of ratings by Standard & Poor’s, a division of the McGraw Hill Companies, Inc., and Moody’s Investors Service, Inc.

“*Series 2014 Bonds*” means the Waterworks and Sewer System Revenue Bonds, Series 2014, dated May 1, 2014.

“*Series 2014 Ordinance*” means the City of Spring Valley Village, Texas ordinance adopting the issuance of its Series 2014 Bonds, dated April 22, 2014.

“*Special Project*” means, to the extent permitted by law, any water or wastewater system property, improvement or facility declared by the Issuer not to be part of the System, for which the costs of acquisition, construction and installation are paid from proceeds of a financing transaction other than the issuance of bonds payable from ad valorem taxes or revenues of the System and for which all maintenance and operation expenses are payable from sources other than ad valorem taxes or revenues of the System, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction and installation under such financing transaction.

“*Stated Maturity*” when used with respect to any Bond means the date specified in such Bond as the fixed date on which the principal of such Bond is due and payable.

“*Subordinate Lien Obligations*” means the obligations permitted to be issued by the Issuer pursuant to Section 6.2 hereof.

“*System*” means all properties, facilities, improvements, equipment, interests, rights and powers constituting the water and wastewater system of the Issuer, and all future extensions, replacements, betterments, additions, improvements, enlargements, acquisitions, purchases and repairs to the water and wastewater system, including without limitation, all those heretofore or hereafter acquired as a result of the annexation and dissolution of water districts or the acquisition of the properties or assets of any other public, private or non-profit entities. The System shall not include any Special Project.

ARTICLE III

TERMS OF THE BONDS

Section 3.1. Name, Amount, Purpose, Authorization. The Bonds, to be known and designated as the “CITY OF SPRING VALLEY VILLAGE, TEXAS WATER AND WASTEWATER SYSTEM REVENUE BONDS, SERIES 2018” (the “*Bonds*”) in the original aggregate principal amount of \$2,380,000, shall be issued in fully registered form, without coupons. The Bonds are being issued for the purpose of paying for improvements and expansions to the System, and to pay costs of issuance incurred in connection with the issuance of the Bonds, all under and pursuant to the laws of the State of Texas, particularly chapter 1502, Texas Government Code, as amended, and all other applicable law.

Section 3.2. Numbers, Date, and Denomination. The definitive Bonds shall be numbered separately from R-1 upward, the initial Bonds shall be numbered separately from T-1 and upward, and in each case such bonds shall be dated as of _____, 2018 (the “*Dated Date*”) and shall be in the denomination of \$5,000 or any integral multiple thereof.

Section 3.3. Interest Payment Dates, Interest Rates, and Maturities. The Bonds shall bear interest from the initial date of delivery to the purchasers at the rate or rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months and payable semiannually on February 15 and August 15 of each year, commencing February 15, 2019 until maturity or prior redemption.

The Bonds shall mature and become payable on August 1 in the years and in the respective principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
2019	\$	
2020		
2021		
2022		
2023		

2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038

Section 3.4. Optional and Mandatory Redemption Prior to Maturity. (a) The Bonds are subject to redemption at the option of the Issuer and by mandatory redemption prior to Stated Maturity on the Redemption Dates and Redemption Prices as provided in the Form of Bonds in **Section 4.2.**

(b) *Exercise of Redemption Option.* The exercise by the Issuer of its option to redeem Bonds must be evidenced by an order or resolution of the Governing Body entered into its minutes. The Issuer at least 45 days prior to each Redemption Date (unless a shorter notice shall be satisfactory to the Paying Agent) must notify the Paying Agent of such Redemption Date and of the principal amount of Bonds of each Stated Maturity to be redeemed.

(c) *Selection of Bonds for Redemption.* If less than all Outstanding Bonds of a Stated Maturity are to be redeemed, then not more than 60 days prior to the Redemption Date the Paying Agent shall select the particular Bonds within such Stated Maturity to be redeemed from the Outstanding Bonds not previously called for redemption by such random method as the Paying Agent deems fair and appropriate. The method of selection may provide for the selection for redemption of portions (equal to denomination of \$5,000 or any integral multiple thereof) of the principal of Bonds of a denomination larger than \$5,000.

The Paying Agent will promptly notify the Issuer in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

For purposes of this Ordinance, unless the context otherwise requires, all provisions relating to the redemption of Bonds relates, in the case of any Bond redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

(d) *Notice of Redemption.* The Paying Agent shall mail notice of redemption in the name and at the expense of the Issuer not less than 30 days prior to the Redemption Date to each Registered Owner of Bonds to be redeemed, stating:

- (1) the Redemption Date,
- (2) the Redemption Price,
- (3) the principal amount, the identification (by title, Stated Maturity, interest rate, and Dated Date) and, in the case of partial redemption, the respective principal amounts and Bond numbers of the Bonds to be redeemed, and
- (4) that on the Redemption Date the Redemption Price of each of the Bonds to be redeemed will become due and payable and that interest thereon ceases to accrue from and after said date.

Neither the failure to give any notice to any Registered Owner nor any defect therein will affect the sufficiency of notice given to Registered Owners as hereinabove stated. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Notice having been so given, the Bonds called for redemption shall become due and payable on the specified Redemption Date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

(e) *Payment of the Redemption Price.* Upon the surrender of such Bonds for redemption in accordance with such notice, the Paying Agent shall pay such Bonds at the Redemption Price out of money supplied by the Issuer.

If any Bond called for redemption is not so paid upon surrender thereof for redemption, the same continues to bear interest from the Redemption Date at the rate borne by such Bond.

(f) *Partial Redemption.* Any Bond which is to be redeemed only in part must be surrendered at the Place of Payment (with, if the Issuer or the Paying Agent so requires, due endorsement by, or written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Issuer shall execute and the Paying Agent shall register and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same Stated Maturity and of any authorized denomination or denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 3.5. Manner of Payment, Characteristics, Execution, and Authentication. The Paying Agent shall be the paying agent for the Bonds. The Bonds shall be payable, have the characteristics, and be signed, executed and authenticated, all as provided and in the manner indicated in the form of bonds set forth in **Article IV**. The Bonds initially delivered shall also have attached or affixed thereto the registration certificate of the Comptroller of Public Accounts of the State of Texas. If any officer of the Issuer whose manual or facsimile signature shall appear on the Bonds, as provided in the form of bonds, shall cease to be such officer before the authentication of the Bonds or before the delivery of the Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond. The definitive Bonds shall be printed, lithographed, engraved, or typewritten or produced by any combination of these methods, or produced in any other manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof, but the initial Bonds submitted to the Attorney General of Texas may be typewritten, photocopied or otherwise reproduced.

The approving legal opinion of Norton Rose Fulbright US LLP, Houston, Texas, Bond Counsel, may be printed on the back of the Bonds over the certification of the Issuer Secretary (or acting Secretary) which may be executed in facsimile. and a statement of insurance, if any, also may be printed on Bonds, as applicable, but errors or omissions in the printing of the opinion, the numbers or the statement of insurance shall have no effect on the validity of the Bonds.

Section 3.6. Ownership. The Issuer, the Paying Agent and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of mailing payment of the principal of and premium, if any, thereon, and for the further purpose of making payment of interest thereon, for the purpose of giving notice to the Owners of the Bonds, and for all other purposes, whether or not such Bond is overdue, and neither the Issuer nor the Paying Agent shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this section shall be valid and effectual and shall discharge the liability of the Issuer and the Paying Agent upon such Bond to the extent of the sums paid.

Section 3.7. Registration, Transfer, and Exchange. So long as any Bonds remain Outstanding, the Paying Agent shall keep the Register at its principal corporate trust office and a copy thereof at an office in the State of Texas, in which, subject to such reasonable regulations as it may prescribe, the Paying Agent shall provide for the registration and transfer of the Bonds in accordance with the terms of this Ordinance.

Each Bond shall be transferable only upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent. Upon due presentation of any Bond for transfer, the Paying Agent shall authenticate and deliver in exchange therefor, within 72 hours after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing or accruing interest at the same rate as the Bond or Bonds so presented.

Each Bond shall be exchangeable upon presentation and surrendered at the principal corporate trust office of the Paying Agent for a Bond or Bonds of the same maturity and bearing or accruing interest at the same rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each exchanged or replaced Bond delivered by the Paying Agent in accordance with this Section shall be entitled to the

benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The Issuer or the Paying Agent may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent for such transfer or exchange shall be paid by the Issuer.

The Paying Agent shall not be required to transfer or exchange any Bond called for redemption, in whole or in part, during the 45-day period immediately prior to the redemption date; provided, however, that such limitation shall not apply to the transfer or exchange by the Owner of the unredeemed portion of a Bond called for redemption in part.

Section 3.8. Cancellation. All Bonds paid or redeemed in accordance with this Ordinance, and all Bonds in lieu of which exchanged Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment or redemption. The Paying Agent shall periodically furnish the Issuer with certificates of destruction of such Bonds.

ARTICLE IV

FORM OF BONDS

The Bonds, including the Form of Comptroller’s Registration Certificate; Form of Paying Agent Authentication Certificate, Form of Assignment and Statement of Insurance, if any, shall be in substantially the following forms, with such omissions, insertions and variations as may be permitted or desirable, and not prohibited by this Ordinance:

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF SPRING VALLEY VILLAGE, TEXAS,
WATER AND WASTEWATER SYSTEM REVENUE BOND,
SERIES 2018

NUMBER	DENOMINATION
R-	\$
REGISTERED	REGISTERED

<u>INTEREST RATE:</u>	<u>DATED DATE:</u>	<u>MATURITY DATE:</u>
	November 15, 2018	

Registered Owner:	
Principal Amount:	DOLLARS

THE CITY OF SPRING VALLEY VILLAGE, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the “Issuer”), for value received, hereby promises to pay, to the Registered Owner identified above or registered assigns, solely from certain pledged revenues and funds as hereinafter specified and from no other source, on the Maturity Date specified above, upon presentation and surrender of this bond at the principal corporate trust office of the “Paying Agent,” initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas, in any coin or currency of the United States of America, which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, the Principal Amount identified above, and to pay, solely from such pledged revenues and funds, interest thereon at the Interest Rate shown above, calculated on the basis of a 360-day year composed of twelve 30-day months, from the later of the date the bonds are delivered to the initial purchaser thereof or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this bond is payable on each February 15 and August 15 beginning February 15, 2019, until the maturity or prior redemption of this bond or until the Issuer’s obligation with respect to this bond has been satisfied. Interest on this bond shall be payable by check mailed by the Paying Agent to the Registered Owner of record as of the closed business and the last business day of the month next preceding the interest payment date as shown on the books of registration kept by the Paying Agent. Any accrued interest due at maturity or prior redemption shall be paid upon presentation and surrender of this bond at the principal corporate trust office of the Paying Agent in Houston, Texas.

THIS BOND IS ONE OF A DULY AUTHORIZED SERIES OF BONDS (herein the “Bonds”) in the aggregate principal amount of \$2,380,000 issued pursuant to an ordinance adopted by the Governing Body of the Issuer (herein the “Ordinance”) for the purpose of paying for improvements and expansions to the Issuer’s water and wastewater system under and pursuant to the authority of chapter 1502, Texas Government Code, as amended, and all other applicable law.

THIS BOND AND THE SERIES OF BONDS of which it is a part are special obligations of the Issuer that are equally and ratably payable from and secured by a first lien on the “Net Revenues” collected and received by the Issuer from the operation and ownership of the Issuer’s water and wastewater system as defined and provided in the Ordinance, which Net Revenues are required to be set aside for and pledged to the payment of the Bonds and all additional bonds issued on a parity therewith, in the interest and sinking fund and the reserve fund required to be maintained for the payment of all such bonds, all as more fully described and provided for in the Ordinance. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from Net Revenues do not constitute an indebtedness or general obligation of the Issuer. The Issuer has reserved the right to issue additional water and wastewater system Revenue Bonds, subject to the restrictions contained in the Ordinance, which bonds may be secured by a lien on a parity with, or subordinate and inferior to, the lien on the Net Revenues securing this Bond and the series of which it is a part.

THE ISSUER RESERVES THE RIGHT, at its option, to redeem prior to maturity the Bonds maturing on and after August 15, 2029, in whole or in part, in such manner as the Issuer may select, on August 15, 2028, or on any date thereafter, at a price equal to the principal amount to be redeemed, plus accrued interest on the principal amount called for redemption from the most recent interest Payment Date to the redemption date. Optional redemption may be conditioned on issuance of refunding bonds or other obligations to pay the redemption price.

Bonds maturing on August 15, 2029, are subject to mandatory redemption prior to maturity in the principal amounts and on the redemption dates set out below, at a price equal to such principal amounts plus accrued interest from the most recent interest payment date to such redemption dates:

\$2,380,000 Bonds maturing August 15, 2029

Redemption Date <u>(August 15)</u>	Principal <u>Amount</u>
2019	\$
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	

2029
2030
2031
2032
2033
2034
2035
2036
2037
2039 (Stated Maturity)

Such Bonds to be redeemed shall be selected by lot from and among the Bonds of such maturity then subject to redemption. The Issuer, at its option, may credit against any mandatory sinking fund redemption requirement Bonds of the maturity then subject to redemption which have been purchased and canceled by the Issuer or have been redeemed and theretofore applied as a credit against any mandatory sinking fund redemption requirement.

NOT LESS THAN 30 DAYS prior to a redemption date, a notice of redemption will be sent by U.S. Mail, first class postage prepaid, in the name of the Issuer to each registered owner of a Bond to be redeemed in whole or in part at the address of the registered owner appearing on the registration books of the Paying Agent at the close of business on the business day next preceding the date of mailing. When Bonds or portions thereof have been called for redemption and due provision has been made to redeem the same, the amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the Bonds or portions thereof called for redemption shall terminate on the redemption date.

THE PAYING AGENT IS NOT REQUIRED to accept for transfer or exchange any Bond called for redemption in whole or in part during the 45-day period immediately prior to the redemption date; provided, however, that such limitation shall not apply to the transfer or exchange by the Registered Owner of the unredeemed portion of any Bond called for redemption in part.

THE HOLDER OF THIS OBLIGATION IS NOT ENTITLED TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY MONEY RAISED BY TAXATION.

REFERENCE IS HEREBY MADE TO THE ORDINANCE, a copy of which is on file in the office of the Paying Agent, and to all of the provisions of which the Registered Owner of this bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the priority for the application and use of the income and revenues of the System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the liens and pledges securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations, including Additional Bonds; the terms and conditions for amending the Ordinance; the terms and conditions relating to the transfer or exchange of this bond; the rights, duties, and obligations of the Issuer and the Paying Agent; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged

at or prior to the maturity of this bond, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof Capitalized terms used herein, unless otherwise defined, have the same meanings assigned in the Ordinance.

IT IS HEREBY DECLARED AND REPRESENTED that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; that the Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this bond and all of the Bonds by the aforesaid first lien on and pledge of the Net Revenues.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas or (ii) authenticated by the Paying Agent by due execution of the authentication certificate manually endorsed hereon. Such duly executed certificate of authentication shall be conclusive evidence that this bond was delivered by the Paying Agent under the provisions of the Ordinance.

IN WITNESS WHEREOF, the Issuer has in the Ordinance directed this bond to be signed by the Mayor and countersigned by the City Secretary by their printed facsimile signatures.

**CITY OF SPRING VALLEY
VILLAGE, TEXAS**

Mayor

Countersignature:

City Secretary

* * *

FORM OF COMPTROLLER’S REGISTRATION CERTIFICATE

The following form of Comptroller’s Registration Certificate shall be attached or affixed to each of the Bonds initially delivered.

THE STATE OF TEXAS	§	
	§	REGISTER NO. _____
OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this bond and the proceedings for the issuance hereof have been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas and that it is a valid and binding special obligation of the City of Spring Valley Village, Texas, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this bond has this day been registered by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

[SEAL]	_____
	Comptroller of Public Accounts
	of the State of Texas

The following form of Authentication Certificate shall appear on each of the Bonds other than those initially delivered:

AUTHENTICATION CERTIFICATE

Registration Date:

This bond is one of the Bonds described in and delivered pursuant to the within-mentioned Ordinance; and, except for the Bonds initially delivered, this bond has been issued in conversion of and exchange for or replacement of a bond, bonds or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

[_____]
as Paying Agent

By _____
Authorized Signature

Date of Authentication: _____

The following form of Assignment shall appear on each of the Bonds.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee):

.....

(Social Security or other identify number:)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

..... attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Signature guaranteed:

.....

.....
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

ARTICLE V

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Section 5.1. Pledge and Source of Payment. The Issuer hereby covenants and agrees that Gross Revenues of the System shall, as collected and received by the Issuer, be deposited and paid into the special funds hereinafter established, and shall be applied in the manner hereinafter set forth, in order to provide for the payment of all Maintenance and Operation Expenses and to provide for the payment of principal of, interest on and any redemption premiums on the Bonds and all expenses of paying same; and to provide for the disposition of the remaining Net Revenues.

The Bonds shall constitute special obligations of the Issuer that shall be payable from and shall be equally and ratably secured by a first lien on the Net Revenues, as collected and received by the Issuer, on a parity with the lien granted all Parity Bonds, which Net Revenues shall, in the manner herein provided, be set aside for and pledged to the payment of the Bonds in the Interest and Sinking Fund and the Reserve Fund as hereinafter provided, and the Bonds shall be, in all respects, on a parity with and of equal dignity with one another with respect to Net Revenues. The Owners of the Bonds shall never have the right to demand payment of either the principal of, interest on, or any redemption premium on the Bonds out of any funds raised or to be raised by taxation.

Texas Government Code chapter 1208 applies to the issuance of the Bonds and the pledge of the Net Revenues granted hereunder, and such pledge is therefore valid, effective, and perfected. If Texas law is hereafter amended at any time while the Bonds are Outstanding and unpaid so that the pledge of Net Revenues hereunder is subject to the filing requirements of chapter 9, Texas Business & Commerce Code, then in order to preserve to the Holders of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in such pledge to occur.

Section 5.2. Rates and Charges. So long as any Bonds remain Outstanding, the Issuer shall fix, charge and collect rates and charges for the use and services of the System which are calculated to be fully sufficient to produce Net Revenues in each Fiscal Year which, are at least equal to 110% of the principal and interest requirements scheduled to occur in such Fiscal Year on all Parity Bonds then Outstanding plus an amount equal to the sum of all deposits required to be made to the Reserve Fund in such Fiscal Year; but in no event shall Net Revenues ever be less than the amount required to establish and maintain the Interest and Sinking Fund and the Reserve Fund as hereinafter provided, and, to the extent that funds for such purpose are not otherwise available, to pay all other outstanding obligations payable from the Net Revenues of the System, including all amounts owed by the Issuer to a provider of a Surety Policy, if any, as and when the same shall become due.

The Issuer will not grant or permit any free service from the System, except for public

buildings and institutions operated by the Issuer. In addition, the Issuer will not grant or permit any free service from the System permitted by the previous sentence if to do so would violate any condition or covenant to which the Issuer is bound in connection with any federal grant agreement or otherwise.

Section 5.3. Special Funds. The following special funds shall be established, maintained and accounted for as hereinafter provided so long as any of the Bonds remain Outstanding:

- (a) Revenue Fund;
- (b) Interest and Sinking Fund for payment of Parity Bonds; and
- (c) Reserve Fund.

All of such Funds shall be maintained as separate accounts on the books of the Issuer. The Interest and Sinking Fund and the Reserve Fund shall constitute trust funds which shall be held in trust for the Owners of the Bonds and the proceeds of which shall be pledged to the payment of the Bonds. All of the Funds named above shall be used solely as herein provided so long as any Bonds remain Outstanding.

Section 5.4. Flow of Funds. Gross Revenues of the System shall be deposited as collected into the Revenue Fund. Moneys from time to time on deposit to the credit of the Revenue Fund shall be applied in the following manner and in the following order of priority:

- (a) First, to pay Maintenance and Operation Expenses and to provide by encumbrance for the payment of all obligations incurred by the Issuer for Maintenance and Operation Expenses and to establish and maintain an operating reserve equal to one month's estimated Maintenance and Operation Expenses;
- (b) Second, to make all deposits into the Interest and Sinking Fund required by any ordinance authorizing the issuance of Parity Bonds;
- (c) Third, to make all deposits into the Reserve Fund (and any Reserve Subaccounts therein) required by any ordinance authorizing the issuance of Parity Bonds;
- (d) Fourth, to make all deposits, as may be required by any ordinance of the Issuer authorizing the issuance of Subordinate Lien Obligations, as described in *Section 6.2* hereof, in order to provide for the payment of and security for such Subordinate Lien Obligations; and
- (e) Fifth, for any lawful purpose.

Section 5.5. Interest and Sinking Fund. So long as any Bonds remain Outstanding, on or before the last Business Day of each month, after making all required payments and provision for payment of Maintenance and Operation Expenses, there shall be transferred into the Interest and Sinking Fund from the Revenue Fund the following amounts:

(a) Such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the interest scheduled to become due on the Parity Bonds on the next Interest Payment Date; and

(b) Such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the next maturing principal of the Parity Bonds (i.e., the principal amount payable on the next February 15), including the principal amounts of, and any redemption premiums on, any Parity Bonds payable as a result of the operation or exercise of any mandatory or optional redemption provision contained in any ordinance authorizing the issuance of Parity Bonds.

Whenever the total amounts on deposit to the credit of the Interest and Sinking Fund and the Reserve Fund with respect to the Bonds are equivalent to the sum of the aggregate principal amount of all Outstanding Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further payments need be made into the Interest and Sinking Fund or the Reserve Fund with respect to the Bonds, and such Bonds shall not be regarded as being Outstanding except for the purpose of being paid with the moneys on deposit in such Funds.

Moneys deposited to the credit of the Interest and Sinking Fund shall be used solely for the purpose of paying principal of (at maturity or prior redemption or to purchase Parity Obligations in the open market to be credited against mandatory redemption requirements), and interest and redemption premiums on the Parity Bonds, plus all bank charges and other costs and expenses relating to the Parity Bonds.

On or before each date principal becomes due and/or the Interest Payment Date on the Bonds, the Issuer shall transfer from the Special Interest and Sinking Fund Account to the Paying Agent an amount equal to the principal and interest and any redemption premium on the Bonds on such date, together with an amount equal to all bank charges and other costs and expenses relating to such payment. The Paying Agent shall destroy all paid Bonds and provide the Issuer with an appropriate certificate of destruction.

Section 5.6. Reserve Fund. Upon issuance of the Bonds, the Issuer shall deposit from Bond proceeds to the Reserve Fund the amount of the Reserve Fund Requirement, which is determined to be \$_____. If not funded from proceeds of Outstanding Parity Bonds, then on or before the last Business Day of each month so long as any Bonds remain Outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses and after making all required transfers into the Interest and Sinking Fund, there shall be transferred into the Reserve Fund from the Revenue Fund amounts equal to one-sixtieth (1/60th) of the Reserve Fund Requirement on the Outstanding Parity Bonds unless or until there has been accumulated in the Reserve Fund money and investments in an aggregate amount at least equal to the Reserve Fund Requirement on the Outstanding Parity Bonds; provided that additional deposits into the Reserve Fund sufficient to provide for the increased reserve requirements resulting from the issuance of any Additional Bonds shall be made by not later than 60 months from the date of issuance of such Additional Bonds as required by Section 6.1(a) hereof. Such additional deposits into the Reserve Fund in connection with the issuance of any Additional Bonds shall be made each month in amounts equal to one-sixtieth (1/60th) of the Reserve Fund Requirement on the Outstanding Parity Bonds and such Additional Bonds. After

such amount has accumulated in the Reserve Fund and so long thereafter as such Fund contains such amount, no further deposits shall be required to be made into the Reserve Fund, and any excess amounts in the Fund may be transferred to the Revenue Fund; but if and whenever the balance in the Reserve Fund is reduced below such amount, monthly deposits into such Fund shall be resumed and continued in amounts at least equal to one-sixtieth (1/60th) of the Average Annual Principal and Interest Requirements on the Outstanding Parity Bonds until the Reserve Fund has been restored to such amount.

To the extent permitted by law and subject to appropriation of legally available funds, the amount required to be deposited in the Reserve Fund may be satisfied in whole or in part with one or more Reserve Fund Surety Policies. Such Policies may be drawn upon only after all other amounts in the Reserve Fund have been used or applied, In the event that the Reserve Fund contains two or more Reserve Fund Surety Policies, in each instance in which a draw upon the Reserve Fund is necessary, such Policies shall be drawn upon on a pro rata basis. Subsequent to each draw on any Reserve Fund Surety Policy, the first available Net Revenues, after making all required deposits to the Interest and Sinking Fund, shall be used first, on a pro rata basis, to reimburse the providers of such Policies for amounts advanced under the Policies in accordance with the respective agreements with such providers, second to make any other required deposits to the Reserve Fund, and third, to pay to the providers of the Policies, on a pro rata basis, interest on amounts advanced under such Policies. Upon the expiration or termination of any Reserve Fund Surety Policy, the Issuer shall immediately deposit in the Reserve Fund an amount which, together with other amounts on deposit in the Reserve Fund, shall equal the average Annual Principal and Interest Requirements on all Parity Bonds Outstanding on such expiration or termination date.

Monies deposited to the credit of the Reserve Fund shall be used to pay the principal of and interest on the Outstanding Parity Bonds at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose and it may be used finally to pay and retire the last Bonds to mature or be redeemed.

Section 5.7. Deficiencies in Funds. If in any month there shall not be deposited into any Fund maintained pursuant to this Article the full amounts required hereinabove, amounts equivalent to such deficiency shall be set apart and paid into such Fund or Funds from the first available and unallocated moneys in the Revenue Fund, and such payment shall be in addition to the amounts otherwise required to be paid into such Funds during any succeeding month or months. To the extent necessary, the rates and charges for the System shall be increased to make up for any such deficiencies.

Section 5.8. Investment of Funds: Transfer of Investment Income.

(a) Money in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund may, at the option of the Issuer, be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities of the United States of America or as otherwise permitted by state law; provided that all such deposits and investments shall be made in such manner (which may include repurchase

agreements for such investments with any national bank) that the money required to be expended from any Fund will be available at the proper time or times, and provided further that in no event shall such deposits or investments of moneys in the Reserve Fund mature later than the final maturity date of the Bonds. All such investments shall be valued in terms of current market value no less frequently than the last Business Day of the Issuer's Fiscal Year, except that any direct obligations of the United States of America—State and Local Government Series shall be continuously valued at their par value or principal face amount. Any obligation in which money is so invested shall be kept and held in an official depository of the Issuer, except as hereinafter provided. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the Issuer, in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository of the Issuer, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such fund are held by or on behalf of each such fund. If necessary, such investments shall be promptly sold to prevent any default.

(b) All interest and income derived from such deposits and investments shall be credited monthly to the Fund from which such investment was made.

Section 5.9. Security for Uninvested Funds. So long as any Bonds remain Outstanding, all uninvested moneys on deposit in, or credited to, the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund shall be secured by the pledge of security as provided by law for cities in the State of Texas.

ARTICLE VI

ADDITIONAL BONDS

Section 6.1. Additional Bonds. (a) The Issuer reserves the right to issue, for any lawful purpose, including the refunding of any previously issued Parity Bonds or any other bonds or obligations of the Issuer issued in connection with the System or payable from Net Revenues, one or more series of Additional Bonds on a parity with the Parity Bonds then Outstanding, payable from, and secured by first liens on, the Net Revenues of the System; provided, however, that no Additional Bonds may be issued unless:

(i) All Additional Bonds shall mature only on August 15 and interest thereon shall be payable only on February 15 and August 15;

(ii) The Interest and Sinking Fund and the Reserve Fund each contains the amount of money then required to be on deposit therein;

(iii) For either the preceding Fiscal Year or any consecutive 12-month period ending no more than 90 days prior to adoption of such ordinance authorizing such Additional Bonds (the "Base Period") either:

(1) The Net Revenues equal to at least 125% of the Average Annual Principal and Interest Requirements on all Parity Bonds that will be Outstanding after the issuance of the Additional Bonds then proposed to be issued, as certified by the Issuer's chief financial officer or chief accountant, or by an independent certified accountant or firm of certified public accountants; or

(2) The Net Revenues eligible to be deposited into the Interest and Sinking Fund, adjusted to give effect to any rate increase or annexation of territory placed into effect or consummated prior to the adoption of the ordinance authorizing the Additional Bonds to the same extent as if such rate increase or annexation had been placed into effect or consummated prior to the commencement of the Base Period, would have been equal to at least the amount required in paragraph (1) above, as certified by an independent consulting engineer or independent firm of consulting engineers;

provided, however, that the requirement in subsection (iii) shall not apply to the issuance of any series of Additional Bonds for refunding purposes that will not have the result of increasing the Average Annual Principal and Interest Requirements on the Parity Bonds; and

(iv) Provision is made in the ordinance authorizing the Additional Bonds then proposed to be issued for (1) additional payments into the Interest and Sinking Fund sufficient to provide for the payment of the increased principal of and interest on the Parity Bonds resulting from the issuance of such Additional Bonds, and (2) additional payments into the Reserve Fund sufficient to provide for the accumulation therein of the increased reserve requirement resulting from the issuance of such Additional Bonds, by no later than 60 months from the date of issuance of such Additional Bonds.

Section 6.2. Subordinate Lien Obligations. The Issuer reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the liens on Net Revenues securing payment of the Bonds. Such Subordinate Lien Obligations may be further secured by any other source of payment lawfully available for such purposes.

Deposits may be made pursuant to Section 5.4(d) of this Ordinance into such funds as may be created and maintained for the payment of and security for Subordinate Lien Obligations described in this Section (including a reserve fund not to exceed the average annual principal and interest requirements on such Subordinate Lien Obligations and any provisions for curing deficiencies in such funds), but only to the extent that the aggregate outstanding principal amount of such Subordinate Lien Obligations does not exceed 50% of the aggregate principal amount of Bonds and Subordinate Lien Obligations Outstanding on the date of such calculation.

Section 6.3. Special Project Bonds. The Issuer reserves the right to issue revenue bonds secured by liens on and pledges of revenues and proceeds derived from Special Projects.

ARTICLE VII

COVENANTS AND PROVISIONS RELATING TO BONDS

Section 7.1. Punctual Payment of Bonds. The Issuer covenants that it will punctually pay or cause to be paid the principal of and interest on all Bonds according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in any other ordinance authorizing the issuance of Bonds.

Section 7.2. Power to Own and Operate System: Ratemaking Power. The Issuer covenants that it has all necessary power and authority to own and operate the System as herein described and provided and that it possesses, and shall exercise, all necessary power and authority to establish, fix, increase, impose and collect rates and charges for the use and services of the System in the amounts required to comply with the covenants and provisions contained herein.

Section 7.3. Maintenance of System. So long as any Bonds remain Outstanding, the Issuer covenants that it will at all times maintain the System, or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. In operating and maintaining the System, the Issuer will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative or judicial body promulgating same, noncompliance with which would materially and adversely affect the operation of the System.

Section 7.4. Sale or Encumbrance of System. So long as any Bonds remain Outstanding, the Issuer covenants that it will not sell, dispose of or, except as permitted in Article VI, further encumber the System; provided, however, that this provision shall not prevent the Issuer from disposing of any portion of the System which is being replaced or is deemed by the Issuer to be obsolete, worn out, surplus or no longer needed for the proper operation of the System. Net proceeds from any such disposition may be deposited in the Revenue Fund and, notwithstanding any other provision contained herein, shall be used only for System purposes. Any agreement pursuant to which the Issuer contracts with a person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

Section 7.5. Insurance. The Issuer covenants that it will keep the System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by political subdivisions of the State of Texas operating similar properties, to the extent that such insurance is available. All net proceeds of such insurance shall be applied to repair or replace the insured property that is damaged or destroyed, or shall be deposited in the Revenue Fund, or shall be used to redeem Outstanding Bonds. The cost of all such insurance, together with any additional insurance, shall be a part of the Maintenance and Operation Expenses.

Section 7.6. Accounts, Records and Audits. So long as any Bonds remain Outstanding, the Issuer covenants that it will maintain a proper and complete system of records and accounts pertaining to the operation of the System in which full, true and proper entries will be made of all dealings, transactions, business and affairs which in any way affect or pertain to the System or the Gross Revenues or the Net Revenues thereof. The Issuer shall after the close of each Fiscal Year prepare financial statements of the System, and have those financial statements audited by an independent certified public accountant or independent firm of certified public accountants. After the audit, the Issuer shall furnish a copy of these audited financial statements, together with the independent certified public accountant's report thereon, without cost, to the Municipal Advisory Council of Texas, the major municipal rating agencies, and any Owners of Bonds who shall request the same. All expenses incurred in preparing such audits shall be Maintenance and Operation Expenses.

Section 7.7. Competition. To the extent it legally may, the Issuer covenants that it will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System and will prohibit the operation of any such competing facilities to the extent that such competing facilities would impair the Issuer's ability to pay principal of or interest on the Bonds.

Section 7.8. Pledge and Encumbrance of Net Revenues. The Issuer covenants that it has the lawful power to create a lien on and to pledge the Net Revenues to secure the payment of the Bonds, and has lawfully exercised such power under the Constitution and laws of the State of Texas. The Issuer further covenants that, other than to the payment of the Bonds, the Net Revenues are not and will not be made subject to any other lien, pledge or encumbrance to secure the payment of any debt or obligation of the Issuer, unless such lien, pledge or encumbrance is junior and subordinate to the lien and pledge securing payment of the Bonds. The Issuer covenants to take all such actions as may be necessary or required from time to time under Texas law to preserve or perfect the priority of the first lien on Net Revenues created in this section.

Section 7.9. Bondholders Rights and Remedies. This Ordinance shall constitute a contract between the Issuer and the Owners of the Bonds from time to time Outstanding and this Ordinance shall be and remain irrevocable until the Bonds and the interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided herein. In the event of a default in the payment of the principal of or interest on any of the Bonds or a default in the performance of any duty or covenant provided by law or in this Ordinance, the Owner or Owners of any of the Bonds may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the Issuer to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any Owner of any of the Bonds may at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required to be performed by the Issuer under this Ordinance, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of the revenues thereof into the special funds herein provided, and the application of such revenues in the manner required in this Ordinance.

Section 7.10. Defeasance. Any Bond is deemed paid and is no longer considered to be a Bond within the meaning of this Ordinance when payment of the principal of and interest on such Bond to the Stated Maturity thereof or (if notice of redemption has been duly given, irrevocably provided for, or waived as provided herein) to the Redemption Date has been made or has been provided for by deposit with the Paying Agent for such payment (or with any other bank or trust company which has agreed to hold the same for such purpose) (1) money sufficient to make such payment, (2) Governmental Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Governmental Obligations together so certified sufficient to make such payment, provided that all the expenses pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Paying Agent (and to such other bank or trust company). The City reserves the right, subject to satisfying the requirements of (1) through 3 above, to substitute other Governmental Obligations for the Governmental Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Issuer moneys in excess of the amount required for such defeasance.

If such deposit is made with respect to some but not all of the Bonds then Outstanding, the Issuer shall designate the Stated Maturities of Bonds with respect to which such deposit is made. If such deposit is sufficient to provide for the payment of the principal of and interest on some but not all Outstanding Bonds of a particular Stated Maturity so designated, the Paying Agent shall select the Outstanding Bonds of such Stated Maturity with respect to which such deposit is made by such random method as the Paying Agent deems fair and appropriate and which may provide for the selection of portions (equal to and leaving unredeemed an authorized denomination) of Bonds a denomination larger than \$5,000.

Notwithstanding anything herein to the contrary, no such deposit has the effect described in this Section (a) if made during the subsistence of a default in the payment of any Bond unless made with respect to all of the Bonds then Outstanding or (b) unless accompanied by an opinion of counsel of recognized standing in the field of federal income taxation to the effect that neither such deposit nor the investment thereof adversely affects the excludability of interest on any Bond from the gross income of any owner thereof for federal income tax purposes.

The Paying Agent (or other bank or trust company) with which a deposit is made of money and Governmental Obligations for such purpose shall hold the deposit in a segregated account in trust or escrow for the Registered Owners of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, the deposit may be disbursed solely to pay the principal of and interest on such Bonds when due, except that cash receipts may be withdrawn and paid to the Issuer provided the date and amount of such withdrawals are taken into account in the most recent verification of the accounting firm referred to in this Section. No money or Governmental Obligations so deposited may be invested or reinvested unless in Governmental Obligations and unless such money and Governmental Obligations not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of

either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment.

At such times as a Bond is deemed to be paid hereunder, as aforesaid, it is no longer entitled to the benefits of this Ordinance, except for the purposes of any such payment from such money or Governmental Obligations and for the provisions of *Sections 3.7* and *3.10* and for the continuing compliance of the Issuer with the provisions of *Section 9.4*.

The Issuer reserves the option, to be exercised at the time of the defeasance of the Bond, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the Issuer (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 7.11. Legal Holidays. In any case where the payment date of principal of or interest on the Bonds or the redemption date of any Bonds shall not be a Business Day, then payment of principal or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the payment date or the redemption date and no interest shall accrue for the period from the payment date or redemption date to the date of actual payment.

Section 7.12. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the Issuer or the Paying Agent for the Bonds shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof

Section 7.13. No Recourse Against Issuer Officials. No recourse shall be had for the payment of principal of or interest on any Bonds or for any claim based thereon or on this Ordinance against any official of the Issuer or any person executing any Bonds.

Section 7.14. Amendment to Ordinance. The Issuer may, without the consent of Owners of any Bonds, make any amendment to this ordinance which, in the opinion of the Issuer, is not determined to adversely affect the Owners of any Bond, including the curing of any ambiguity, inconsistencies, incongruity or formal defect or omission. The Issuer may, with the consent of Owners holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of Outstanding Bonds, no such amendment, addition or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Parity

Bond over any other Parity Bond, or (3) reduce the aggregate principal amount of Parity Bonds required to be held by Owners for consent to any such amendment, addition or rescission.

ARTICLE VIII

CONCERNING THE PAYING AGENT

Section 8.1. Acceptance. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as the initial Paying Agent for the Bonds. Such initial Paying Agent and any successor Paying Agent, by undertaking the performance of the duties of the Paying Agent hereunder, and in consideration of the payment of fees and/or deposits of money pursuant to this Ordinance, shall be deemed to accept and agree to abide by the terms of this Ordinance.

Section 8.2. Fiduciary Account. All money transferred to the Paying Agent under this Ordinance (except sums representing Paying Agent's fees) shall be (i) held in a fiduciary account for the benefit of the Issuer, (ii) the property of the Issuer, and (iii) disbursed in accordance with this Ordinance.

Section 8.3. Bonds Presented: Unclaimed Funds. Subject to the provisions of Section 8.4, all matured Bonds presented to the Paying Agent for payment shall be paid without the necessity of further instructions from the Issuer. Such Bonds shall be canceled as provided herein.

Funds held by the Paying Agent that represent principal of and interest on the Bonds remaining unclaimed by any Registered Owner after the expiration of three years from the date such funds have become due and payable (a) shall be reported and disposed of by the Paying Agent in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent such provisions are applicable to such funds, or (b) to the extent such provisions do not apply to the funds, shall be paid by the Paying Agent to the Issuer upon receipt by the Paying Agent of a written request therefor from the Issuer.

The Paying Agent shall have no liability to the Owners of the Bonds by virtue of actions taken in compliance with this Section.

Section 8.4. Paying Agent May Own Bonds. The Paying Agent in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent.

Section 8.5. Successor Paying Agents. The Issuer reserves the right to replace the Paying Agent. The Issuer covenants to maintain and provide a Paying Agent at all time that is a commercial bank or trust company organized under the laws of the United States or any state that is duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent for the Bonds. Upon any change in the Paying Agent for the Bonds, the Issuer will promptly cause a written notice of the change to be sent to each registered owner of the Bonds by United States mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent.

The Issuer reserves the right to change the Paying Agent for the Bonds on not less than 60 days' written notice to the Paying Agent, as long as any such notice is effective not less than 60 days prior to the next succeeding principal or Interest Payment Date for the Bonds. Promptly upon the appointment of any successor Paying Agent, the previous Paying Agent shall deliver the Register or a copy thereof to the new Paying Agent and the new Paying Agent shall notify each Registered Owner, by first-class mail, postage prepaid, of such change and of the address of the new Paying Agent. Each Paying Agent hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Ordinance.

ARTICLE IX

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF BONDS

Section 9.1. Sale of Bonds; Execution of Purchase Agreement; Offering Documents; Insurance; Ratings. The sale of the Bonds to the Texas Water Development Board (the "*Purchaser*"), having all the rights, benefits, and obligations of a Holder), at the price of par is hereby approved and confirmed in accordance with the terms and conditions set forth in the Private Placement Bid Sheet and Bid Form, which terms and conditions are hereby found and determined to be the most advantageous reasonably obtainable by the Issuer and in its best interest. The Mayor and the Mayor Pro Tem of the Governing Body, or either of them, are hereby authorized and instructed to execute and accept the Investor Letter as the act and deed of the Governing Body.

The Issuer confirms the offering of the Bonds as a private offering, and confirms the engagement of Coastal Securities, Inc., as placement agent for the Bonds.

Section 9.2. Approval, Registration and Delivery. The Mayor of the Issuer is authorized and directed to execute and the Secretary of the Issuer to attest the Initial Bond in the name of the initial purchaser. The Mayor and the Issuer Secretary (or the Acting Secretary) are also hereby authorized to have control and custody of the Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor, the Issuer Secretary (or the Acting Secretary), the Issuer Administrator and other officers and employees of the Issuer are hereby authorized, directed and instructed to make such certifications and to execute such instruments (including by printed facsimile signature, the Bonds) as may be necessary to accomplish the delivery of the Bonds and to assure the investigation, examination and approval thereof by the Attorney General of Texas and the registration of the initial Bonds by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of Public Accounts of the State of Texas (or a deputy designated in writing to act for him) shall be requested to sign manually the registration certificate prescribed herein to be attached or affixed to each Bond initially delivered and the seal of the Comptroller of Public Accounts of the State of Texas shall be impressed or printed or lithographed thereon. If requested by the Attorney General or its representatives, or if otherwise deemed necessary to properly evidence the intent of the Issuer in the adoption of this Ordinance, the Mayor or Mayor Pro Tem of the Governing Body may make such ministerial changes in the written text of this Ordinance, which determination shall be final.

Section 9.3. Application of Proceeds of the Bonds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the Issuer, be applied as follows as designated in the Closing Memorandum of the Issuer's financial advisor, or as otherwise approve by the City Administration or Governing Body:

(a) Accrued interest and premium, if any, shall be deposited into the Interest and Sinking Fund.

(b) A portion of the proceeds shall be applied to pay expenses arising in connection with the Bonds.

(c) A portion of the proceeds shall be deposited into the Reserve Fund, if necessary.

(d) Any proceeds from the sale of the Bonds remaining after making all of the foregoing deposits and payments shall be deposited into a construction fund and used to improve and expand the System.

Section 9.4. Covenants to Maintain Tax-Exempt Status.

(a) *Definitions.* When used in this Section, the following terms have the following meanings:

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) *Not to Cause Interest to Become Taxable.* The Issuer shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Issuer receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Issuer shall comply with each of the specific covenants in this Section.

(c) *No Private Use or Private Payments.* Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds other than taxes of general application within the Issuer or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) *No Private Loan.* Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax

purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) *Not to Invest at Higher Yield.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) *Not Federally Guaranteed.* Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the Issuer shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) *Information Report.* The Issuer shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) *No Rebate Required.* The Issuer warrants and represents that it satisfies the requirements of paragraph (2) and (3) of section 148(f) of the code with respect to the Bonds without making the payments for the United States described in such section. Specifically, the Issuer warrants and represents that:

- (1) the Issuer is a governmental unit with general taxing powers;
- (2) at least 95% of the net proceeds of the Bonds will be used for the local governmental activities of the Issuer;
- (3) the aggregate face amount of all tax exempt obligations issued or expected to be issued by the Issuer (and all subordinate entities thereof) in the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000.

Provided, however, should additional tax-exempt obligations be issued or incurred, including lease purchase financings, in the 2018 calendar year which would cause the total face amount of tax-exempt obligations issued and incurred in such calendar year to exceed \$5,000,000, the Issuer agrees and covenants that it will maintain complete records regarding the investments of the proceeds of sale of the Bonds and rebate any "arbitrage profits" to the United States as required by Section 148(f) of the Code.

(i) *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss

than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) *Elections.* The Issuer hereby directs and authorizes the Mayor and City Administrator, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

Section 9.5. Paying Agent Agreement. The registration of and payment of the principal of, premium, if any, and interest on the Bonds when due shall be effectuated pursuant to the terms of a Paying Agent Agreement to be entered into by and between the Issuer and the Paying Agent, which shall be substantially in the form presented on this date to the Governing Body, the terms and provisions of which are hereby approved, and the Mayor is hereby authorized to execute and deliver such Paying Agent Agreement on behalf of the Issuer in multiple counterparts and the Issuer Secretary (or the Acting Secretary) is hereby authorized to attest thereto and affix the Issuer's seal.

Section 9.6. Bond Counsel. Bond Counsel services in connection with the issuance of the Bonds shall be provided pursuant to the terms of an Engagement Letter to be entered into by and between the Issuer and Norton Rose Fulbright US LLP, Houston Texas ("Bond Counsel"), which shall be substantially in the form presented on this date to the Governing Body, the terms and provisions of which are hereby approved, and the Mayor is authorized to execute and deliver such Engagement Letter on behalf of the Issuer in multiple counterparts and the Issuer Secretary (or the Acting Secretary) is authorized to attest thereto and affix the Issuer's seal.

Section 9.7. Related Matters. In order that the Issuer shall satisfy, in a timely manner, all of its obligations under the Ordinance, the Mayor, the Issuer Secretary (or the Acting Secretary), and other appropriate officers and agents of the Issuer are hereby authorized and directed to take all other actions that are reasonably necessary to provide for issuance and delivery of the Bonds, including executing by manual or facsimile signature and delivering on behalf of the Issuer all certificates, consents, receipts, requests, notices, investment agreements and other documents as may be reasonably necessary to satisfy the Issuer's obligations under the Ordinance and to direct the transfer and application of funds of the Issuer consistent with the provisions of the Ordinance. If requested by the Attorney General of Texas or his representatives, the Mayor may authorize such

- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the Bonds; and
- (k) Rating changes.

ARTICLE X

CONTINUING DISCLOSURE UNDERTAKING

Section 10.1. Not Applicable. The Bonds are privately placed, and are not subject to the Continuing Disclosure requirements of Security and Exchange Commission Rule 15c-2(12).

ARTICLE XI

MISCELLANEOUS

Section 11.1. Bond Insurance. In order to obtain the lowest attainable interest rates on the Bonds, the Governing Body has purchased municipal bond insurance (the “Bond Insurance”) from Financial Security Assurance, Inc. The Governing Body has also purchased municipal bond debt service reserve fund policy insurance (“Reserve Fund Policy”) in an amount equal to the debt reserve fund requirement. In consideration of the issuance of the Bond Insurance and the Reserve Fund Policy, the agreements and covenants of the City in favor of the Bond Insurer substantially in the forms set forth herein are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to satisfy the conditions set forth in the commitments of the Bond Insurer to issue the Bond Insurance and Reserve Fund Policy.

Section 11.2. Further Proceeding. The Mayor of the Issuer, the City Secretary (or the Acting Secretary) and other appropriate officials of the Issuer are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

Section 11.3. Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 11.4. Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Governing Body at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the Issuer for the time required by law preceding this meeting, as required by the Open Meetings Act, chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The Governing Body further ratifies, approves and confirms such written notice and the contents and posting thereof

Section 11.5. Declaration of Emergency. It is hereby officially found and determined that a case of emergency affecting life, health, property and the public peace exists which requires the holding of the meeting at which this Ordinance is passed and further requires that this Ordinance be passed finally and take effect immediately on the date of its introduction, such emergency and urgent public necessity being that the proceeds from the sale of the Bonds are required as soon as possible and without delay for the purposes set forth herein.

Section 11.6. Repealer. All ordinances, or parts thereof inconsistent herewith, are hereby repealed to the extent of such inconsistency.

[The remainder of this page is intentionally left blank.]

PASSED AND ADOPTED on _____, 2018.

/s/ Tom Ramsey
Mayor, City of Spring Valley Village, Texas

ATTEST:

/s/ Roxanne Benitez
City Secretary, City of Spring Valley Village, Texas

PRIVATE PLACEMENT MEMORANDUM DATED [NOVEMBER 1, 2018]

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Bonds (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

\$2,380,000
CITY OF SPRING VALLEY VILLAGE, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2018 (the "Bonds")

Dated: [November 1, 2018]

Due: August 15

Interest Date	Interest on the Bonds will be payable on February 15 and August 15 each year, commencing February 15, 2019 (each an "Interest Payment Date"). The Bonds will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."
Record Date	The close of business on the fifteenth calendar day of the month immediately preceding such interest payment date.
Date Interest Accrues:	Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rates set forth on page (i), such interest payable semiannually on February 15 and August 15 of each year until the earliest of maturity or prior redemption, commencing on February 15, 2019.
Redemption:	The Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS - Redemption Provisions" herein.
Authorized Denominations:	The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.
Paying Agent/Registrar/Registrar:	The paying agent ("Paying Agent/Registrar/Registrar") for the Bonds is Bank of New York Mellon Trust Company N.A., Houston, Texas.
Book-Entry-Only System:	Upon initial issuance, the ownership of the Bonds will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Bonds will be made. The purchasers of the Bonds will not receive physical delivery of bond certificates. Principal of, interest, and premium, if any, on the Bonds will be payable at the designated office of the Paying Agent/Registrar in Houston, Texas as the same become due and payable.
Issuer:	City of Spring Valley Village, Texas (the "City")
Official Action:	Ordinance passed by the City Council dated [_____, 2018]
Purpose:	See "APPENDIX B – OFFICIAL ACTION."
Security for the Bonds:	See "APPENDIX B – OFFICIAL ACTION."
Ratings:	See "Other Information – Ratings."
Delivery Date:	[November 15, 2018]

**See "Appendix A – Maturity Schedule" for Principal Amounts,
Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers**

CITY OF SPRING VALLEY VILLAGE, TEXAS

Elected Officials

<u>City Council</u>	<u>Position</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Tom S. Ramsey	Mayor	6 years	2020	Development Officer SWBTS
Allen Carpenter	Council Member	10 years	2020	IT Manager
Tom Donaho	Council Member	1 year	2019	Attorney
Marcus Vajdos	Council Member	7 years	2019	Accountant
David Dominy	Council Member	< 1 year	2019	Real Estate
Joy McCormack	Council Member	< 1 year	2020	Jedhi LLC Manager

Selected Administrative Staff

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Years of Experience</u>
Julie Robinson	City Administrator	1 year	23 years
Roxanne Benitez	City Secretary	4 years	18 years
Michelle Yi	City Treasurer	6 years	16 years
Loyd R. Evans	Chief of Police	14 years	2 years ⁽¹⁾
Arthur Faiello	Public Works Director	< 1 year	20 years

(1) Overall law enforcement experience of more than 20 years.

Consultants, Advisors and Independent Auditors

Norton Rose Fulbright US LLP.....	Bond Counsel
Masterson Advisors LLC	Financial Advisor
Bank of New York Mellon Trust Company N.A.....	Paying Agent/Registrar
Belt Harris Pechacek, LLLP.....	Independent Auditor

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Private Placement Memorandum relating to

\$2,380,000

**CITY OF SPRING VALLEY VILLAGE, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2018 (the “Bonds”)**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Bonds” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Bonds. APPENDIX B contains a copy of the City’s Ordinance authorizing the Bonds (the “Official Action”), including a description of the purpose for the proceeds of the Bonds. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Bonds. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE BONDS

General Description

The Bonds are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Bonds is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal and the redemption price with respect to the Bonds will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Authority for Issuance

The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, Article XIII Section 1 of the City’s Home Rule Charter, and an ordinance passed by the City Council.

Security for the Bonds

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Redemption Provisions

On August 15, 2028, or on any date thereafter, the Bonds maturing on and after August 15, 2029 may be redeemed prior to their scheduled maturities in inverse order of maturity, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Bonds to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Bonds substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer’s expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Bonds have placed reliance on forward-looking statements. All forward-looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer’s actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Bonds for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Bonds to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Bonds.

The Issuer

There is no litigation, proceeding, inquiry or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Bonds, the security for, or the validity of, the Bonds or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

The City became obligated to file annual reports and timely notice of specified material events with the Municipal Securities Rulemaking Board ("MSRB") in an offering that took place in 2015. Due to an administrative oversight, certain material events, financial information and audited financial statements were not timely filed with the MSRB for fiscal year ending 2015 and 2016. All information has since been filed including a notice of late filing. The City has implemented procedures to ensure timely filing of all future financial information.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Bonds and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A

MATURITY SCHEDULE

(August 1) Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP ⁽¹⁾
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				

(Interest to accrue from date of initial delivery)

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City, the Financial Advisor, nor the Purchasers are responsible for the selection or correctness of the CUSIP numbers set forth herein.

APPENDIX B

**FORM OF OFFICIAL ACTION
[ATTACH COPY OF OFFICIAL ACTION]**

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Project Location

County: Harris

Primary: Y

Can you locate your project to a specific address?: Y

Project Address: 1025 Campbell Road

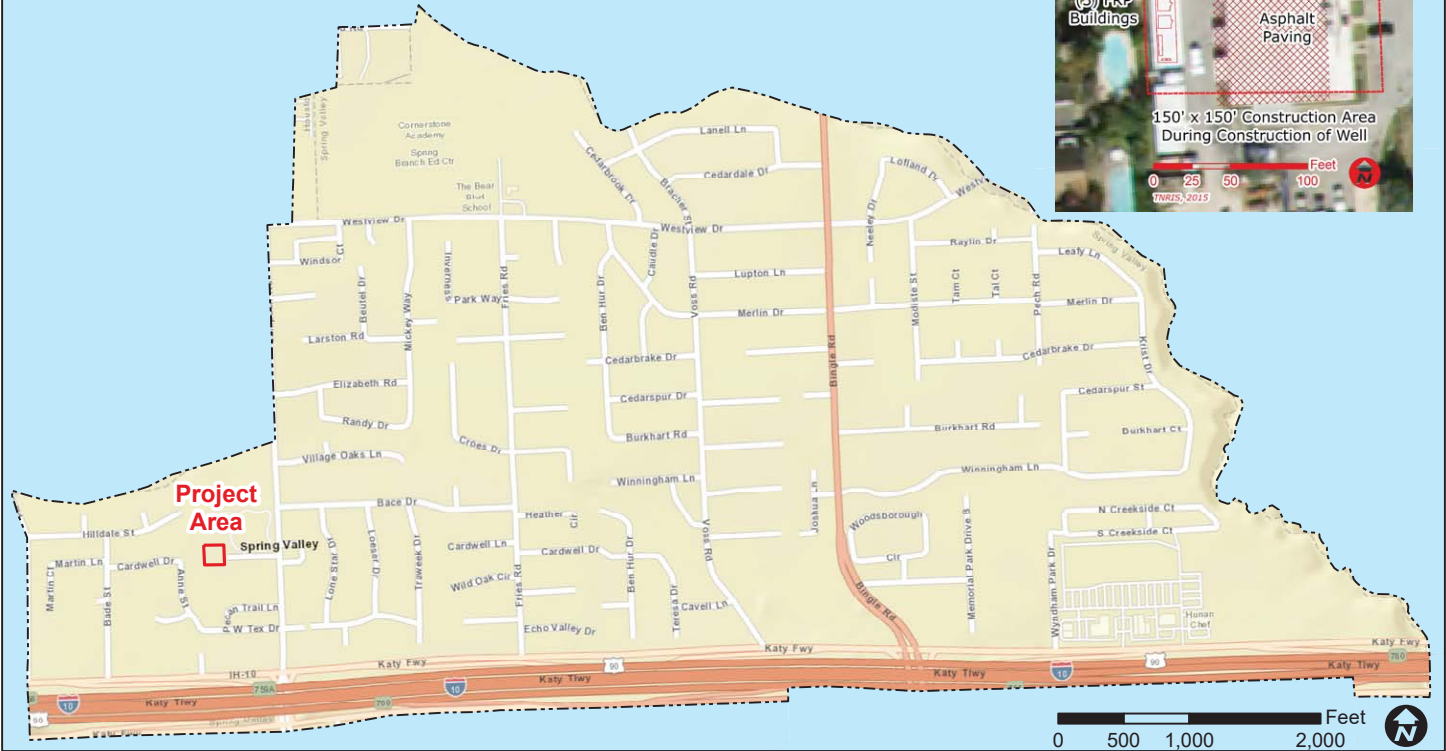
Project City: Houston

Project State: TX

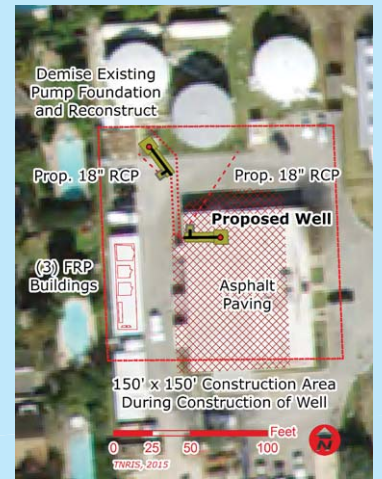
Project ZIP: 77055-7407



City of Spring Valley City Limits / Service Area



Project Area - Major Components



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Project Schedule

- a) Requested loan closing date: 10-31-2018
- b) Estimated date to submit environmental planning documents.: 07-03-2017
- c) Estimated date to submit engineering planning documents.: 07-03-2017
- d) Estimated date for completion of design.: 07-03-2017
- e) Estimated Construction start date for first contract.: 12-12-2018
- f) Estimated Construction end date for last contract: 12-31-2019



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Spring Valley Village city, Texas

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Description	Measure	Source
Population		
Census 2010 Total Population	3,715	2010 Demographic Profile
2017 Population Estimate (as of July 1, 2017)	N/A	2017 Population Estimates
2016 ACS 5-Year Population Estimate	4,098	2012-2016 American Community Survey 5-Year Estimates
Median Age	42.8	2012-2016 American Community Survey 5-Year Estimates
Number of Companies	699	2012 Survey of Business Owners
Educational Attainment: Percent high school graduate or higher	97.5%	2012-2016 American Community Survey 5-Year Estimates
Count of Governments	N/A	2012 Census of Governments
Total housing units	1,513	2012-2016 American Community Survey 5-Year Estimates
Median Household Income	173,966	2012-2016 American Community Survey 5-Year Estimates
Foreign Born Population	331	2012-2016 American Community Survey 5-Year Estimates
Individuals below poverty level	3.0%	2012-2016 American Community Survey 5-Year Estimates
Race and Hispanic Origin		
White alone	3,740	2012-2016 American Community Survey 5-Year Estimates
Black or African American alone	0	2012-2016 American Community Survey 5-Year Estimates
American Indian and Alaska Native alone	11	2012-2016 American Community Survey 5-Year Estimates
Asian alone	293	2012-2016 American Community Survey 5-Year Estimates
Native Hawaiian and Other Pacific Islander alone	0	2012-2016 American Community Survey 5-Year Estimates
Some Other Race alone	9	2012-2016 American Community Survey 5-Year Estimates
Two or More Races	45	2012-2016 American Community Survey 5-Year Estimates
Hispanic or Latino (of any race)	298	2012-2016 American Community Survey 5-Year Estimates
White alone, Not Hispanic or Latino	3,451	2012-2016 American Community Survey 5-Year Estimates
Veterans	127	2012-2016 American Community Survey 5-Year Estimates

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Water User Group (WUG) Population

REGION H	WUG POPULATION					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
HEDWIG VILLAGE	2,580	2,771	2,975	3,194	3,429	3,683
HILSHIRE VILLAGE	749	791	857	951	1,051	1,160
HOUSTON	2,064,279	2,220,602	2,374,857	2,528,947	2,686,749	2,851,123
HUMBLE	17,243	20,928	23,603	25,590	27,068	28,170
HUNTERS CREEK VILLAGE	4,461	4,817	5,202	5,619	6,068	6,553
JACINTO CITY	10,603	10,908	11,224	11,546	11,879	12,222
JERSEY VILLAGE	7,723	7,790	7,936	8,096	8,272	8,465
KATY	13,337	14,032	14,556	15,018	15,438	15,830
KINGS MANOR MUD	895	906	926	940	951	959
LA PORTE	2,225	2,289	2,350	2,411	2,474	2,538
LONGHORN TOWN UD	1,273	1,292	1,302	1,309	1,315	1,319
MASON CREEK UD	6,610	6,610	6,610	6,610	6,610	6,610
MISSOURI CITY	5,650	6,439	7,082	7,773	8,529	9,352
MOUNT HOUSTON ROAD MUD	5,017	6,179	7,015	7,637	8,101	8,442
NEWPORT MUD	8,780	9,074	9,302	9,531	9,759	9,988
NORTH BELT UD	1,788	1,799	1,846	1,897	1,952	2,011
NORTH CHANNEL WATER AUTHORITY	82,326	84,755	86,983	89,193	91,387	93,192
NORTH FORT BEND WATER AUTHORITY	8,697	8,748	8,790	8,831	8,873	8,914
NORTH GREEN MUD	4,072	4,127	4,181	4,241	4,300	4,355
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY	731,265	780,933	821,599	856,170	886,651	914,489
NORTHWEST PARK MUD	16,782	17,493	18,300	19,114	19,950	20,824
PARKWAY UD	5,970	6,282	6,328	6,375	6,421	6,468
PASADENA	118,765	122,380	125,922	129,514	133,172	136,947
PINEY POINT VILLAGE	3,178	3,495	3,847	4,234	4,659	5,127
SOUTH HOUSTON	16,983	17,562	18,161	18,782	19,425	20,088
SOUTHSIDE PLACE	1,734	1,865	2,007	2,159	2,323	2,500
SPRING VALLEY	3,870	4,202	4,541	4,885	5,258	5,660
STAFFORD	310	333	342	351	361	372
SUNBELT FWS	16,510	17,366	18,196	19,148	20,247	21,453
THE COMMONS WATER SUPPLY INC	2,981	3,143	3,273	3,370	3,442	3,494
THE WOODLANDS	16,144	17,484	19,174	20,436	21,378	22,083
TOMBALL	12,742	13,457	14,110	14,677	15,182	15,644
TRAIL OF THE LAKES MUD	9,058	9,453	9,578	9,671	9,740	9,791
WALLER	478	492	513	540	574	617
WEST HARRIS COUNTY MUD #6	2,428	2,628	2,750	2,841	2,909	2,959
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	555,456	583,011	623,082	663,886	678,007	690,322
WEST UNIVERSITY PLACE	14,972	16,123	17,377	18,728	20,185	21,758
WINDFERN FOREST UD	4,288	4,302	4,311	4,317	4,321	4,324
WOODCREEK MUD	2,340	2,354	2,375	2,396	2,420	2,445
COUNTY-OTHER	203,802	242,564	256,997	263,780	291,987	318,695
SAN JACINTO BASIN TOTAL POPULATION	4,259,704	4,570,209	4,849,941	5,115,114	5,373,633	5,632,338

Water User Group (WUG) Demand

REGION H	WUG DEMAND (ACRE-FEET PER YEAR)					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
PARKWAY UD	520	528	520	516	518	521
PASADENA	17,555	17,564	17,650	17,920	18,378	18,893
PINEY POINT VILLAGE	1,743	1,898	2,073	2,277	2,504	2,754
SOUTH HOUSTON	1,945	1,932	1,933	1,963	2,023	2,091
SOUTHSIDE PLACE	263	274	288	306	329	353
SPRING VALLEY	1,048	1,117	1,191	1,272	1,368	1,472
STAFFORD	74	79	80	82	84	86
SUNBELT FWS	1,693	1,692	1,701	1,760	1,854	1,963
THE COMMONS WATER SUPPLY INC	359	373	385	394	401	407
THE WOODLANDS	3,873	4,150	4,520	4,800	5,014	5,177
TOMBALL	3,210	3,345	3,474	3,595	3,714	3,826
TRAIL OF THE LAKES MUD	1,043	1,066	1,066	1,068	1,073	1,078
WALLER	84	84	87	90	96	103
WEST HARRIS COUNTY MUD #6	327	344	352	360	368	374
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	71,086	73,202	77,277	81,779	83,359	84,827
WEST UNIVERSITY PLACE	2,885	3,029	3,202	3,416	3,674	3,959
WINDFERN FOREST UD	843	830	819	813	812	812
WOODCREEK MUD	288	282	277	276	278	281
COUNTY-OTHER	28,262	32,569	33,868	34,433	38,021	41,470
MANUFACTURING	246,361	260,546	273,111	282,515	277,795	273,154
MINING	2,913	2,894	2,843	2,812	2,787	2,768
STEAM ELECTRIC POWER	22,378	26,163	30,776	36,400	43,255	51,401
LIVESTOCK	1,517	1,517	1,517	1,517	1,517	1,517
IRRIGATION	6,531	6,531	6,531	6,531	6,531	6,531
SAN JACINTO BASIN TOTAL DEMAND	1,027,065	1,082,551	1,136,351	1,190,827	1,236,625	1,285,390
SAN JACINTO-BRAZOS BASIN						
CLEAR BROOK CITY MUD	1,649	1,683	1,772	1,861	1,957	2,052
DEER PARK	2,939	3,002	3,079	3,172	3,289	3,407
EL LAGO	322	310	301	302	302	303
FRIENDSWOOD	2,100	2,477	2,724	2,990	3,261	3,565
HARRIS COUNTY MUD #55	1,442	1,461	1,480	1,537	1,666	1,825
HOUSTON	27,847	31,082	34,261	37,739	41,642	46,086
KIRKMONT MUD	378	401	425	453	489	528
LA PORTE	4,497	4,404	4,348	4,340	4,381	4,432
LEAGUE CITY	389	430	456	476	491	503
NASSAU BAY	1,065	1,060	1,057	1,065	1,077	1,091
PASADENA	5,274	5,234	5,214	5,249	5,342	5,450
PEARLAND	2,028	2,467	2,937	3,285	3,546	3,742
SAGEMEADOW UD	727	745	780	825	879	937
SEABROOK	1,857	1,842	1,839	1,852	1,880	1,913
SHOREACRES	332	327	327	328	333	337
TAYLOR LAKE VILLAGE	657	651	643	642	647	653
WEBSTER	3,860	4,104	4,305	4,466	4,601	4,711
COUNTY-OTHER	1,966	2,306	2,564	2,803	3,069	3,341
MANUFACTURING	84,953	89,844	94,176	97,418	95,791	94,192
MINING	196	195	192	190	188	187
STEAM ELECTRIC POWER	1,178	1,377	1,620	1,916	2,277	2,705

Water User Group (WUG) Existing Water Supply

REGION H	SOURCE REGION | SOURCE NAME	EXISTING SUPPLY (ACRE-FEET PER YEAR)					
		2020	2030	2040	2050	2060	2070
HARRIS COUNTY							
SAN JACINTO BASIN							
LONGHORN TOWN UD	H | GULF COAST AQUIFER | HARRIS COUNTY	172	133	130	125	120	116
MASON CREEK UD	H | GULF COAST AQUIFER | HARRIS COUNTY	760	576	563	539	519	499
MISSOURI CITY	H | BRAZOS RUN-OF-RIVER	513	478	445	431	439	460
MISSOURI CITY	H | GULF COAST AQUIFER | HARRIS COUNTY	371	259	192	200	211	223
NORTH BELT UD	H | GULF COAST AQUIFER | HARRIS COUNTY	204	156	153	148	144	141
NORTH GREEN MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	285	218	213	205	198	191
NORTHWEST PARK MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	1,845	1,443	1,426	1,387	1,360	1,331
PARKWAY UD	H | GULF COAST AQUIFER | HARRIS COUNTY	62	70	94	89	87	83
PARKWAY UD	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	416	422	416	413	414	417
PINEY POINT VILLAGE	H | GULF COAST AQUIFER | HARRIS COUNTY	209	251	376	394	418	442
PINEY POINT VILLAGE	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	1,394	1,518	1,658	1,822	2,003	2,203
SOUTH HOUSTON	H | DIRECT REUSE	29	29	29	29	29	29
SOUTH HOUSTON	H | GULF COAST AQUIFER | HARRIS COUNTY	233	255	350	341	338	336
SOUTH HOUSTON	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	4,139	4,139	4,139	4,139	4,139	4,139
SOUTHSIDE PLACE	H | GULF COAST AQUIFER | HARRIS COUNTY	32	36	53	53	55	57
SOUTHSIDE PLACE	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	210	219	230	245	263	282
SPRING VALLEY	H | GULF COAST AQUIFER | HARRIS COUNTY	628	502	500	492	491	488
STAFFORD	H | BRAZOS RUN-OF-RIVER	30	32	32	31	31	31
STAFFORD	H | GULF COAST AQUIFER | HARRIS COUNTY	31	21	14	14	14	14
SUNBELT FWSD	H | GULF COAST AQUIFER | HARRIS COUNTY	1,014	782	768	745	734	723
SUNBELT FWSD	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	486	507	853	900	975	1,062
THE WOODLANDS	H | DIRECT REUSE	183	183	183	183	183	183
THE WOODLANDS	H | GULF COAST AQUIFER | HARRIS COUNTY	2,786	2,258	1,980	1,994	2,000	1,993
TOMBALL	H | GULF COAST AQUIFER | HARRIS COUNTY	1,346	883	629	623	620	614
TRAIL OF THE LAKES MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	625	488	476	457	441	425
WALLER	H | GULF COAST AQUIFER | HARRIS COUNTY	35	22	15	16	16	17
WALLER	H | GULF COAST AQUIFER | WALLER COUNTY	25	50	70	72	77	82
WEST HARRIS COUNTY MUD #6	H | GULF COAST AQUIFER | HARRIS COUNTY	196	156	152	147	144	139
WINDFERN FOREST UD	H | GULF COAST AQUIFER | HARRIS COUNTY	353	219	148	141	135	130
WINDFERN FOREST UD	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	253	498	655	650	650	650
WOODCREEK MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	173	131	128	122	119	114
CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY	H | GULF COAST AQUIFER | HARRIS COUNTY	2,008	1,342	958	954	959	963

Water User Group (WUG) Needs/Surplus

REGION H	WUG (NEEDS)/SURPLUS (ACRE-FEET PER YEAR)					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
HARRIS COUNTY WCID #1	421	341	291	271	251	229
HARRIS COUNTY WCID #133	(264)	(342)	(352)	(397)	(450)	(510)
HARRIS COUNTY WCID #74	(315)	(428)	(450)	(480)	(511)	(545)
HARRIS COUNTY WCID #96	(545)	(289)	(40)	(56)	(70)	(84)
HEDWIG VILLAGE	(118)	(107)	(32)	(48)	(63)	(81)
HILSHIRE VILLAGE	(55)	(28)	(4)	(6)	(9)	(11)
HOUSTON	(4,202)	(52,477)	(79,751)	(108,389)	(140,147)	(174,111)
HUMBLE	(754)	(429)	(66)	(100)	(131)	(162)
HUNTERS CREEK VILLAGE	(189)	(171)	(51)	(77)	(103)	(133)
JACINTO CITY	208	240	271	247	224	199
JERSEY VILLAGE	(185)	(236)	(33)	(47)	(59)	(73)
KATY	(1,288)	(1,808)	(1,932)	(2,076)	(2,208)	(2,339)
KINGS MANOR MUD	(34)	(50)	(65)	(71)	(78)	(84)
LA PORTE	165	174	188	188	187	184
LONGHORN TOWN UD	(115)	(155)	(159)	(165)	(171)	(176)
MASON CREEK UD	(508)	(656)	(648)	(669)	(687)	(707)
MISSOURI CITY	0	(243)	(424)	(525)	(616)	(705)
MOUNT HOUSTON ROAD MUD	(199)	(342)	(419)	(476)	(521)	(558)
NEWPORT MUD	348	192	104	84	61	34
NORTH BELT UD	(137)	(179)	(184)	(195)	(208)	(222)
NORTH CHANNEL WATER AUTHORITY	(100)	31	507	325	74	(167)
NORTH FORT BEND WATER AUTHORITY	(467)	(941)	(1,188)	(1,243)	(1,277)	(1,304)
NORTH GREEN MUD	(191)	(250)	(249)	(258)	(270)	(283)
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY	(38,096)	(61,780)	(76,780)	(81,777)	(86,599)	(91,282)
NORTHWEST PARK MUD	(1,235)	(1,711)	(1,831)	(1,991)	(2,158)	(2,340)
PARKWAY UD	(42)	(36)	(10)	(14)	(17)	(21)
PASADENA	12,993	13,147	13,559	13,301	12,876	12,394
PINEY POINT VILLAGE	(140)	(129)	(39)	(61)	(83)	(109)
SOUTH HOUSTON	2,456	2,491	2,585	2,546	2,483	2,413
SOUTHSIDE PLACE	(21)	(19)	(5)	(8)	(11)	(14)
SPRING VALLEY	(420)	(615)	(691)	(780)	(877)	(984)
STAFFORD	(13)	(26)	(34)	(37)	(39)	(41)
SUNBELT FWSD	(193)	(403)	(80)	(115)	(145)	(178)
THE COMMONS WATER SUPPLY INC	(144)	(203)	(218)	(232)	(244)	(255)
THE WOODLANDS	(904)	(1,709)	(2,357)	(2,623)	(2,831)	(3,001)
TOMBALL	(1,864)	(2,462)	(2,845)	(2,972)	(3,094)	(3,212)
TRAIL OF THE LAKES MUD	(418)	(578)	(590)	(611)	(632)	(653)
WALLER	(24)	(12)	(2)	(2)	(3)	(4)
WEST HARRIS COUNTY MUD #6	(131)	(188)	(200)	(213)	(224)	(235)
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	(11,795)	(24,572)	(34,708)	(38,871)	(40,601)	(42,266)
WEST UNIVERSITY PLACE	(231)	(206)	(61)	(91)	(121)	(156)
WINDFERN FOREST UD	(237)	(113)	(16)	(22)	(27)	(32)
WOODCREEK MUD	(115)	(151)	(149)	(154)	(159)	(167)
COUNTY-OTHER	37,959	31,266	29,106	28,247	24,930	21,678
MANUFACTURING	5,754	(5,924)	(10,683)	(20,363)	(16,971)	(13,635)
MINING	(2,739)	(2,703)	(2,586)	(2,568)	(2,554)	(2,546)
STEAM ELECTRIC POWER	(362)	(3,761)	(7,315)	(12,570)	(18,967)	(26,599)

Cost Estimates

PROJECT BUDGET - Spring Valley Village - WUG Infrastructure Expansion (Groundwater)						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$2,117,000	\$0	\$0	\$2,117,000	\$0	\$2,117,000
Subtotal Construction	\$2,117,000	\$0	\$0	\$2,117,000	\$0	\$2,117,000
Basic Engineering Fees						
Planning +	\$0	\$0	\$0	\$0	\$0	\$0
Design	\$0	\$0	\$0	\$0	\$0	\$0
Construction Engineering	\$53,000	\$0	\$0	\$53,000	\$0	\$53,000
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$53,000	\$0	\$0	\$53,000	\$0	\$53,000
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$0	\$0	\$0	\$0	\$0
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$18,000	\$0	\$0	\$18,000	\$0	\$18,000
Bond Counsel	\$35,000	\$0	\$0	\$35,000	\$0	\$35,000
Issuance Cost	\$7,500	\$0	\$0	\$7,500	\$0	\$7,500
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$155,800	\$0	\$0	\$155,800	\$0	\$155,800
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$216,300	\$0	\$0	\$216,300	\$0	\$216,300
Contingency						
Contingency	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Contingency	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COSTS	\$2,386,300	\$0	\$0	\$2,386,300	\$0	\$2,386,300
Other ** description must be entered						
+ For Planning applications under the EDAP Program, please break down Planning costs as follows:						
Category A						0
Category B						0
Category C						0
Category D						0
Total Planning Costs				0	0	0

Texas Water Development Board Water Project Information						
A. Project Name New Production Well		B. Project No. N/A		C. County Harris		
D. Program(s) SWIFT		E. Date Fall 2018		F. Regional Planning Group (A-P) Region H		
G. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) New water well and upgrade of water disinfection system						
Attach map of service area affected by Project or other documentation.						
H. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			I. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> <u>Harris Galveston Subsidence District</u> No <input type="checkbox"/>			
J. Service Area Projected Population for at least a 20 year period: (if different from Planning Area, discuss in separate attachment)	Current Population		Projected Population			
	Year:	20 16	2020	2025	2030	2035	2040
Population:	4098	3670	4036	4202	4370	4541
Project Design Year: (Year for which project will be sized)		20 18		Design Population: (Population served by project on the design year)		4098
K. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: <u>5-A-41,5-A-89,5-A-131</u>)						
L. What type of water source is associated directly with the proposed project ? Surface Water <input type="checkbox"/> Groundwater <input checked="" type="checkbox"/> Reuse <input type="checkbox"/>						
M. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>						
N. What volume of water is the project anticipated to deliver/ treat per year? <u>500 to 900</u> Acre-Foot/Year As Needed						
O. Current Water Supply Information						
Surface Water Supply Source / Provider Names Lake Livingston/Lake Houston		Certificate No. (COA)08-4248 & (COA)10-4965		Source County Harris/Polk		Annual Volume and Unit 258 ac-ft
Groundwater Supply Aquifer Evangeline		Well Field location Spring Valley Village		Source County Harris		Annual Volume and Unit 555 ac-ft
Reuse Water N/A		Certificate No. N/A		Annual Amount Used and Unit N/A		
P. Proposed Water Supply Associated Directly with the Proposed Project						
Surface Water Supply Source / Provider Names N/A		Certificate No. N/A		Source County N/A		Annual Volume and Unit N/A
Groundwater Supply Aquifer Evangline		Well Field location Spring Valley Village		Source County Harris		Annual Volume and Unit 500-900 ac-ft
Reuse Water N/A		Certificate No. N/A		Annual Amount Used and Unit N/A		
Q. Consulting Engineer Name WSP USA/W.John Seifert, Jr., P.E.			Telephone No. 713-468-8600		E-mail address john.seifert@wsp.com	
R. Applicant Contact Name, Title Julie M. Robinson			Telephone No. 713-465-5306		E-mail address jrobinson@springvalleytx.com	

All boxes on this form must be filled out for the application to be administratively complete. Items may be marked as N/A if appropriate.

Property Rights

a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?: Y

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

Type of Permit Water Right	Entity from which the right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.
-------------------------------	--	--	------------------------------	--------------------------------

This project does not require surface water. In addition, the City does not own any surface water rights (according to the TCEQ check) and only purchases water from the City of Houston. TWDB Form WRD208A is not necessary for this application.

The screenshot shows an Outlook email interface with a conversation thread. The main email is from John Sutton to Jennifer Herrera, dated Monday, April 9, 2018, 2:32 PM. The subject is "RE: Spring Valley Village - Water Conservation / Drought Contingency Plan". The body of the email states: "Jennifer, I am thinking no. Its not if they use surface water, but if they are the owner of the water right permit. I checked on TCEQ's web site and it doesn't look like they have a surface water right, seems that they purchase water from Houston. SO, the city does not need to submit a water conservation plan." Below this, there is a reply from Jennifer Herrera dated Monday, April 09, 2018 2:23 PM, which says: "Thank you for your help. I just spoke with Spring Valley Village. They are 70% groundwater and 30% surface water. I guess they will need an updated approved and adopted WCP for the SWIFT application. Is that correct? Thanks, Jennifer Herrera Assistant Project Environmental Scientist". The WSP logo is visible at the bottom of the email. The Outlook interface includes a ribbon with tabs like Home, Send/Receive, Folder, View, and PDF-XChange V6. The left sidebar shows folders like Deleted Messages, RSS Feeds, and Inboxes. The bottom status bar shows "Items: 250" and "All folders are up to date. Connected to: Microsoft Exchange".

STATE OF TEXAS §
§
COUNTY OF HARRIS §

GROUND WATER AFFIDAVIT

Before me, the undersigned notary, on this day personally appeared Julie M. Robinson, a person whose identity is known to me. After I administered an oath to him/her, upon his/her oath he/she said:

1. I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
2. I am an authorized representative of City of Spring Valley Village, Texas, an entity that has filed an application for financial assistance with the Texas Water Development Board for a project that proposes the development of a new groundwater supply source.
3. Does the applicant own the proposed well site(s)?

Yes No

- (a) Attach a copy of the property deed(s), contracts or other legal instrument documenting the ownership of the project site(s).

Item attached: Yes No

- (b) Were the groundwater water rights conveyed or otherwise transferred by a predecessor in title prior to the applicant's acquisition of the project site(s)?

Yes No

4. Does the applicant intend to acquire title to the proposed well site(s)?

Yes No

Attach a copy of a notice of intent to acquire property, a draft purchase agreement, an option to purchase property or other document showing that the applicant is in the process of acquiring the property on which the well Site(s) is to be located.

Item attached: Yes No

5. Does the applicant lease the proposed well site(s)?

Yes No

Attach a copy of the executed lease agreement(s) or other contractual arrangement documenting that the applicant has the right to drill for and produce groundwater at the project site(s).

Item attached: Yes No

6. Does the applicant intend to lease the proposed well site(s)?

Yes No

Attach a copy of the draft lease agreement(s) or other contractual arrangement documenting that the applicant is in the process of acquiring the contractual right to drill for and produce groundwater at the project site(s).

Item attached: Yes No

7. Is the project located within the boundaries of a groundwater conservation district?

Yes No

- (a) Attach all groundwater district permits issued by the district authorizing groundwater production from the proposed groundwater well(s).

Item attached: Yes No

- (b) Attach copies of all applications filed with a groundwater conservation district for any permit(s) required for the proposed groundwater well(s).

Item attached: Yes No

Signed the 3rd day of May, 2018.

William Rebusz
Name
City Administrator
Title

Sworn to and subscribed before me by Julie Robinson
on May 3, 2018, 20 .

Susan Thornhill
Notary Public in and for the State of Texas





WATER WELL PERMIT

Harris-Galveston Subsidence District

1660 West Bay Area Blvd.

Friendswood, Texas 77546-2640

Phone: (281) 486-1105 Fax: (281) 218-3700

I. PERMITTEE : Houston, City of

Attn:

C/O:

611 Walker St. 18th Floor

Houston, Texas 77002

PERMIT NO. : 195214

II. LOCATION OF WELL :

LATITUDE 29° 47' 14"

LONGITUDE 95° 30' 55"

III. WELL NO. : 13880

Well Owner: City of Spring Valley Village

The authorized withdrawal below is the TOTAL COMBINED amount that may be withdrawn from the following wells:

- 4194, 4230, 4231, 4236, 4250, 4251, 4259, 4260, 4262, 4318, 4327, 4356, 4366, 4457, 4492, 4493,
- 4531, 4647, 4716, 4786, 4789, 4790, 4848, 5175, 5215, 5299, 5313, 5335, 5404, 5428, 5466, 5498,
- 5513, 5514, 5531, 5548, 5568, 5569, 5650, 5651, 5932, 5937, 6075, 6076, 6296, 6826, 6963, 6995,
- 7237, 7241, 7242, 7528, 7561, 7651, 7814, 8202, 8203, 8244, 8384, 8485, 8548, 8568, 8625, 8757,
- 9083, 9272, 9352, 9353, 3532, 3561, 3571, 3572, 3586, 3597, 3611, 3612, 9396, 9400, 9467, 9585,
- 9738, 9881, 9896, 10017, 10031, 3614, 3633, 3636, 3638, 3643, 3660, 3661, 3673, 3696, 10123,
- 10159, 10193, 10216, 10268, 10412, 10420, 10450, 10480, 3697, 3740, 3754, 3761, 3762, 3765,
- 3778, 10691, 10776, 11048, 11080, 11312, 11403, 11520, 11563, 11605, 3783, 3792, 3793, 3811,
- 3814, 3830, 3837, 3843, 3845, 11631, 11683, 11715, 11808, 12157, 12355, 12507, 3849, 3850,
- 3851, 3852, 3853, 3858, 3859, 3865, 3870, 12904, 13073, 13125, 13462, 13563, 13566, 13805,
- 13880, 3873, 3886, 3889, 3891, 3892, 3893, 3894, 3897, 3900, 3903, 3957, 3967, 3978, 3979,
- 3990, 3996, 4005, 4006, 4012, 4033, 4048, 4087, 4088, 4127, 13990, 4189, 4190, 2429, 2430,
- 2484, 2512, 2513, 2553, 2575, 2578, 2605, 2644, 2645, 2647, 2702, 2725, 2726, 2744, 2745, 2776,
- 2798, 2799, 2816, 2935, 2967, 2968, 2971, 2972, 2985, 3038, 3039, 3090, 3109, 3110, 3121, 3140,
- 3145, 3146, 3173, 3257, 3270, 3272, 3278, 3291, 3292, 3302, 3303, 3304, 3308, 3314, 3315, 3328,
- 3330, 3331, 3353, 3373, 3374, 3391, 3413, 3417, 3427, 3438, 3445, 3463, 3467, 3482, 3483, 3484,
- 3518, 3526, 3530, 13975, 6964, 10491, 14020, 1003, 1005, 1006, 1007, 1009, 1010, 1011, 1012,
- 1013, 1047, 1071, 1072, 1074, 1075, 14016, 14017, 3459, 13789, 1130, 1132, 1374, 1375, 1383,
- 1419, 1522, 1524, 1600, 1630, 1667, 1678, 1713, 1737, 1751, 1761, 1768, 1771, 1773, 1830, 1831,
- 1835, 1848, 1861, 1872, 1873, 1876, 1877, 1918, 1938, 1939, 2001, 2040, 2041, 2068, 2074, 2075,
- 2137, 2139, 2180, 2186, 2191, 2205, 2208, 2209, 2210, 2221, 2257, 2352, 2360, 2372, 2373, 2412

IV. PERMIT TERM :

February 1, 2018

THROUGH

January 31, 2019

V. AUTHORIZED WITHDRAWAL:

Only that which is required without being wasteful during the permit term, but not to exceed 34000 million gallons (combined total for all wells listed above).

Any pumpage in excess of the amount authorized in this permit is a violation of the District's rules. Applications for an amendment to increase authorized withdrawal must be submitted prior to exceeding the permitted amount.

VI. SPECIAL PROVISIONS :

G1a,M

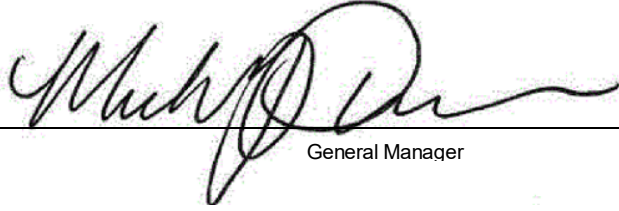
SUBJECT TO CONDITIONS AND REQUIREMENTS ON ATTACHED PAGE

APPROVED THIS DAY OF

Harris-Galveston Subsidence District

Harris-Galveston Subsidence District

BY: _____



General Manager

PROVISIONS FOR PERMIT # 195214

- G1a This permit is **exempt** from disincentive permit fees based on and subject to the permittee's continued compliance with the requirements and provisions outlined in its groundwater reduction plan certified by the Board of Directors on 10/14/2015. The permittee shall timely achieve the implementation actions, milestones, and other requirements set forth in its groundwater reduction plan. Any change in the plan with respect to the amount or source of alternate water or in the timing of reduction of groundwater shall be filed with the District for its approval in the form of an amendment to the GRP. The permittee shall submit any required progress reports in a form that adequately addresses the projects that have been undertaken to timely reduce its use of groundwater in accordance with its GRP.

- M Within sixty days of the beginning of the permit term, the permittee shall furnish the District with **proof** that the **meter is installed** according to the manufacturers specifications or a certified affidavit confirming the accuracy of the water meter in accordance with Rule 8.5 of the Rules of the District.

DUPLICATE



Harris-Galveston Subsidence District

Serving the Gulf Coast Community Since 1975

New Well Permit Application

Submitted from Web

Application Date: 03/23/2017

(Well has not been drilled)

Well No: 13880

New Well Permit Application

Instructions: Submit this form for each well. Send an application fee of \$240.00 for each well to be permitted to the address at the bottom of this form within seven (7) days.

General:

(Do not put any driller information or engineer information if you are not the owner of the well)

Well Owner: City of Spring Valley Village

Title: _____

Attention: Stephen Ashley

Correspondent: _____ (If correspondence is being sent to a large organization, insert the specific person's name to whom you wish it directed.)

Mailing Address: 1025 Campbell Rd.

City/State/Zip: Houston, TX 77055

Phone: 713-465-8308 Ext: _____ Mobile: _____

Well Data:

Physical location of Well: 1025 Campbell Rd.

Latitude: 29-47-14 Longitude: 95-30-55

Total Depth: 1200 Depth to first screen: 730 Inside diameter of casing: 19

Expected production during next twelve months: 258 (MG)

Amount of Alternate Water Metered in previous Twelve Months: 133 (MG)

Well Use: Public Supply Detailed Desc: Primary well for city potable water

Explain: Existing well (3304) to serve as backup supply

Status of this well as of given date: Awaiting Permit to begin drilling - Year 2017

Aggregation: If this well is to be placed in aggregate with other permitted wells, give lead well number of aggregation. 3304

Replacing existing well no.: _____ Time Owned/Leased _____ Exp. of Other Well(s): Existing well #: 1 is 36 years old and will become a backup ground water supply

If this well is a replacement well, what will be the status of the old well? In Use

If status of old well is "In Use", explain: Old well 36 yrs old and loosing cap. & the new well have greater capacity and be used as the primary

Such action is: Suitable alternate water is immediately available at the location. An emergency need for groundwater exists.

Reason: _____

Applicant/Agent Name: City of Spring Valley Village

Phone: 713-465-8308 Ext. _____

Email address: sashley@springvalleytx.com

For District Use Only

Ronald Geesing - Permit Clerk

3/24/2017



Harris-Galveston Subsidence District

Serving the Gulf Coast Community Since 1975

New Well Permit Application (Well has not been drilled)

Instructions:

Submit this form for each well system.

Send an application fee of \$240.00 for each well to be permitted to the address at the bottom of this form within seven (7) days.

Items marked with an * are required.

General Information:

(Do not put any driller or engineer address information if you are not the owner of the well)

*Well Owner:

City of Spring Valley Village

Title

*Attention:

Stephen Ashley

Correspondent:

(If correspondence is being sent to a large organization, insert the specific person's name to whom you wish it directed. enter self.)

*Owner Email:

sashley@springvalleytx.com

*Mailing Address:

1025 Campbell Rd.

Address 2:

*City: Houston

*State: Texas

*Zip: 77055

*Owner's Phone #: (###-###-####) Ext.:
 Mobile: (###-###-####)

Well Data:

*Physical Location of Well:

Latitude: Degrees: Minutes: Seconds:
 Longitude: Degrees: Minutes: Seconds:

*Total Depth: ft.

*Depth to First Screen: ft.

*Inside Diameter of Casing: in.

*Well Casing: Schedule 40 Schedule 80 SDR

*Expected Production During the Next Twelve Months: (MG)

*Amount of Alternate Water Metered in previous Twelve Months: (MG)

*Select intended use:

- Agricultural Irrigation - Wells used in production of food or fiber commodities grown for resale commercial purposes. Includes wholesale nursery growers.
- Commercial/Domestic - Wells used by commercial or business establishments for potable or san needs. (Examples: offices, warehouses, churches, schools, duplexes, etc.)
- Geothermal - Wells used for a geothermal heat exchanger. Specify whether closed-loop, reinject pump and dump.
- Industrial - Wells used as part of an industrial process or in the manufacturing of a product. (Exa boiler feed, paper manufacturing, chemical process feed, etc.)
- Lake/Pond/Pool - Wells used to file or maintain the level of lakes, ponds, or pools.
- Other - Wells used for other non-exempt uses such as livestock watering, or irrigation of golf co landscapes, parks, etc.
- Public Supply - Wells used for retail or wholesale water supply. (Examples: cities, water distric private utilities, apartments, mobile home parks, etc.)
- Single-Family Dwelling - Wells connected to one single-family dwelling and used for typical do

and sanitary needs. See Rule 5.8.a below.

Single-Family Irrigation - Wells used for landscape irrigation at one single family residence but connected to and serving the dwelling.

*Provide detailed description of intended use. If commercial or industrial, describe type of business, number of employees, type of product produced or sold, etc. If for new house or development, include construction start date. If agricultural, include crop type and acreage.

Primary well for city potable water

*Describe any other water supply available at this location. For example, is there a municipal water available for potable service or a canal or other raw water source for non-potable uses?

Existing well (3304) to serve as backup supply

*Status of this well as of given date:

Being Drilled Year:

Awaiting permit to begin drilling Year:

Aggregation: If this well is to be placed in aggregate with other permitted wells, give lead well number of aggregation:

*Does the "well owner" own any other well in Harris or Galveston county?

Yes No

If yes, explain:

*Is this well replacing an existing well?

Yes No

If yes, give well no. of well being replaced and length of time owned or leased:

If this well is a replacement well, what will be the status of the old well?

Not a Replacement Well Capped Plugged In Use

If status of old well is "In Use", explain:

*Applicant/Agent Name:

*Applicant/Agent Phone: (###-###-####) Ext.:

Submitter's Email

*Confirm Email:

If this is an emergency application, you must also include the following information and send a fee of \$500.00 for each well to the address at the bottom of this form within seven days.

Such action is: (check those applicable)

- Suitable alternate water is immediately available at the location.
- An emergency need for groundwater exists.

State the reasons why you cannot wait approximately 75 days for your Permit to be processed. Your statement should include:

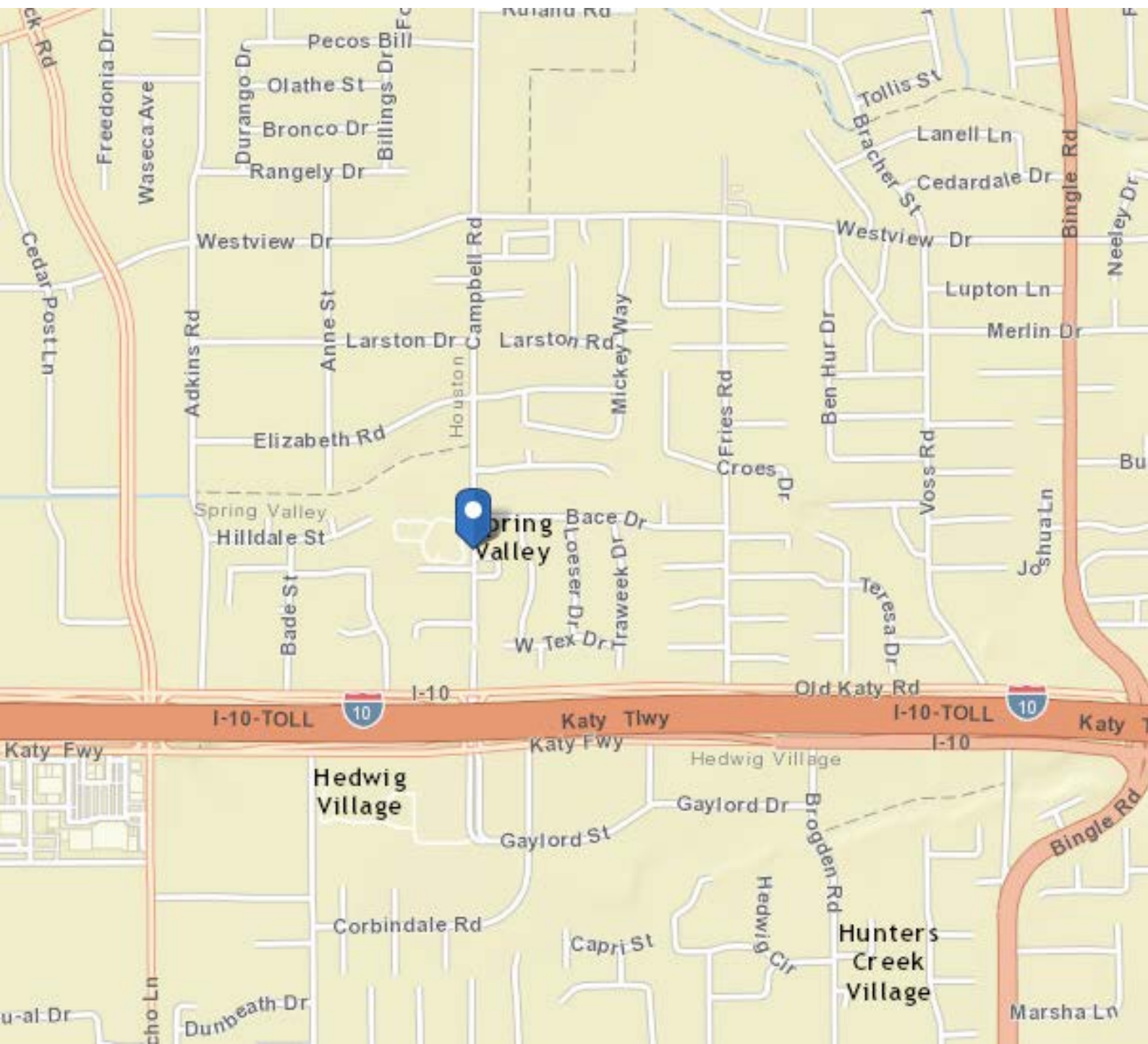
- 1 The reason the application was not submitted in time to allow standard processing (approximately days) and
2. The reason the requestor or owner cannot now follow the normal process.

This portion must include detailed financial losses, health hazards, and/or safety factors that the app owner faces if the standard process is followed.

Rule 5.8.a Exclusions and Exemptions:

a. Single-Family Dwelling Wells Excluded: A well with a casing diameter of less than five inches serves only a single-family dwelling is excluded from the permit requirements of these Rules. Servi a single-family dwelling means the well supplies groundwater for domestic use inside one home loc property that does not have an available alternative water supply. Domestic use includes water used the home for any purpose and may also include use outside the home for landscape irrigation, irriga garden or providing water to domestic livestock.

1660 W. Bay Area Boulevard • Friendswood, TX 77546-2640
Phone: (281) 486-1105 • Fax: (281) 218-3700
www.subsidence.org





Harris-Galveston Subsidence District

Serving the Gulf Coast Community Since 1975

To: City of Houston Veronica, Osegueda Chris Varela	Fax: 832.395.3104
From: Ronald Geesing	Date: 3/24/2017
Re: For Your Information	Pages:

FACSIMILE TRANSMISSION

NOTICE OF NEW WELL APPLICATION

The following entity has submitted an application for a water well permit for a new well. The purpose of this notice is to provide you with an opportunity to review the application and submit any information that you wish to be considered during the Subsidence District's review of the application, such as any applicable GRP requirements or availability of alternative water supplies. Applications for and emergency permits are considered on an expedited basis; therefore, comments on these applications should be submitted within 1 business day.

Applicant Name and Information	Requested Allocation (MGY)
13880 City of Spring Valley Village (1025 Campbell Road, Houston, Texas 77055)	258

The application is for a: Regular permit
 Emergency permit (expedited review)

The proposed well: Is located within your boundaries or service area
 Will automatically be included in your GRP (If this applicant should not be included in your GRP, please notify the District immediately)



March 24, 2017

City of Spring Valley Village
Attn: Stephen Ashley
1025 Campbell Rd.
Houston, Texas 77055

Regarding Well No(s). 13880

Permit Term Begin Date:

Dear Stephen Ashley,

The Subsidence District has not received one or more of the following items for your water well permit:

1. A New Well Application fee (\$240.00 per well)

Please submit the above item(s) that is(are) missing by April 7, 2017. Failure to do so will leave the District no alternative but to deny the new permit.

The total amount due is \$240.00.

Sincerely,

Ronald Geesing
Permit Clerk

HARRIS-GALVESTON
SUBSIDENCE DISTRICT
(281) 486-1105
Fax: (281) 218-3700
info@subsidence.org
1660 WEST BAY AREA BLVD.
FRIENDSWOOD, TEXAS
77546-2640
www.subsidence.org

E 129382

HARRIS COUNTY APPRAISAL DISTRICT
 REAL PROPERTY ACCOUNT INFORMATION
 0780770000001

Cover All Lot's Tax Year: 2018  Print

Owner and Property Information									
Owner Name & Mailing Address: CITY OF SPRING VALLEY ADDRESS UNKNOWN					Legal Description: LT 1 CARDWELL ESTATES				
					Property Address: 1025 CAMPBELL RD HOUSTON TX 77055				
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
XV -- Other Exempt (Government)	8001 -- Land Neighborhood Section 1	E	0	43,428 SF	0	0	9873.1	5058A	490C

Value Status Information	
Value Status	Shared CAD
All Values Pending	No

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2017 Rate	2018 Rate
Total	025	SPRING BRANCH ISD		Pending	Pending	1.394500
	040	HARRIS COUNTY		Pending	Pending	0.418010
	041	HARRIS CO FLOOD CNTRL		Pending	Pending	0.028310
	042	PORT OF HOUSTON AUTHY		Pending	Pending	0.012560
	043	HARRIS CO HOSP DIST		Pending	Pending	0.171100
	044	HARRIS CO EDUC DEPT		Pending	Pending	0.005195
	080	CITY OF SPRING VALLEY		Pending	Pending	0.433500

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations			
Value as of January 1, 2017		Value as of January 1, 2018	
	Market	Appraised	
Land	0		Land
Improvement	0		Improvement
Total	0	0	Total Pending Pending

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8001 -- Land Neighborhood Section 1	4610	SF	43,428	1.00	1.00	1.00	--	1.00	Pending	Pending	Pending

Building
 Vacant (No Building Data)

Extra Features

Line	Description	Quality	Condition	Units	Year BUILT
1	GAZEBO	Average	Average	1.00	0

HARRIS COUNTY APPRAISAL DISTRICT
 REAL PROPERTY ACCOUNT INFORMATION
078077000002

Tax Year: 2018

Print

Owner and Property Information									
Owner Name & Mailing Address: CITY OF SPRING VALLEY ADDRESS UNKNOWN					Legal Description: LT 2 CARDWELL ESTATES				
					Property Address: 1025 CAMPBELL RD HOUSTON TX 77055				
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
XV -- Other Exempt (Government)	8001 -- Land Neighborhood Section 1	E	0	46,371 SF	7,688	0	9873.1	5058A	490C

Value Status Information	
Value Status	Shared CAD
All Values Pending	No

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2017 Rate	2018 Rate
Total	025	SPRING BRANCH ISD	Pending	Pending	1.394500	
	040	HARRIS COUNTY	Pending	Pending	0.418010	
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	044	HARRIS CO EDUC DEPT	Pending	Pending	0.005195	
	080	CITY OF SPRING VALLEY	Pending	Pending	0.433500	

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Valuations			
Value as of January 1, 2017		Value as of January 1, 2018	
	Market	Appraised	
Land	0		Land
Improvement	0		Improvement
Total	0	0	Total Pending Pending

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8001 -- Land Neighborhood Section 1	4353	SF	46,371	1.00	1.00	1.00	--	1.00	Pending	Pending	Pending

Building						
Building	Year Built	Type	Style	Quality	Impr Sq Ft	Building Details
1	1982	Office Bldgs. Low-Rise (1 to 4 Stories)	Office Building	Average	7,688	Displayed

Building Details (1)			
Building Data		Building Areas	
Element	Detail	Description	Area

HARRIS COUNTY APPRAISAL DISTRICT
 REAL PROPERTY ACCOUNT INFORMATION
078077000003

Tax Year: 2018

Print

Owner and Property Information									
Owner Name & Mailing Address: CITY OF SPRING VALLEY ADDRESS UNKNOWN					Legal Description: LT 3 CARDWELL ESTATES				
					Property Address: 1025 CAMPBELL RD HOUSTON TX 77055				
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
XV -- Other Exempt (Government)	8001 -- Land Neighborhood Section 1	E	0	46,070 SF	2,600	0	9873.1	5058A	490C

Value Status Information	
Value Status	Shared CAD
All Values Pending	No

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2017 Rate	2018 Rate
Total	025	SPRING BRANCH ISD	Pending	Pending	1.394500	
	040	HARRIS COUNTY	Pending	Pending	0.418010	
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	043	HARRIS CO HOSP DIST	Pending	Pending	0.171100	
	044	HARRIS CO EDUC DEPT	Pending	Pending	0.005195	
	080	CITY OF SPRING VALLEY	Pending	Pending	0.433500	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations			
Value as of January 1, 2017		Value as of January 1, 2018	
	Market	Appraised	
Land	0		Land
Improvement	0		Improvement
Total	0	0	Total Pending Pending

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8001 -- Land Neighborhood Section 1	4685	SF	46,070	1.00	1.00	1.00	--	1.00	Pending	Pending	Pending

Building						
Building	Year Built	Type	Style	Quality	Impr Sq Ft	Building Details
1	1982	Miscellaneous Government Building	Lt. Commercial Utility Build.	Low	2,600	Displayed

Building Details (1)	
Building Data	Building Areas

HARRIS COUNTY APPRAISAL DISTRICT
 REAL PROPERTY ACCOUNT INFORMATION
0780770000004

Tax Year: 2018

Print

Owner and Property Information									
Owner Name & Mailing Address: CITY OF SPRING VALLEY ADDRESS UNKNOWN					Legal Description: LT 4 CARDWELL ESTATES				
					Property Address: 0 CARDWELL DR HOUSTON TX 77055				
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
XV -- Other Exempt (Government)	8001 -- Land Neighborhood Section 1	E	0	43,428 SF	0	0	9873.1	5058A	490C

Value Status Information	
Value Status	Shared CAD
All Values Pending	No

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2017 Rate	2018 Rate
Total	025	SPRING BRANCH ISD		Pending	1.394500	
	040	HARRIS COUNTY		Pending	0.418010	
	041	HARRIS CO FLOOD CNTRL		Pending	0.028310	
	042	PORT OF HOUSTON AUTHY		Pending	0.012560	
	043	HARRIS CO HOSP DIST		Pending	0.171100	
	044	HARRIS CO EDUC DEPT		Pending	0.005195	
	080	CITY OF SPRING VALLEY		Pending	0.433500	

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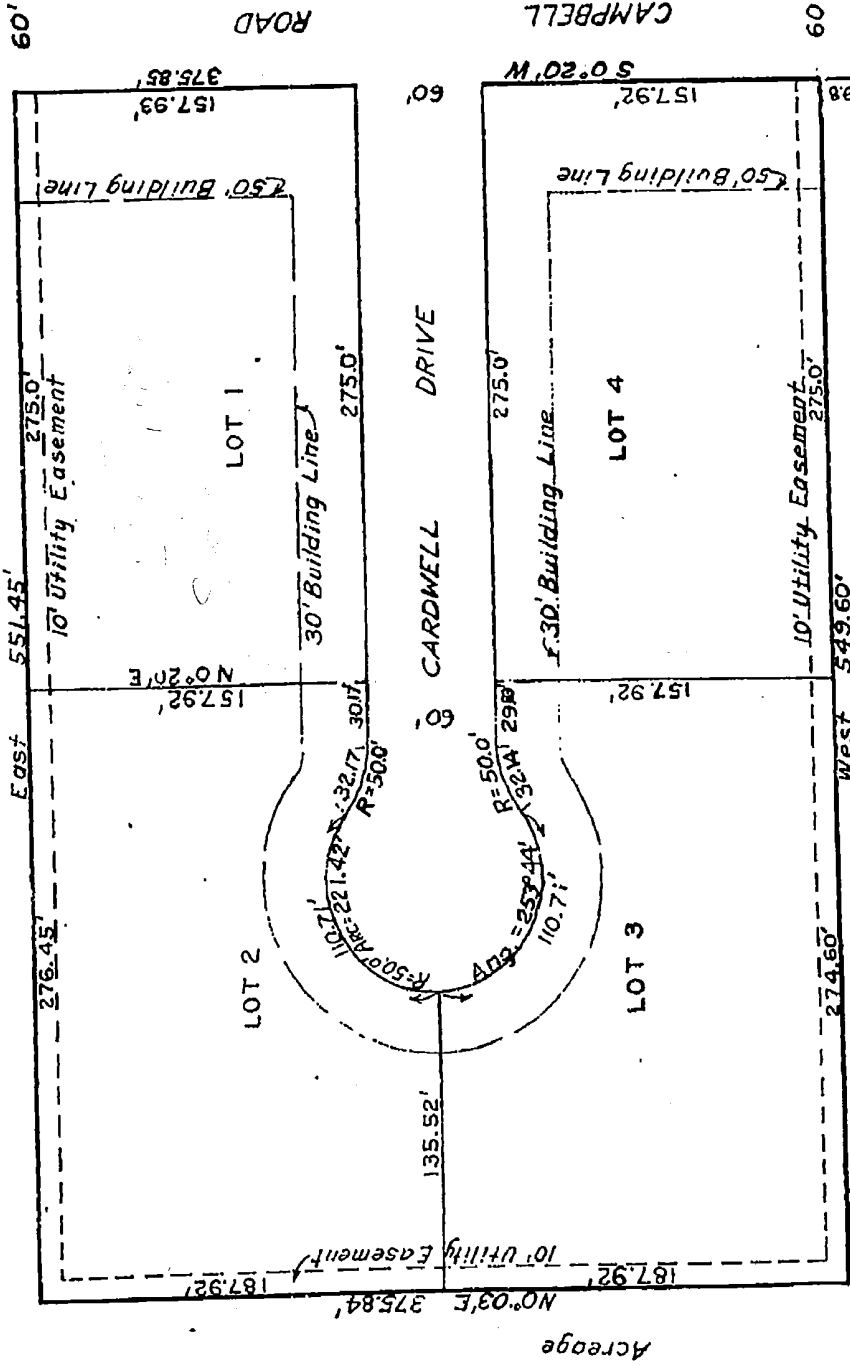
Valuations			
Value as of January 1, 2017		Value as of January 1, 2018	
	Market	Appraised	
Land	0		Land
Improvement	0		Improvement
Total	0	0	Total Pending Pending

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8001 -- Land Neighborhood Section 1	4600	SF	43,428	1.00	1.00	1.00	--	1.00	Pending	Pending	Pending

Building
 Vacant (No Building Data)

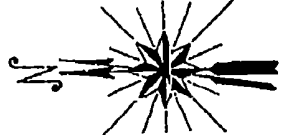
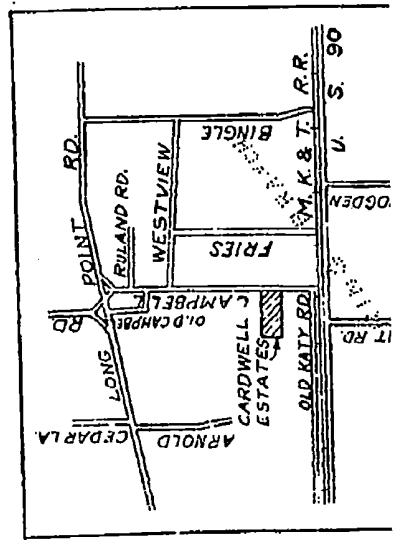
M37/50

Acreege



BONNIE OAKS S/D

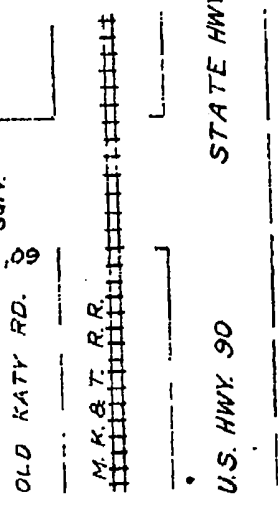
Acreege



921224

1:20
SEP 14 1951

PLAT OF
CARDWELL ESTATES



Covers
ALL
Lots

APR-16-74 219781 E 129382 LST A FB 350

E129382

W D
D D

WARRANTY DEED WITH
VENDOR'S LIEN

102-05-1659

THE STATE OF TEXAS)
COUNTY OF HARRIS)
KNOW ALL MEN BY THESE PRESENTS:

THAT we, the undersigned, ED TYNES and wife, RUTH TYNES, of the County of Harris, State of Texas, hereinafter called "Grantors", for and in consideration of the sum of TEN AND 00/100 (\$10.00) DOLLARS, and other good and valuable consideration, to us paid, and secured to be paid, by the CITY OF SPRING VALLEY, in Harris County, Texas, hereinafter called "Grantee", as follows:

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(a) The sum of Ten and 00/100 (\$10.00) Dollars, and other good and valuable consideration, the receipt of which is hereby acknowledged; and

(b) The execution by the Grantee herein and delivery to the Grantors herein of Grantee's one certain vendor's lien promissory note, of even date herewith, in the original principal sum of \$67,000.00, payable to the order of Grantors herein, with no interest thereon before maturity, and being due and payable as therein set out. Said note is secured by a vendor's lien retained herein covering the herein described property, and is additionally secured by a Deed of Trust, of even date therewith, whereby there was conveyed to ED D. MICHALEK, as Trustee, the hereinafter described property;

have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL and CONVEY unto Grantee, all that certain tract or parcel of land, lying and being situated in Harris County, Texas, described as follows:

A 4.75 acre tract of land out of the Thomas A. Hoskins Survey, Abstract 342, Spring Valley, Harris County, Texas, and being a part of that certain 119.7 acres tract conveyed by Frank J. Wren, et al, to Carl M. Knapp, by Deed dated January 1, 1946, recorded in Volume 1427, Page 29, Deed Records, Harris County, Texas; said 4.75 acres being described by metes and bounds as follows:

The point of reference is the intersection of the North R-O-W line of Katy Road (60' wide) and the west R-O-W line of Campbell Road (60' wide);
THENCE N 0°20'E a distance of 739.80' to the point of beginning;
THENCE N 89°57'W a distance of 549.91' to a point for a corner;
THENCE N 0°03'E a distance of 375.84' to a point for a corner;
THENCE S 89°57' E a distance of 551.76' to a point for a corner;
THENCE S0°20'W a distance of 375.85' to the point of beginning and containing 4.75 acres of land.

102-05-1660

This conveyance is made subject to the following:

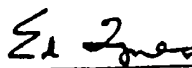
- (1) Easements set out in Easement Instrument dated March 22, 1974; executed by the Grantors herein to the City of Spring Valley.
- (2) Building and zoning ordinance in force and effect in the City of Spring Valley.

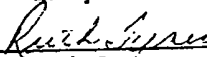
TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and we, the Grantors, do hereby bind ourselves, our heirs, executors and administrators, to Warrant and Forever Defend, all and singular the said premises unto the said Grantee, its successors and assigns, against every person whosoever lawfully claiming, or to claim the same, or any part thereof.

Ad valorem taxes for the year 1973 have been paid, and ad valorem taxes for the year 1974 have been prorated and assumed by Grantee.

But it is expressly agreed and stipulated that the vendor's lien is retained against the above described property, premises and improvements, until the above described note, and all interest thereon are fully paid according to its face and tenor, effect and reading, when this deed shall become absolute.

WITNESS our hands at Houston, Texas, this the 25th day of March, 1974.


Ed Tynes


Ruth Tynes

Permits & Easements

Are any major permits necessary for completion of the project?: N

Has the applicant obtained all necessary land and easements for the project?: Y

STATE OF TEXAS
COUNTY OF Harris

§
§
§

**SITE
CERTIFICATE**

Before me, the undersigned notary, on this day personally appeared Julie M. Robinson, a person whose identity is known to me or who has presented to me a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is Julie M. Robinson. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this certificate are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of City of Spring Valley Village, Texas, an entity that has filed an application for financial assistance with the Texas Water Development Board for a (water) (wastewater) project.

Please complete only those sections that apply to your project:

LEGAL CERTIFICATION – LEASE/CONTRACT

I certify that: _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed a written lease or other contractual agreement to use the property needed for this (water)(wastewater) project that extends through _____ (date), the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

LEGAL CERTIFICATION – PROPERTY EASEMENT

I certify that: _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. The express easement to use the property needed for this (water) (wastewater) project extends through _____ (date). A copy of the express easement agreement is attached hereto.

LEGAL CERTIFICATION – OWNERSHIP INTEREST

I certify that City of Spring Valley Village
(Legal Name of Applicant, e.g. City, District, etc.)

Option A: has acquired the necessary real property interest, as evidenced by fee simple purchase, deed, fully executed earnest money contracts, or completion of eminent domain proceedings; that such acquisition will guarantee access and egress; and such interest will contain the necessary easements, rights of way, or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below.

Option B: is in the process of acquiring the necessary real property interest, as evidenced by earnest money contracts, contracts for sale, firm option agreements to purchase the subject property, or the initiation of eminent domain procedures; that such acquisition will guarantee access and egress; and such interest will contain the necessary easements, rights of way, or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below. The anticipated date of acquisition is:
_____.

The property has been/will be acquired with the use of eminent domain: True False

Location and Description of Property Interests acquired for Project:
1025 Campbell Road, Houston, Texas, 77055

Any deeds or other instruments required to be recorded to protect the title(s) held by City of Spring Valley Village (Legal Name of Applicant) have been recorded or filed for the record in the County deed records or other required location. The following documents are attached hereto:

Warranty Deed with Vendor's Lien

Description of documents that were used or will be used to acquire the property:
The Deed is evidence that the property was acquired by the City.

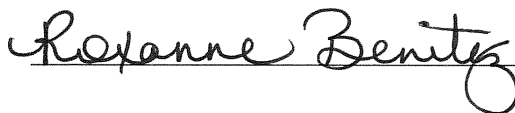
EXECUTED this 4th day of May, 2018.

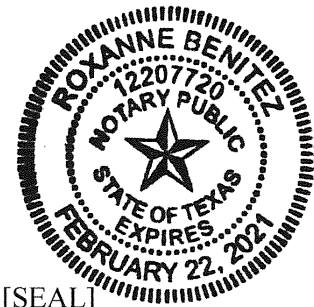
 (Signature)

Julie M. Robinson (Print Name)

City Administrator (Title)

Sworn to and subscribed before me by Julie M. Robinson on this 4th day
of May, 2018.

 (Notary Public in and for the State of Texas)



[SEAL]



State of Texas
 County of Harris
 County Auditor's Form 153
 Harris County, TX (rev. 07/11)

Stan Stanart, County Clerk
 Information & Public Service (713) 755-6405
 201 Caroline, Ste 310, Houston, TX 77002
 Fee Officer's Official Receipt

Receipt #: IN16007533

Receipt Date: 04/20/2016 11:09:45 AM

Fees Assessed By: CCO\jpolocheck

Cashier: Garcia, Isabel (CCO)

ROXANNE BENITEZ
 1025 CAMPBELL ROAD
 HOUSTON, TX 77055
 rbenitez@springvalleytx.com

Fee Description	Amount	Notes
Credit Card Surcharge	\$0.16	PLAIN COPY - B17975
County Clerk	\$4.00	Real Property FC: 102051659
Total :	\$4.16	

Tender Type	Tender SubType	Check # / CC Auth #	Tender Amount
CREDIT CARD	Visa		\$4.16
Total Paid:			\$4.16

THANK YOU

E129382

W D
D D

WARRANTY DEED WITH
VENDOR'S LIEN

102-05-1659

THE STATE OF TEXAS)
) KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS)

THAT we, the undersigned, ED TYNES and wife, RUTH TYNES, of the County of Harris, State of Texas, hereinafter called "Grantors", for and in consideration of the sum of TEN AND 00/100 (\$10.00) DOLLARS, and other good and valuable consideration, to us paid, and secured to be paid, by the CITY OF SPRING VALLEY, in Harris County, Texas, hereinafter called "Grantee", as follows:

350
J

W

(a) The sum of Ten and 00/100 (\$10.00) Dollars, and other good and valuable consideration, the receipt of which is hereby acknowledged; and

(b) The execution by the Grantee herein and delivery to the Grantors herein of Grantee's one certain vendor's lien promissory note, of even date herewith, in the original principal sum of \$67,000.00, payable to the order of Grantors herein, with no interest thereon before maturity, and being due and payable as therein set out. Said note is secured by a vendor's lien retained herein covering the herein described property, and is additionally secured by a Deed of Trust, of even date therewith, whereby there was conveyed to ED D. MICHALEK, as Trustee, the hereinafter described property;

have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL and CONVEY unto Grantee, all that certain tract or parcel of land, lying and being situated in Harris County, Texas, described as follows:

A 4.75 acre tract of land out of the Thomas A. Hoskins Survey, Abstract 342, Spring Valley, Harris County, Texas, and being a part of that certain 119.7 acres tract conveyed by Frank J. Wren, et al, to Carl M. Knapp, by Deed dated January 1, 1946, recorded in Volume 1427, Page 29, Deed Records, Harris County, Texas; said 4.75 acres being described by metes and bounds as follows:

D

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THENCE N 89°57'W a distance of 549.91' to a point for a corner;
THENCE N 0°03'E a distance of 375.84' to a point for a corner;
THENCE S 89°57' E a distance of 551.76' to a point for a corner;
THENCE S0°20'W a distance of 375.85' to the point of beginning and containing 4.75 acres of land.

102-05-1660

This conveyance is made subject to the following:

- (1) Easements set out in Easement Instrument dated March 22, 1974, executed by the Grantors herein to the City of Spring Valley.
- (2) Building and zoning ordinance in force and effect in the City of Spring Valley.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever, and we, the Grantors, do hereby bind ourselves, our heirs, executors and administrators, to Warrant and Forever Defend, all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

Ad valorem taxes for the year 1973 have been paid, and ad valorem taxes for the year 1974 have been prorated and assumed by Grantee.

But it is expressly agreed and stipulated that the vendor's lien is retained against the above described property, premises and improvements, until the above described note, and all interest thereon are fully paid according to its face and tenor, effect and reading, when this deed shall become absolute.

WITNESS our hands at Houston, Texas, this the 25th day of March, 1974.

Ed Tynes

Ed Tynes

Ruth Tynes

Ruth Tynes

102-05-1661

THE STATE OF TEXAS)
)
COUNTY OF HARRIS)

BEFORE ME, the undersigned authority, on this day personally appeared ED TYNES and wife, RUTH TYNES, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 9th day of ~~March~~ April, 1974.

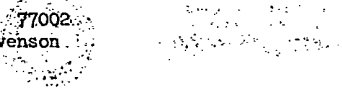
Charlene Johnson

Notary Public in and for
Harris County, Texas



RECORDER'S MEMORANDUM:
The changes made on this instrument were present at the time instrument was filed and recorded.

Return To: Schlanger, Cook, Cohn & Mills
Southern Title Building
1415 Fannin
Houston, Texas 77002
ATT: C. B. Stevenson



102-05-1662

FILED
COUNTY CLERK
HARRIS COUNTY, TEXAS
APR 16 9 16 AM 1974

STATE OF TEXAS }
COUNTY OF HARRIS }

I hereby certify that this instrument was FILED in
the Number Sequence on the date and at the time stamped
hereon by me; and was duly RECORDED, in the Official
Public Records of Real Property of Harris County, Texas on

APR 16 1974



Petermonte
COUNTY CLERK
HARRIS COUNTY, TEXAS

Environmental Determination

Has a Categorical Exclusion (CE), Determination of No Effect, Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?: N

CE/DNE

Is the project potentially eligible for a CE/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?: Y

Adverse Environmental/Social Impacts

Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?: N

Associated PIF(s)

PIF number(s):

PIF ID #12571

Additional Attachments

The following documents are attached after this page:

The following documents are attached after this page:

Groundwater Reduction Plan Supplement_2013.pdf

**GROUNDWATER REDUCTION PLAN
WATER SUPPLY SUPPLEMENT
BETWEEN THE CITY OF HOUSTON, TEXAS AND,
THE CITY OF SPRING VALLEY VILLAGE, TEXAS**

C 7 5 9 9 2
2014-0777

THIS WATER SUPPLY SUPPLEMENT ("Supplement") is made by and between the **CITY OF HOUSTON** ("Houston"), and **THE CITY OF SPRING VALLEY VILLAGE, TEXAS** ("Customer") (collectively, the "Parties").

Recitals

Houston, a home-rule city, principally located in Harris County, Texas, owns a water distribution system and desires to sell water to the Customer. Houston has authority to enter into this Supplement pursuant to its Home Rule Charter and Texas Local Government Code Section 552.021.

The Customer is a general-law municipality located in Harris County, Texas and has authority to enter into this contract pursuant to the laws and constitution of the State of Texas. The Customer desires to purchase treated water from Houston ("Water") for distribution and domestic and commercial uses consistent with Houston's water permits and applicable state laws and regulations.

The parties entered into a Groundwater Reduction Plan Wholesale Agreement on February 17, 2004, approved by Houston as Ordinance No. 2003-0519 ("GRP Agreement"), Contract No. 55739B and are entering into this Supplement to provide the terms of water service pursuant to the GRP Agreement.

Houston desires to provide Water under the terms of service in Houston's Water Service Manual for **Treated Water Contracts** (the "Service Manual"), as amended from time to time, and at the Points of Delivery and Measurement and within the Project Boundaries, all of which are identified in the attached **Exhibit "A"**. The Service Manual clarifies, supplements, and defines the terms of this Supplement. The Customer acknowledges that it has read and comprehended the Service Manual.

In consideration of the promises and agreements below, the Parties agree as follows: The Parties find that the recitals above are true and correct and incorporate them by reference.

**ARTICLE I.
Terms of Delivery and Service**

1.01 *Delivery Terms.* Houston shall sell and deliver (or cause to be delivered) and the Customer shall pay for and accept Water for the charges and in the quantities set forth in Article II, according to the Service Manual, and at and within the locations described in **Exhibit "A"**.

1.02 *Service Manual.* The parties shall comply with the Service Manual, as amended by Houston from time to time, which is incorporated into this Supplement by reference. In the event of a conflict between the terms of this Supplement and the Service Manual, the Supplement terms shall be controlling. Houston shall make the most recent version of the Service Manual available to the Customer online and provide the Customer with notice of updates to the Service Manual. The Customer shall be responsible for reading and complying with the Service Manual as it is amended from time to time.

1.03 *Effect on GRP Agreement.* The GRP Agreement is hereby incorporated by reference into this Supplement. If a direct conflict arises between this Supplement and the GRP Agreement, the GRP

Agreement shall be controlling. However, to the extent possible, this Supplement shall be construed to supplement and clarify the terms of GRP Agreement in manner that minimizes any conflict.

ARTICLE II. Quantity and Usage

2.01 *Monthly Amount—Minimum Billing & Maximum Delivery.* The initial minimum monthly amount of surface water, for which the Customer must pay, whether taken or not, is equal to 30% of the Customer's total monthly demand of both surface water and groundwater. The Utility Official may waive the minimum monthly amount in accordance with the Service Manual. The maximum monthly amount the Customer is authorized during the term of this Supplement is 7,182,000 gallons of Water per month. The Utility Official shall determine the Customer's authorized monthly amount within the limits provided in this Supplement. The authorized monthly amount shall not exceed the volume of Water associated with the Impact Fees or Capacity Charges related to this Supplement, paid on behalf of the Customer, and received by Houston. The Customer may request a change in the minimum monthly amount and the authorized monthly amount no more than once per year.

2.02 *Peak Usage Rate Restriction.* The Customer shall restrict its peak usage rate to no more than 240,000 gallons of Water per day unless the Utility Official authorizes a higher peak usage rate through a Change of Service Letter as provided for in Section 6.01 below.

2.03 *Water Management Requirements.* The Customer acknowledges that the Customer has adopted a Water Conservation Plan and Drought Contingency Plan and agrees to meet the Customer Water Management Requirements provided in the Service Manual.

2.04 *Water Shortages and Reduction in Usage.* As a condition of this Supplement, the Customer must reduce Water it consumes during water shortages in accordance with the Customer Water Management Requirements. Houston may reduce the Customer's authorized monthly amount to address Water shortages only in accordance with its Ordinances and the applicable laws of the State of Texas, such as Chapter 11 of the Texas Water Code.

2.05 *Water Rights and Reuse.* Other than for purposes of the Customer's beneficial use or resale only within the Project Boundaries during the Supplement Term, all rights to all Water delivered hereunder remain with Houston. The Customer shall make and document reasonable efforts to prevent and discourage waste of Water. The Customer shall have no right to directly or indirectly reuse the Water except with the consent of Houston and in accordance with the Service Manual.

2.06 *Departmental Remedies for Exceeding Authorized Use.* If the Customer uses more Water than the authorized monthly amount or exceeds the peak usage authorized under this Supplement, then the Department may apply additional charges, require the Customer to install additional equipment as provided in the Service Manual, and in cases that the Director determines threaten the Houston System, immediately suspend delivery of Water to the Customer.

ARTICLE III. Charges

3.01 *Charges and Rates.* Houston shall calculate the Customer's billing statements in accordance with the formula, rates, and fees as in Subsection 47-61(f) of the City of Houston Code of Ordinances, or any successor ordinance for contract treated water customers ("Rate Ordinance"). Although Houston intends that Water prices remain stable, the Customer acknowledges that Houston retains the right to change rates for customers, including the Customer, from time to time by amending or superseding the rates set out in the Rate Ordinances.

3.02 *Impact Fees and Capacity Charges.* The Customer shall comply or cause other entities served under this Supplement to comply with Houston's Impact Fee Ordinances and Capacity Charge Ordinances and the Service Manual, as they may be amended from time to time.

3.03 *Additional Charges.* In addition to other charges, Houston may charge the Customer additional fees to compel compliance or reimburse Houston for the cost of non-compliance with the terms of this Supplement in accordance with the Service Manual.

ARTICLE IV. Supplement Term

4.01 *Term.* This Supplement is in effect from the date of countersignature by Houston's Controller and shall expire at the same time as the GRP Agreement (the "Supplement Term").

ARTICLE V. Service and Operations

5.01 *Force Majeure.* Either Party may claim Force Majeure upon giving notice and full details of such Force Majeure in writing to the other Party as soon as possible after the occurrence of the Force Majeure. Performance by the Party giving such notice, to the extent it is affected by Force Majeure and to the extent that due diligence is being used to resume performance, shall be suspended for the duration of the Force Majeure. The Party claiming Force Majeure shall work with reasonable diligence to resume performance. Force Majeure includes but is not limited to the following events: acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, water shortages (including droughts), tornadoes, hurricanes, arrests and restraints of government and people, explosions, breakage or damage to machinery, pipelines or canals, all lawfully adopted and/or issued orders, ordinances, statutes, laws and/or regulations of any court or governmental entity with jurisdiction over the subject matter of this Supplement, and any other incapacities of either Party, and not within the control of the Party claiming such inability, which by the exercise of due diligence and care such Party could not have avoided. Force Majeure excludes inability to pay, insolvency, bankruptcy, and other financial limitations.

5.02 *Pressure and Quantity Not Guaranteed.* Houston does not guarantee the Customer any specific quantity or pressure of Water. If Houston's Water supply is limited or if Houston's equipment becomes inoperative because of unforeseen breakdown or scheduled maintenance and repairs, Houston is not liable for failure to furnish any specific amount or pressure of Water. During any month in which Houston is unable to deliver to the Customer the minimum amount then specified, whether as a result of curtailments or suspensions under Article II of the Supplement, or as a result of Force Majeure, the Customer shall be obligated to pay Houston only for the amount of Water delivered to the Customer under this Supplement during such month.

5.03 *Quality of Water.* Houston shall provide Water to the Customer's Point of Delivery meeting all applicable Texas and Federal regulations regarding water service and water quality, including the Federal Safe Drinking Water Act ("Regulatory Standards"). Otherwise, Houston does not guarantee the Customer any specific quality of Water or warrant the Water for any particular purpose.

5.04 *RELEASE AND INDEMNIFICATION.* THE CUSTOMER HEREBY RELEASES, DISCHARGES AND, TO THE EXTENT PERMITTED BY LAW, INDEMNIFIES HOUSTON FROM ALL FINES, DEMANDS, JUDGEMENTS, LIABILITIES OR CLAIMS RELATING TO

DELIVERY OF WATER THAT MEETS THE REGULATORY STANDARDS AT THE POINT OF DELIVERY.

5.05 *Construction and Operational Standards.* To protect the Houston System, the Customer shall design, construct, operate and maintain the Customer System to comply with the all applicable Regulatory Standards, the rules promulgated by the TCEQ, the Plumbing Code, Infrastructure Design Manual, Ordinances, and related regulations regarding backflow prevention and cross connections ("System Standards"). To the greatest extent possible, the System Standards shall be construed to not conflict with each other. The TCEQ rules shall control if any TCEQ rules provide a higher or entirely inconsistent regulatory standard than other regulations aforementioned.

5.06 *Operation of Customer System.* The Customer's System begins at the Point of Delivery but excludes Houston's meter. The Customer and its agents shall operate the Customer System to meet the requirements in the Service Manual. The Customer and its agents shall be solely responsible for meeting System Standards related to the resale of Water, providing alternative sources of water, and operating the Customer's System in a manner that does not harm Houston's System. Houston has no responsibility for meeting the Customer's System Standards, maintaining the Customer System, or improving the Houston System to improve service to the Customer System. The Customer is solely responsible for maintenance and regulatory compliance on Customer service lines between the Point of Measurement and the Point of Delivery.

5.07 *Customer System Corrections.* The Customer shall immediately correct practices and operations that may cause harm to Houston's System, including but not limited to

- (a) pressure variations that have the potential to damage the Houston System or cause the Houston System to violate applicable Regulatory Standards;
- (b) inadequate or compromised backflow prevention devices; and
- (c) leaks or breakage between the Point of Delivery and the Point of Measurement.

5.08 *Suspension of Delivery.* The Department may temporarily suspend delivery of Water if the Director, in his or her sole discretion, determines that the Customer's System

- (a) violates applicable Regulatory Standards or Sections 2.06 or 5.06 of this Agreement;
- (b) may cause serious harm to the Houston System; and
- (c) except in cases of imminent danger to the public, provides the Customer with notice.

The Department shall resume service when the Customer corrects the practice that led to suspension.

5.09 *Construction of Facilities.* The Utility Official, in his or her sole discretion and consistent with the Service Manual, may require the Customer to install, replace or repair the meter, backflow prevention system, flow inhibitor or other facilities at the Point of Measurement ("Facilities") he or she reasonably deems necessary or desirable for the uniform, efficient and secure operation of the Houston System. The Utility Official may also require the Customer to obtain rights of way or other interests in land necessary for the construction and operation of the required facilities. The Customer shall design, obtain, improve, construct, and convey or cause to be designed, obtained improved, constructed, or conveyed, at no cost to Houston the Facilities as directed by the Utility Official and consistent with the terms of the Service Manual.

5.10 *Reimbursement for Certain Repairs.* In the event that Houston performs repairs under the terms of the Service Manual, the Customer shall promptly reimburse Houston for the cost for repairs or replacements necessary to repair damage on the Customer's System if Houston corrects such

conditions. The Customer shall pay the costs of any such repair(s) to Houston's System only if the damage to Houston's System is reasonably attributable to the Customer's failure to correct operations as reasonably requested by the Utility Official in writing or if the Customer's System was not in compliance with Section 5.06 at the time the damage occurred.

5.11 *Response by Houston Officials.* If not otherwise provided by this Supplement or the Service Manual, Houston shall respond to any Customer request in a manner and time consistent with Houston's standard practices and procedures for water utility service.

ARTICLE VI. Changes to the Terms of Service

6.01 *Service Letters.* In accordance with the Service Manual and consistent with this Supplement, the GRP Agreement, and applicable Ordinances, the Utility Official may issue a Service Letter to change the following variable terms under this Supplement:

- (a) Changes to the Points of Measurement or Delivery;
- (b) Adjustment to Minimum Monthly Amount for Billing;
- (c) Adjustments to Authorized Monthly Amount up to the Maximum Monthly Amount;
- (d) Adjustment to Peak Usage Rate;
- (f) Authorization and Adjustment to the Customer's Use of Return Flows;
- (e) Construction Phasing Plans combining the changes and adjustments listed above; and
- (h) Changes to contract specific information concerning notices, addresses, and assignments.

6.02 *Conditions and Issuance.* Within 30 days following the date of receipt of a Customer's request for a Service Letter, the Utility Official shall respond regarding whether the request is administratively complete and what conditions, if any, may be required to issue the Service Letter. The Utility Official shall issue the Service Letter within 30 days after the Customer satisfies all of the Utility Official's conditions. One of the conditions may be Houston's receipt of the Customer's payment of standard charges, as provided by Ordinance or the Service Manual, for the review of the Customer's request for a Service Letter.

6.03 *Attachment and Revocation.* The Customer shall attach the Service Letter as the next alphabetical exhibit to this Supplement. The Customer shall retain, authenticate, and present copies of any Service Letter upon request from Houston or the TCEQ. If the Customer violates the Terms of Service or fails to fulfill the conditions of the requested Service Letter, Houston may revoke the related Service Letter, using the default provision in Article VII of this Supplement.

6.04 *Amendments to Supplement.* A Service Letter may supplement but may not alter the terms of this Supplement. To alter the terms of this Supplement, Houston and the Customer must amend this Supplement in writing through their governing bodies.

ARTICLE VII. Miscellaneous Provisions

7.01 *Notice and Assignments.* The Parties shall notify each other as provided in the Service Manual. This Supplement shall bind and benefit the Parties and their legal successors, but neither Party may assign this Supplement, in whole or part, without first obtaining the other Party's written consent.

7.02 *Parties in Interest.* This Supplement is for the sole and exclusive benefit of the Parties and may not be construed to confer any rights upon any third party. The Customer shall remain liable

for all payments and obligations due to Houston under this Agreement regardless of the Customer's obligations and rights under any separate agreement. **Houston shall never be liable for damages to any customer of the Customer for any failure to perform under this Supplement.**

7.03 *Subject to Laws and Regulations.* This Supplement shall be subject to all present and future applicable valid laws, orders, rules, and regulations of the United States of America, the State of Texas, any regulatory body having jurisdiction, and Houston's Ordinances and Charter.

7.04 *No Additional Waiver Implied.* The failure of either Party to insist upon performance of any of the terms, covenants or conditions of this Supplement shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by the other Party.

7.05 *Merger, Authorship, Captions, and Approvals.* This Supplement contains all the agreements made between the Parties. This Supplement shall not be construed in favor of or against either Party on the basis that the Party did or did not author this Supplement. The captions appearing at the first of each numbered section in this Supplement are solely for convenience and shall never be considered or given any effect in construing this Supplement, or any provisions hereof, or in connection with the duties, obligations, or liabilities of the Parties in this Supplement or in ascertaining intent, if any questions of intent should arise. Unless otherwise provided, any consent or approval of the Parties shall be made by the governing body of each Party.


7.06 *Default and Remedies.* Default occurs if either Party fails to adhere to its respective obligations under this Supplement, including terms in the Service Manual. In such event, a non-defaulting Party shall give the defaulting Party written notice describing such default and the proposed date of termination. Such date may not be sooner than the 30th day following receipt of the notice. For payment defaults by a local government entity that meets no more than once per month, such date may not be sooner than the 45th day following receipt of the notice. The non-defaulting Party, at its sole option, may extend the proposed date of termination to a later date. If prior to the proposed date of termination the defaulting Party cures the default, then the proposed termination shall not occur. If the defaulting Party fails to cure the default prior to the proposed date of termination, then the non-defaulting Party may terminate its performance under this Supplement as of such date. This Section does not specify the exclusive remedy for any default, and all remedies existing at law are available to either Party. The City Attorney may enforce all legal rights and obligations of Houston under this Supplement without further authorization.


**ARTICLE VIII.
Signatures**

The Parties hereto have executed this Supplement in multiple copies, each of which shall be deemed to be an original, effective on the date of countersignature below.

"CUSTOMER"
THE CITY OF
SPRING VALLEY VILLAGE, TEXAS

WITNESS (ATTEST/SEAL):

By: 
Name: Tom Ramsey
Title: Mayor
Notice Address: 1025 Campbell Road
Houston, Texas, 77055
Email:

By: 
Name: Betty Lusk
Title: City Secretary
Resolution or Motion No. 7.3
December 17, 2013

"HOUSTON"

CITY OF HOUSTON, TEXAS

By: *Arnie D. Parker*
Mayor *Brenda L. Murphy*

ATTEST/SEAL:

MaRussell
City Secretary

APPROVED:

D. W. G.
Director, Department of Public Works
and Engineering

APPROVED AS TO FORM:

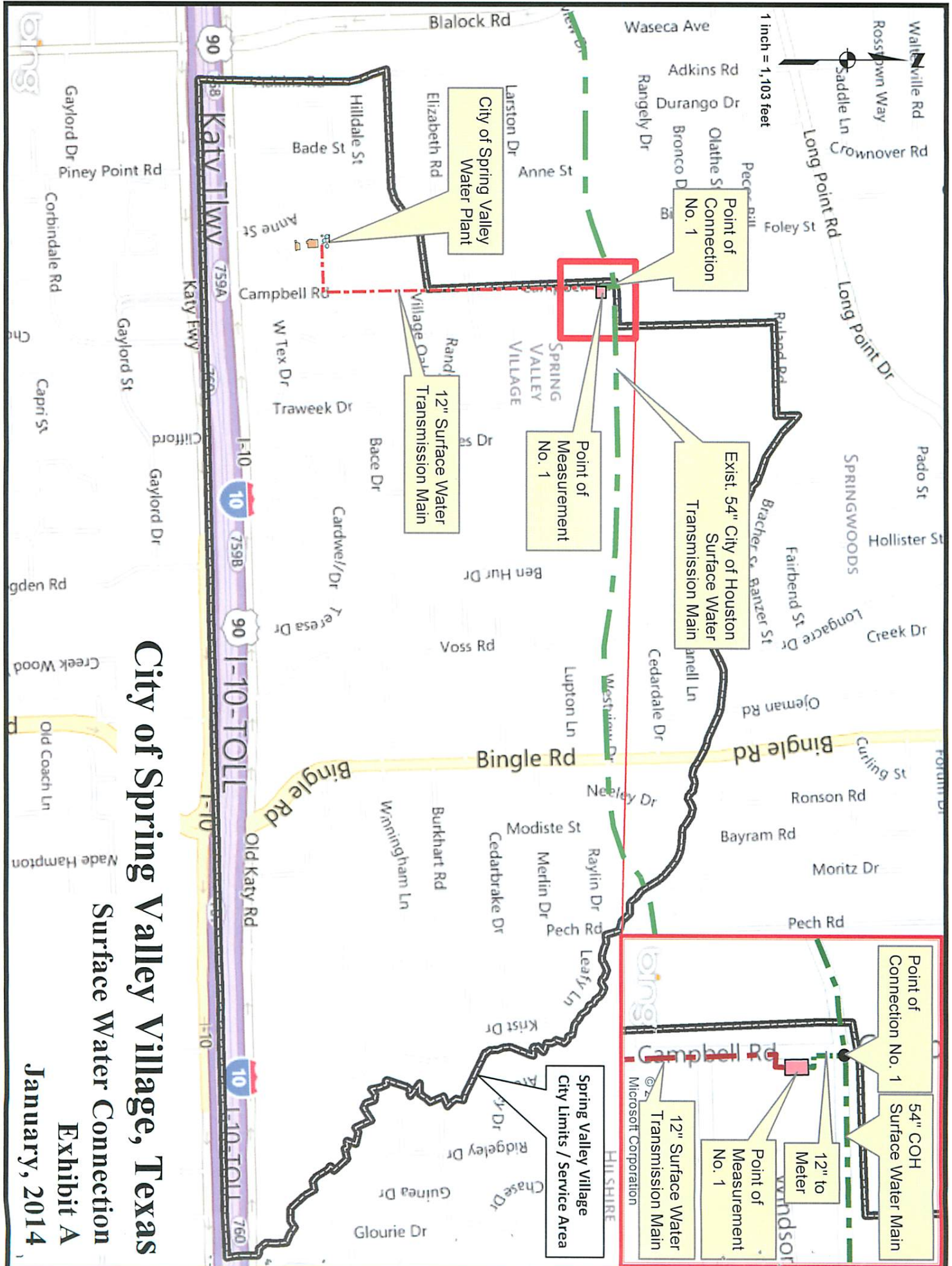
Angie Cabell
Assistant City Attorney
L.D. File No. *0801302110007*

COUNTERSIGNED BY:

Ronald C. Kuh
City Controller *Ronald C. Kuh*

DATE COUNTERSIGNED: *8-19-14*

EXHIBIT "A"
PROJECT DESCRIPTION AND BOUNDARIES



City of Spring Valley Village, Texas

Surface Water Connection

Exhibit A

January, 2014

Associated PIF PDF

The following document is for associated PIF #12571

Texas Water

Development Board

OLA ID 862052

PIF No. 12571

Entity Name: Spring Valley Village

Project Name: WUG Infrastructure Expansion
(Groundwater) - Spring Valley
(Phase 1&2)

TABLE OF CONTENTS

General Information

Contact Information

Service Area

Project Description

Document - WaterSystemList

Readiness to Proceed to Construction

Estimated Costs

Additional Attachments

Document - Additional_Attachments

Submittal

General Information

Project Information

Funding Type: SWIFT

Contact Information

County: Harris

Entity Contact Information	Engineering Firm Contact Information
Name of Entity: Spring Valley Village	Name of New Entity:
Prefix:	Prefix:
First Name: Julie M.	First Name: John
Last Name: Robinson	Last Name: Seifert
Addr 1: 1025 Campbell Road	Addr 1: 11111 Katy Freeway Suite 850
Addr 2:	Addr 2:
City: Houston	City: Houston
State: TX	State: TX
Zip: 77055-7407	Zip: 77079-2176
Phone: (713) 465-5306	Phone: (713) 468-8600
Fax:	Fax:
Suffix:	Suffix:
OrgName:	OrgName:
DeptName:	DeptName:
Title: City Administrator	Title: Senior Supervising Engineer
Email: jrobinson@springvalleytx.com	Email: jseifert@lbgguyton.com
	Firm Name: WSP USA
Make Changes: Y	Make Changes: Y
No Entity TxWISE Id	No Engineering TxWISE Id

Service Area

Population Served: 4,452

Project Description

Project Name: WUG Infrastructure Expansion (Groundwater) - Spring Valley (Phase 1&2)

Where can Project be found in the most recent Regional Water Plan?

Project listed on page: : 5-A-131

Capital costs on page: : 5-A-131

Region: H - REGION H

Phase(s) Applied For

Planning: Y

Acquisition: Y

Design: Y

Construction: Y

Emergency

Applicant/entity's water supply will last less than 180 days.: N

Applicant has received or applied for Federal emergency funding.: N

None of the above.: Y

Agricultural Efficiency Project?: N

Estimated average annual residential water bill: \$1,559.06

Annual Median Household Income: \$175,375

Project will produce water: Y

Project will conserve water: N

Please provide the volume of water anticipated to be produced or conserved by the project per decade:

2020	2030	2040	2050	2060	2070
0	314	579	624	679	742

Project will address water loss: Y

Description of Proposed Project Components: Construction and equipping of a new 1,200 feet deep, 1,800 gpm production well with modifications to electrical and chlorination equipment.

City of Spring Valley Village

Readiness to Proceed to Construction

Preliminary planning or design work (30% of total project) has been completed or is not required.:
Y

Applicant is prepared to begin implementation or construction within 18 months of application
deadline.: Y

Applicant has acquired all water rights associated with the proposed project, or none will be
required.: Y

Estimated Costs

TWDB Requested Amount

Low-Interest Loan Amount: \$2117000.00

Deferred Loan Amount:

Board Participation Amount:

Local Contribution Amount:

Other Amount:

Other Desc:

Total Estimated Project Costs: \$2117000.00

Anticipated Debt Service for 2018 Loan Closing is anticipated to be:: LEVEL

Additional Attachments

The following documents are attached after this page:

Region H 2016 RWP - Spring Valley Village.pdf

Water User Group (WUG) Population

REGION H	WUG POPULATION					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
HEDWIG VILLAGE	2,580	2,771	2,975	3,194	3,429	3,683
HILSHIRE VILLAGE	749	791	857	951	1,051	1,160
HOUSTON	2,064,279	2,220,602	2,374,857	2,528,947	2,686,749	2,851,123
HUMBLE	17,243	20,928	23,603	25,590	27,068	28,170
HUNTERS CREEK VILLAGE	4,461	4,817	5,202	5,619	6,068	6,553
JACINTO CITY	10,603	10,908	11,224	11,546	11,879	12,222
JERSEY VILLAGE	7,723	7,790	7,936	8,096	8,272	8,465
KATY	13,337	14,032	14,556	15,018	15,438	15,830
KINGS MANOR MUD	895	906	926	940	951	959
LA PORTE	2,225	2,289	2,350	2,411	2,474	2,538
LONGHORN TOWN UD	1,273	1,292	1,302	1,309	1,315	1,319
MASON CREEK UD	6,610	6,610	6,610	6,610	6,610	6,610
MISSOURI CITY	5,650	6,439	7,082	7,773	8,529	9,352
MOUNT HOUSTON ROAD MUD	5,017	6,179	7,015	7,637	8,101	8,442
NEWPORT MUD	8,780	9,074	9,302	9,531	9,759	9,988
NORTH BELT UD	1,788	1,799	1,846	1,897	1,952	2,011
NORTH CHANNEL WATER AUTHORITY	82,326	84,755	86,983	89,193	91,387	93,192
NORTH FORT BEND WATER AUTHORITY	8,697	8,748	8,790	8,831	8,873	8,914
NORTH GREEN MUD	4,072	4,127	4,181	4,241	4,300	4,355
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY	731,265	780,933	821,599	856,170	886,651	914,489
NORTHWEST PARK MUD	16,782	17,493	18,300	19,114	19,950	20,824
PARKWAY UD	5,970	6,282	6,328	6,375	6,421	6,468
PASADENA	118,765	122,380	125,922	129,514	133,172	136,947
PINEY POINT VILLAGE	3,178	3,495	3,847	4,234	4,659	5,127
SOUTH HOUSTON	16,983	17,562	18,161	18,782	19,425	20,088
SOUTHSIDE PLACE	1,734	1,865	2,007	2,159	2,323	2,500
SPRING VALLEY	3,870	4,202	4,541	4,885	5,258	5,660
STAFFORD	310	333	342	351	361	372
SUNBELT FWSD	16,510	17,366	18,196	19,148	20,247	21,453
THE COMMONS WATER SUPPLY INC	2,981	3,143	3,273	3,370	3,442	3,494
THE WOODLANDS	16,144	17,484	19,174	20,436	21,378	22,083
TOMBALL	12,742	13,457	14,110	14,677	15,182	15,644
TRAIL OF THE LAKES MUD	9,058	9,453	9,578	9,671	9,740	9,791
WALLER	478	492	513	540	574	617
WEST HARRIS COUNTY MUD #6	2,428	2,628	2,750	2,841	2,909	2,959
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	555,456	583,011	623,082	663,886	678,007	690,322
WEST UNIVERSITY PLACE	14,972	16,123	17,377	18,728	20,185	21,758
WINDFERN FOREST UD	4,288	4,302	4,311	4,317	4,321	4,324
WOODCREEK MUD	2,340	2,354	2,375	2,396	2,420	2,445
COUNTY-OTHER	203,802	242,564	256,997	263,780	291,987	318,695
SAN JACINTO BASIN TOTAL POPULATION	4,259,704	4,570,209	4,849,941	5,115,114	5,373,633	5,632,338

Water User Group (WUG) Demand

REGION H	WUG DEMAND (ACRE-FEET PER YEAR)					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
PARKWAY UD	520	528	520	516	518	521
PASADENA	17,555	17,564	17,650	17,920	18,378	18,893
PINEY POINT VILLAGE	1,743	1,898	2,073	2,277	2,504	2,754
SOUTH HOUSTON	1,945	1,932	1,933	1,963	2,023	2,091
SOUTHSIDE PLACE	263	274	288	306	329	353
SPRING VALLEY	1,048	1,117	1,191	1,272	1,368	1,472
STAFFORD	74	79	80	82	84	86
SUNBELT FWSD	1,693	1,692	1,701	1,760	1,854	1,963
THE COMMONS WATER SUPPLY INC	359	373	385	394	401	407
THE WOODLANDS	3,873	4,150	4,520	4,800	5,014	5,177
TOMBALL	3,210	3,345	3,474	3,595	3,714	3,826
TRAIL OF THE LAKES MUD	1,043	1,066	1,066	1,068	1,073	1,078
WALLER	84	84	87	90	96	103
WEST HARRIS COUNTY MUD #6	327	344	352	360	368	374
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	71,086	73,202	77,277	81,779	83,359	84,827
WEST UNIVERSITY PLACE	2,885	3,029	3,202	3,416	3,674	3,959
WINDFERN FOREST UD	843	830	819	813	812	812
WOODCREEK MUD	288	282	277	276	278	281
COUNTY-OTHER	28,262	32,569	33,868	34,433	38,021	41,470
MANUFACTURING	246,361	260,546	273,111	282,515	277,795	273,154
MINING	2,913	2,894	2,843	2,812	2,787	2,768
STEAM ELECTRIC POWER	22,378	26,163	30,776	36,400	43,255	51,401
LIVESTOCK	1,517	1,517	1,517	1,517	1,517	1,517
IRRIGATION	6,531	6,531	6,531	6,531	6,531	6,531
SAN JACINTO BASIN TOTAL DEMAND	1,027,065	1,082,551	1,136,351	1,190,827	1,236,625	1,285,390
SAN JACINTO-BRAZOS BASIN						
CLEAR BROOK CITY MUD	1,649	1,683	1,772	1,861	1,957	2,052
DEER PARK	2,939	3,002	3,079	3,172	3,289	3,407
EL LAGO	322	310	301	302	302	303
FRIENDSWOOD	2,100	2,477	2,724	2,990	3,261	3,565
HARRIS COUNTY MUD #55	1,442	1,461	1,480	1,537	1,666	1,825
HOUSTON	27,847	31,082	34,261	37,739	41,642	46,086
KIRKMONT MUD	378	401	425	453	489	528
LA PORTE	4,497	4,404	4,348	4,340	4,381	4,432
LEAGUE CITY	389	430	456	476	491	503
NASSAU BAY	1,065	1,060	1,057	1,065	1,077	1,091
PASADENA	5,274	5,234	5,214	5,249	5,342	5,450
PEARLAND	2,028	2,467	2,937	3,285	3,546	3,742
SAGEMEADOW UD	727	745	780	825	879	937
SEABROOK	1,857	1,842	1,839	1,852	1,880	1,913
SHOREACRES	332	327	327	328	333	337
TAYLOR LAKE VILLAGE	657	651	643	642	647	653
WEBSTER	3,860	4,104	4,305	4,466	4,601	4,711
COUNTY-OTHER	1,966	2,306	2,564	2,803	3,069	3,341
MANUFACTURING	84,953	89,844	94,176	97,418	95,791	94,192
MINING	196	195	192	190	188	187
STEAM ELECTRIC POWER	1,178	1,377	1,620	1,916	2,277	2,705

Water User Group (WUG) Existing Water Supply

REGION H	SOURCE REGION | SOURCE NAME	EXISTING SUPPLY (ACRE-FEET PER YEAR)					
		2020	2030	2040	2050	2060	2070
HARRIS COUNTY							
SAN JACINTO BASIN							
LONGHORN TOWN UD	H | GULF COAST AQUIFER | HARRIS COUNTY	172	133	130	125	120	116
MASON CREEK UD	H | GULF COAST AQUIFER | HARRIS COUNTY	760	576	563	539	519	499
MISSOURI CITY	H | BRAZOS RUN-OF-RIVER	513	478	445	431	439	460
MISSOURI CITY	H | GULF COAST AQUIFER | HARRIS COUNTY	371	259	192	200	211	223
NORTH BELT UD	H | GULF COAST AQUIFER | HARRIS COUNTY	204	156	153	148	144	141
NORTH GREEN MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	285	218	213	205	198	191
NORTHWEST PARK MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	1,845	1,443	1,426	1,387	1,360	1,331
PARKWAY UD	H | GULF COAST AQUIFER | HARRIS COUNTY	62	70	94	89	87	83
PARKWAY UD	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	416	422	416	413	414	417
PINEY POINT VILLAGE	H | GULF COAST AQUIFER | HARRIS COUNTY	209	251	376	394	418	442
PINEY POINT VILLAGE	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	1,394	1,518	1,658	1,822	2,003	2,203
SOUTH HOUSTON	H | DIRECT REUSE	29	29	29	29	29	29
SOUTH HOUSTON	H | GULF COAST AQUIFER | HARRIS COUNTY	233	255	350	341	338	336
SOUTH HOUSTON	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	4,139	4,139	4,139	4,139	4,139	4,139
SOUTHSIDE PLACE	H | GULF COAST AQUIFER | HARRIS COUNTY	32	36	53	53	55	57
SOUTHSIDE PLACE	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	210	219	230	245	263	282
SPRING VALLEY	H | GULF COAST AQUIFER | HARRIS COUNTY	628	502	500	492	491	488
STAFFORD	H | BRAZOS RUN-OF-RIVER	30	32	32	31	31	31
STAFFORD	H | GULF COAST AQUIFER | HARRIS COUNTY	31	21	14	14	14	14
SUNBELT FWSD	H | GULF COAST AQUIFER | HARRIS COUNTY	1,014	782	768	745	734	723
SUNBELT FWSD	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	486	507	853	900	975	1,062
THE WOODLANDS	H | DIRECT REUSE	183	183	183	183	183	183
THE WOODLANDS	H | GULF COAST AQUIFER | HARRIS COUNTY	2,786	2,258	1,980	1,994	2,000	1,993
TOMBALL	H | GULF COAST AQUIFER | HARRIS COUNTY	1,346	883	629	623	620	614
TRAIL OF THE LAKES MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	625	488	476	457	441	425
WALLER	H | GULF COAST AQUIFER | HARRIS COUNTY	35	22	15	16	16	17
WALLER	H | GULF COAST AQUIFER | WALLER COUNTY	25	50	70	72	77	82
WEST HARRIS COUNTY MUD #6	H | GULF COAST AQUIFER | HARRIS COUNTY	196	156	152	147	144	139
WINDFERN FOREST UD	H | GULF COAST AQUIFER | HARRIS COUNTY	353	219	148	141	135	130
WINDFERN FOREST UD	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	253	498	655	650	650	650
WOODCREEK MUD	H | GULF COAST AQUIFER | HARRIS COUNTY	173	131	128	122	119	114
CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY	H | GULF COAST AQUIFER | HARRIS COUNTY	2,008	1,342	958	954	959	963

Water User Group (WUG) Needs/Surplus

REGION H	WUG (NEEDS)/SURPLUS (ACRE-FEET PER YEAR)					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
HARRIS COUNTY WCID #1	421	341	291	271	251	229
HARRIS COUNTY WCID #133	(264)	(342)	(352)	(397)	(450)	(510)
HARRIS COUNTY WCID #74	(315)	(428)	(450)	(480)	(511)	(545)
HARRIS COUNTY WCID #96	(545)	(289)	(40)	(56)	(70)	(84)
HEDWIG VILLAGE	(118)	(107)	(32)	(48)	(63)	(81)
HILSHIRE VILLAGE	(55)	(28)	(4)	(6)	(9)	(11)
HOUSTON	(4,202)	(52,477)	(79,751)	(108,389)	(140,147)	(174,111)
HUMBLE	(754)	(429)	(66)	(100)	(131)	(162)
HUNTERS CREEK VILLAGE	(189)	(171)	(51)	(77)	(103)	(133)
JACINTO CITY	208	240	271	247	224	199
JERSEY VILLAGE	(185)	(236)	(33)	(47)	(59)	(73)
KATY	(1,288)	(1,808)	(1,932)	(2,076)	(2,208)	(2,339)
KINGS MANOR MUD	(34)	(50)	(65)	(71)	(78)	(84)
LA PORTE	165	174	188	188	187	184
LONGHORN TOWN UD	(115)	(155)	(159)	(165)	(171)	(176)
MASON CREEK UD	(508)	(656)	(648)	(669)	(687)	(707)
MISSOURI CITY	0	(243)	(424)	(525)	(616)	(705)
MOUNT HOUSTON ROAD MUD	(199)	(342)	(419)	(476)	(521)	(558)
NEWPORT MUD	348	192	104	84	61	34
NORTH BELT UD	(137)	(179)	(184)	(195)	(208)	(222)
NORTH CHANNEL WATER AUTHORITY	(100)	31	507	325	74	(167)
NORTH FORT BEND WATER AUTHORITY	(467)	(941)	(1,188)	(1,243)	(1,277)	(1,304)
NORTH GREEN MUD	(191)	(250)	(249)	(258)	(270)	(283)
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY	(38,096)	(61,780)	(76,780)	(81,777)	(86,599)	(91,282)
NORTHWEST PARK MUD	(1,235)	(1,711)	(1,831)	(1,991)	(2,158)	(2,340)
PARKWAY UD	(42)	(36)	(10)	(14)	(17)	(21)
PASADENA	12,993	13,147	13,559	13,301	12,876	12,394
PINEY POINT VILLAGE	(140)	(129)	(39)	(61)	(83)	(109)
SOUTH HOUSTON	2,456	2,491	2,585	2,546	2,483	2,413
SOUTHSIDE PLACE	(21)	(19)	(5)	(8)	(11)	(14)
SPRING VALLEY	(420)	(615)	(691)	(780)	(877)	(984)
STAFFORD	(13)	(26)	(34)	(37)	(39)	(41)
SUNBELT FWSD	(193)	(403)	(80)	(115)	(145)	(178)
THE COMMONS WATER SUPPLY INC	(144)	(203)	(218)	(232)	(244)	(255)
THE WOODLANDS	(904)	(1,709)	(2,357)	(2,623)	(2,831)	(3,001)
TOMBALL	(1,864)	(2,462)	(2,845)	(2,972)	(3,094)	(3,212)
TRAIL OF THE LAKES MUD	(418)	(578)	(590)	(611)	(632)	(653)
WALLER	(24)	(12)	(2)	(2)	(3)	(4)
WEST HARRIS COUNTY MUD #6	(131)	(188)	(200)	(213)	(224)	(235)
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	(11,795)	(24,572)	(34,708)	(38,871)	(40,601)	(42,266)
WEST UNIVERSITY PLACE	(231)	(206)	(61)	(91)	(121)	(156)
WINDFERN FOREST UD	(237)	(113)	(16)	(22)	(27)	(32)
WOODCREEK MUD	(115)	(151)	(149)	(154)	(159)	(167)
COUNTY-OTHER	37,959	31,266	29,106	28,247	24,930	21,678
MANUFACTURING	5,754	(5,924)	(10,683)	(20,363)	(16,971)	(13,635)
MINING	(2,739)	(2,703)	(2,586)	(2,568)	(2,554)	(2,546)
STEAM ELECTRIC POWER	(362)	(3,761)	(7,315)	(12,570)	(18,967)	(26,599)

WUG Name	Max. Need (Ac-Ft/Yr)	Conservation	Drought Management	Reuse	Reallocation/ Management of Existing Supplies	Conjunctive Use	Development of New Supplies	Development of Regional Water Supply	Voluntary Transfer of Water	Emergency Transfers
○ = Considered but determined "not potentially feasible"					● = Considered "potentially feasible" and evaluated					
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY	85,414	●	○	●	●	○	○	●	○	○
NORTHWEST PARK MUD	2,013	●	○	○	●	○	○	●	○	○
OAK RIDGE NORTH	31	●	○	○	●	○	○	●	○	○
OLD RIVER-WINFREE	125	●	○	○	●	○	●	○	○	○
OYSTER CREEK	60	●	○	○	●	○	●	○	○	○
PANORAMA VILLAGE	258	●	○	○	●	○	○	○	●	○
PATTON VILLAGE	112	●	○	○	●	○	○	●	○	○
PEARLAND	272	●	○	●	●	○	●	○	○	○
PINE ISLAND	112	●	○	○	●	○	●	○	○	○
PLANTATION MUD	114	●	○	○	●	○	○	●	○	○
PLEAK	133	●	○	○	○	○	●	○	○	○
POINT AQUARIUS MUD	94	●	○	○	●	○	○	●	○	○
PORTER SUD	2,921	●	○	○	○	○	○	●	○	○
RAYFORD ROAD MUD	242	●	○	○	●	○	○	●	○	○
RICHWOOD	55	●	○	○	●	○	●	○	○	○
RIVER PLANTATION MUD	116	●	○	○	●	○	○	●	●	○
RIVERSIDE	8	●	○	○	○	○	○	○	○	○
ROMAN FOREST	204	●	○	○	●	○	○	●	○	○
ROSENBERG	109	●	○	○	●	○	●	○	○	○
SAN FELIPE	235	●	○	○	●	○	●	○	○	○
SANTA FE	746	●	○	●	○	○	○	○	○	○
SHENANDOAH	1,040	●	○	○	●	○	○	●	●	○
SIENNA PLANTATION	4,491	●	○	●	●	○	○	●	●	○
SPRING CREEK UD	232	●	○	○	●	○	○	●	○	○
SPRING VALLEY	864	●	○	○	●	○	○	●	○	○
STAFFORD	1,794	●	○	○	●	○	●	●	○	○
STAGECOACH	248	●	○	○	●	○	○	○	●	○
STANLEY LAKE MUD	566	●	○	○	●	○	○	○	●	○
STEAM ELECTRIC POWER, FORT BEND	26,343	○	○	○	●	○	●		○	○

Project	Project Type	Associated WWS
MUNICIPAL CONSERVATION, SOUTHSIDE PLACE	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, SPLENDORA	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, SPRING CREEK UD	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, SPRING VALLEY	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, STAFFORD	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, STAGECOACH	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, STANLEY LAKE MUD	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, SUGAR LAND	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, SUNBELT FWSD	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, SWEENEY	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, TAYLOR LAKE VILLAGE	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, TEXAS CITY	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, THE COMMONS WATER SUPPLY INC	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, THE WOODLANDS	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, TIKI ISLAND	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, TOMBALL	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, TRAIL OF THE LAKES MUD	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, TRINITY BAY CONSERVATION DISTRICT	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, VARNER CREEK UD	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WALLER	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WALLIS	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WEBSTER	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WEST COLUMBIA	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WEST HARRIS COUNTY MUD #6	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WEST UNIVERSITY PLACE	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WESTON LAKES	WUG	MUNICIPAL CONSERVATION
MUNICIPAL CONSERVATION, WESTWOOD NORTH WSC	WUG	MUNICIPAL CONSERVATION

Project	Project Type	Associated WMS
WATER LOSS REDUCTION, PATTON VILLAGE	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, PEARLAND	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, PECAN GROVE MUD #1	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, PLANTATION MUD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, PLEAK	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, PLUM GROVE	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, POINT AQUARIUS MUD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, PORTER SUD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, RICHWOOD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, RIVER PLANTATION MUD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, RIVERSIDE	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, ROMAN FOREST	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SAGEMEADOW UD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SAN JACINTO SUD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SAN LEON MUD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SANTA FE	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SEABROOK	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SHENANDOAH	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SHEPHERD	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SIMONTON	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SOUTH HOUSTON	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SOUTHSIDE PLACE	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SPLENDORA	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SPRING VALLEY	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, STAGECOACH	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SUGAR LAND	WUG	WATER LOSS REDUCTION
WATER LOSS REDUCTION, SUNBELT FWSD	WUG	WATER LOSS REDUCTION

Project	Project Type	Associated WWS
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - MONTGOMERY COUNTY MUD #15	WUG	SIRA GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - MONTGOMERY COUNTY MUD #94	WUG	SIRA GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - MOUNT HOUSTON ROAD MUD - PHASE 1	WUG	CITY OF HOUSTON GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - MOUNT HOUSTON ROAD MUD - PHASE 2	WUG	CITY OF HOUSTON GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - NEW CANEY MUD	WUG	SIRA GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - NORTH BELT UD	WUG	CITY OF HOUSTON GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - NORTH GREEN MUD	WUG	CITY OF HOUSTON GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - NORTHWEST PARK MUD	WUG	CITY OF HOUSTON GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - OLD RIVER-WINFREE - PHASE 1	WUG	EXPANDED USE OF GROUNDWATER, CHAMBERS
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - OLD RIVER-WINFREE - PHASE 2	WUG	EXPANDED USE OF GROUNDWATER, CHAMBERS
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PATTON VILLAGE	WUG	SIRA GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PINE ISLAND - PHASE 1	WUG	EXPANDED USE OF GROUNDWATER, WALLER
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PINE ISLAND - PHASE 2	WUG	EXPANDED USE OF GROUNDWATER, WALLER
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PLANTATION MUD	WUG	SUGAR LAND GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PLEAK	WUG	EXPANDED USE OF GROUNDWATER, FORT BEND
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - POINT AQUARIUS MUD	WUG	SIRA GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROMAN FOREST	WUG	SIRA GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROSENBERG GRP PARTICIPANTS - PHASE 1	WUG	ROSENBERG GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROSENBERG GRP PARTICIPANTS - PHASE 2	WUG	ROSENBERG GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SAN FELIPE - PHASE 1	WUG	EXPANDED USE OF GROUNDWATER, AUSTIN
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SAN FELIPE - PHASE 2	WUG	EXPANDED USE OF GROUNDWATER, AUSTIN
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SIRA GRP PARTICIPANTS	WUG	SIRA GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 1	WUG	CITY OF HOUSTON GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 2	WUG	CITY OF HOUSTON GRP
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 1	WUG	EXPANDED USE OF GROUNDWATER, MADISON
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 2	WUG	EXPANDED USE OF GROUNDWATER, MADISON

Water User Group	County	Basin	Type	Second-Tier Needs Remaining After Conservation and Direct Reuse (ac-ft)					
				2020	2030	2040	2050	2060	2070
SOUTHSIDE PLACE	HARRIS	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SPLENDORA	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SPRING CREEK UD	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	30	50	96	171	197
SPRING VALLEY	HARRIS	SAN JACINTO	MUNICIPAL	0	314	579	624	679	742
STAFFORD	FORT BEND	SAN JACINTO	MUNICIPAL	370	749	761	783	813	852
STAFFORD	FORT BEND	SAN JACINTO-BRAZOS	MUNICIPAL	0	600	616	644	691	746
STAFFORD	HARRIS	SAN JACINTO	MUNICIPAL	0	13	29	31	31	32
STAGECOACH	MONTGOMERY	SAN JACINTO	MUNICIPAL	6	11	35	70	127	226
STANLEY LAKE MUD	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	110	495
STEAM ELECTRIC POWER	CHAMBERS	TRINITY-SAN JACINTO	STEAM ELECTRIC POWER	0	0	0	0	0	0
STEAM ELECTRIC POWER	FORT BEND	BRAZOS	STEAM ELECTRIC POWER	0	0	0	0	554	26,343
STEAM ELECTRIC POWER	HARRIS	SAN JACINTO	STEAM ELECTRIC POWER	0	2,872	7,023	12,085	18,254	25,586
STEAM ELECTRIC POWER	HARRIS	SAN JACINTO-BRAZOS	STEAM ELECTRIC POWER	1,060	1,239	1,458	1,724	2,049	2,434
STEAM ELECTRIC POWER	MADISON	TRINITY	STEAM ELECTRIC POWER	238	278	327	387	459	546
STEAM ELECTRIC POWER	MONTGOMERY	SAN JACINTO	STEAM ELECTRIC POWER	0	0	0	0	355	3,464
SUGAR LAND	FORT BEND	BRAZOS	MUNICIPAL	0	1,195	1,688	2,233	2,724	3,052
SUGAR LAND	FORT BEND	SAN JACINTO	MUNICIPAL	0	102	123	143	160	169
SUGAR LAND	FORT BEND	SAN JACINTO-BRAZOS	MUNICIPAL	0	1,212	1,494	1,762	1,972	2,108
SUNBELT FWSD	HARRIS	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SWEENEY	BRAZORIA	BRAZOS-COLORADO	MUNICIPAL	0	0	0	0	0	0
TARKINGTON SUD	LIBERTY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
TARKINGTON SUD	LIBERTY	TRINITY	MUNICIPAL	0	0	0	0	0	0
TAYLOR LAKE VILLAGE	HARRIS	SAN JACINTO-BRAZOS	MUNICIPAL	0	0	0	0	0	0
TEXAS CITY	GALVESTON	SAN JACINTO-BRAZOS	MUNICIPAL	0	0	0	0	0	0
THE COMMONS WATER SUPPLY INC	HARRIS	SAN JACINTO	MUNICIPAL	0	107	186	188	189	190
THE CONSOLIDATED WSC	WALKER	TRINITY	MUNICIPAL	8	8	8	9	9	10

Water User Group	Water Management Strategy	Seller	Supply Source	Allocated Supply Volume (ac-ft)					
				2020	2030	2040	2050	2060	2070
SIMONTON	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	1	2	3	4	6	7
	WATER LOSS REDUCTION	N/A	WATER LOSS REDUCTION	1	3	4	5	5	6
SOUTH HOUSTON	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	16	44	70	95	120	144
	WATER LOSS REDUCTION	N/A	WATER LOSS REDUCTION	45	85	121	156	192	228
SOUTHERN MONTGOMERY COUNTY MUD	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	7	18	24	36	36	36
	SIRA GRP	SAN JACINTO RIVER AUTHORITY	CONROE LAKE/RESERVOIR	21	24	24	28	36	47
SOUTHSIDE PLACE	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	2	6	10	15	19	24
	WATER LOSS REDUCTION	N/A	WATER LOSS REDUCTION	3	6	7	7	8	8
SPLENDORA	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	2	4	6	11	13	16
	WATER LOSS REDUCTION	N/A	WATER LOSS REDUCTION	2	4	4	5	6	7
SPRING CREEK UD	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	5	14	20	32	35	35
	SIRA GRP	SAN JACINTO RIVER AUTHORITY	CONROE LAKE/RESERVOIR	516	551	572	618	681	702
SPRING VALLEY	CITY OF HOUSTON GRP	HOUSTON	GULF COAST AQUIFER, HARRIS	0	314	579	624	679	742
	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	8	26	43	62	81	101
STAFFORD	WATER LOSS REDUCTION	N/A	WATER LOSS REDUCTION	11	16	17	18	20	21
	ADDITIONAL SUPPLY FROM GCWA	GULF COAST WATER AUTHORITY	ALLENS CREEK LAKE/RESERVOIR	1,785	1,734	1,683	1,632	1,580	1,530
	FORT BEND WCID 2 GRP	FORT BEND COUNTY WCID #2	BRAZOS RUN-OF-RIVER, FORT BEND	2,428	5,080	5,098	5,107	5,110	5,112
	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	25	60	89	116	140	164
STAGECOACH	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	0	1	2	5	7	11
	NEW / EXPANDED CONTRACT WITH SIRA	SAN JACINTO RIVER AUTHORITY	CONROE LAKE/RESERVOIR	6	11	35	0	0	0
	WATER LOSS REDUCTION	N/A	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	0	0	0	70	127	226
	MUNICIPAL CONSERVATION	N/A	WATER LOSS REDUCTION	0	1	3	4	7	11
STANLEY LAKE MUD	MUNICIPAL CONSERVATION	N/A	MUNICIPAL CONSERVATION	5	13	23	43	56	71
	NEW / EXPANDED CONTRACT WITH SIRA	SAN JACINTO RIVER AUTHORITY	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	0	0	0	0	110	495
STEAM ELECTRIC POWER, FORT BEND	NEW / EXPANDED CONTRACT WITH BRA	NRG	ALLENS CREEK LAKE/RESERVOIR	0	0	0	0	554	26,343

Project Name	Proj. Level	Sponsor	Capital Cost (\$)	Annual Cost (\$/year)					
				2020	2030	2040	2050	2060	2070
MUNICIPAL CONSERVATION, PLANTATION MUD	WUG	PLANTATION MUD	\$88,590	\$1,644	\$1,520	\$1,592	\$1,350	\$1,397	\$1,356
MUNICIPAL CONSERVATION, PLEAK	WUG	PLEAK	\$45,290	\$822	\$608	\$796	\$750	\$762	\$791
MUNICIPAL CONSERVATION, POINT AQUARIUS MUD	WUG	POINT AQUARIUS MUD	\$132,900	\$2,466	\$2,128	\$1,990	\$2,400	\$2,159	\$2,147
MUNICIPAL CONSERVATION, PORTER SUD	WUG	PORTER SUD	\$914,990	\$11,508	\$13,072	\$14,129	\$18,300	\$17,653	\$16,837
MUNICIPAL CONSERVATION, PRAIRIE VIEW	WUG	PRAIRIE VIEW	\$152,640	\$2,466	\$2,128	\$2,388	\$2,550	\$2,794	\$2,938
MUNICIPAL CONSERVATION, RAYFORD ROAD MUD	WUG	RAYFORD ROAD MUD	\$383,700	\$6,576	\$6,384	\$5,970	\$7,200	\$6,477	\$5,763
MUNICIPAL CONSERVATION, RICHMOND	WUG	RICHMOND	\$516,390	\$9,042	\$8,512	\$8,159	\$8,250	\$8,636	\$9,040
MUNICIPAL CONSERVATION, RICHWOOD	WUG	RICHWOOD	\$193,050	\$3,288	\$3,344	\$3,184	\$3,150	\$3,175	\$3,164
MUNICIPAL CONSERVATION, RIVER PLANTATION MUD	WUG	RIVER PLANTATION MUD	\$240,070	\$3,288	\$3,344	\$3,582	\$4,800	\$4,699	\$4,294
MUNICIPAL CONSERVATION, ROMAN FOREST	WUG	ROMAN FOREST	\$133,390	\$2,466	\$1,824	\$1,990	\$2,400	\$2,286	\$2,373
MUNICIPAL CONSERVATION, ROSENBERG	WUG	ROSENBERG	\$1,217,600	\$21,372	\$19,760	\$19,502	\$19,350	\$20,193	\$21,583
MUNICIPAL CONSERVATION, SAGEMEADOW UD	WUG	SAGEMEADOW UD	\$355,080	\$4,932	\$5,168	\$5,572	\$6,000	\$6,604	\$7,232
MUNICIPAL CONSERVATION, SAN FELIPE	WUG	SAN FELIPE	\$31,180	\$-	\$608	\$597	\$600	\$635	\$678
MUNICIPAL CONSERVATION, SAN LEON MUD	WUG	SAN LEON MUD	\$55,760	\$822	\$912	\$796	\$900	\$1,016	\$1,130
MUNICIPAL CONSERVATION, SANTA FE	WUG	SANTA FE	\$218,050	\$3,288	\$3,344	\$3,582	\$3,600	\$3,810	\$4,181
MUNICIPAL CONSERVATION, SEABROOK	WUG	SEABROOK	\$809,440	\$12,330	\$12,768	\$13,333	\$13,500	\$14,097	\$14,916
MUNICIPAL CONSERVATION, SEALY	WUG	SEALY	\$176,660	\$2,466	\$2,736	\$2,786	\$3,000	\$3,175	\$3,503
MUNICIPAL CONSERVATION, SHENANDOAH	WUG	SHENANDOAH	\$619,890	\$9,042	\$10,336	\$10,149	\$11,850	\$10,668	\$9,944
MUNICIPAL CONSERVATION, SHOREACRES	WUG	SHOREACRES	\$145,210	\$2,466	\$2,128	\$2,388	\$2,400	\$2,540	\$2,599
MUNICIPAL CONSERVATION, SIENNA PLANTATION	WUG	SIENNA PLANTATION	\$1,998,460	\$19,728	\$23,104	\$29,651	\$35,550	\$42,545	\$49,268
MUNICIPAL CONSERVATION, SIMONTON	WUG	SIMONTON	\$41,800	\$822	\$608	\$597	\$600	\$762	\$791
MUNICIPAL CONSERVATION, SOUTH HOUSTON	WUG	SOUTH HOUSTON	\$862,200	\$13,152	\$13,376	\$13,930	\$14,250	\$15,240	\$16,272
MUNICIPAL CONSERVATION, SOUTHERN MONTGOMERY COUNTY MUD	WUG	SOUTHERN MONTGOMERY COUNTY MUD	\$300,420	\$5,754	\$5,472	\$4,776	\$5,400	\$4,572	\$4,068
MUNICIPAL CONSERVATION, SOUTHSIDE PLACE	WUG	SOUTHSIDE PLACE	\$128,330	\$1,644	\$1,824	\$1,990	\$2,250	\$2,413	\$2,712
MUNICIPAL CONSERVATION, SPLENDORA	WUG	SPLENDORA	\$91,630	\$1,644	\$1,216	\$1,194	\$1,650	\$1,651	\$1,808
MUNICIPAL CONSERVATION, SPRING CREEK UD	WUG	SPRING CREEK UD	\$255,460	\$4,110	\$4,256	\$3,980	\$4,800	\$4,445	\$3,955
MUNICIPAL CONSERVATION, SPRING VALLEY	WUG	SPRING VALLEY	\$540,370	\$6,576	\$7,904	\$8,557	\$9,300	\$10,287	\$11,413

Project Name	Proj. Level	Sponsor	Capital Cost (\$)	Annual Cost (\$/year)					
				2020	2030	2040	2050	2060	2070
WATER LOSS REDUCTION, SOUTHSIDE PLACE	WUG	SOUTHSIDE PLACE	\$216,640	\$1,665	\$3,336	\$3,871	\$3,864	\$4,496	\$4,432
WATER LOSS REDUCTION, SPLENDORA	WUG	SPLENDORA	\$155,560	\$1,110	\$2,224	\$2,212	\$2,760	\$3,372	\$3,878
WATER LOSS REDUCTION, SPRING VALLEY	WUG	SPRING VALLEY	\$572,120	\$6,105	\$8,896	\$9,401	\$9,936	\$11,240	\$11,634
WATER LOSS REDUCTION, STAGECOACH	WUG	STAGECOACH	\$144,510	\$-	\$556	\$1,659	\$2,208	\$3,934	\$6,094
WATER LOSS REDUCTION, SUGAR LAND	WUG	SUGAR LAND	\$2,188,230	\$31,635	\$33,916	\$35,392	\$37,536	\$39,901	\$40,443
WATER LOSS REDUCTION, SUNBELT FWSD	WUG	SUNBELT FWSD	\$4,778,270	\$24,975	\$47,260	\$67,466	\$88,872	\$113,524	\$135,730
WATER LOSS REDUCTION, SWEENEY	WUG	SWEENEY	\$572,040	\$3,885	\$7,784	\$10,507	\$11,592	\$11,802	\$11,634
WATER LOSS REDUCTION, TAYLOR LAKE VILLAGE	WUG	TAYLOR LAKE VILLAGE	\$466,490	\$4,440	\$8,340	\$8,295	\$8,280	\$8,430	\$8,864
WATER LOSS REDUCTION, TEXAS CITY	WUG	TEXAS CITY	\$7,964,350	\$50,505	\$102,304	\$149,310	\$156,216	\$166,914	\$171,186
WATER LOSS REDUCTION, TIKI ISLAND	WUG	TIKI ISLAND	\$227,690	\$1,665	\$3,336	\$4,424	\$4,416	\$4,496	\$4,432
WATER LOSS REDUCTION, TOMBALL	WUG	TOMBALL	\$2,560,310	\$21,090	\$41,700	\$45,899	\$47,472	\$49,456	\$50,414
WATER LOSS REDUCTION, TRINITY	WUG	TRINITY	\$1,055,570	\$5,550	\$11,676	\$16,037	\$19,320	\$24,166	\$28,808
WATER LOSS REDUCTION, TRINITY BAY CONSERVATION DISTRICT	WUG	TRINITY BAY CONSERVATION DISTRICT	\$4,411,270	\$17,760	\$39,476	\$64,701	\$92,184	\$107,342	\$119,664
WATER LOSS REDUCTION, TRINITY RURAL WSC	WUG	TRINITY RURAL WSC	\$2,372,330	\$12,765	\$25,020	\$35,392	\$43,608	\$55,076	\$65,372
WATER LOSS REDUCTION, VARNER CREEK UD	WUG	VARNER CREEK UD	\$177,710	\$1,665	\$2,780	\$3,318	\$3,312	\$3,372	\$3,324
WATER LOSS REDUCTION, WALLER	WUG	WALLER	\$61,090	\$555	\$1,112	\$1,106	\$1,104	\$1,124	\$1,108
WATER LOSS REDUCTION, WALLIS	WUG	WALLIS	\$333,370	\$1,665	\$3,336	\$4,424	\$6,072	\$7,868	\$9,972
WATER LOSS REDUCTION, WEST COLUMBIA	WUG	WEST COLUMBIA	\$133,280	\$2,220	\$2,224	\$2,212	\$2,208	\$2,248	\$2,216
WATER LOSS REDUCTION, WEST HARDIN WSC	WUG	WEST HARDIN WSC	\$194,420	\$555	\$1,668	\$2,765	\$3,864	\$4,496	\$6,094
WATER LOSS REDUCTION, WEST UNIVERSITY PLACE	WUG	WEST UNIVERSITY PLACE	\$2,443,880	\$18,870	\$37,808	\$42,028	\$44,712	\$48,894	\$52,076
WATER LOSS REDUCTION, WOODBRANCH	WUG	WOODBRANCH	\$166,670	\$555	\$1,668	\$2,212	\$3,312	\$3,934	\$4,986
WATER LOSS REDUCTION, WOODLAND HILLS WATER COMPANY	WUG	WOODLAND HILLS WATER COMPANY	\$6,102,020	\$16,650	\$42,256	\$74,102	\$113,160	\$159,608	\$204,426
WEST HARRIS COUNTY GROUNDWATER REDUCTION PLAN	WMS	WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	\$-	\$-	\$-	\$-	\$-	\$-	\$-
WHCRWA 2025 DISTRIBUTION EXPANSION	WMS	WHCRWA 2025 DISTRIBUTION EXPANSION	\$288,680,000	\$27,043,349	\$27,043,349	\$2,886,800	\$2,886,800	\$2,886,800	\$2,886,800
WHCRWA 2035 DISTRIBUTION EXPANSION	WMS	WHCRWA 2035 DISTRIBUTION EXPANSION	\$4,610,000	\$-	\$431,862	\$431,862	\$46,100	\$46,100	\$46,100

Project Name	Proj. Level	Sponsor	Capital Cost (\$)	Annual Cost (\$/year)					
				2020	2030	2040	2050	2060	2070
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - OLD RIVER-WINFREE - PHASE 1	WUG	OLD RIVER-WINFREE	\$1,080,966	\$218,789	\$218,789	\$128,334	\$128,334	\$128,334	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - OLD RIVER-WINFREE - PHASE 2	WUG	OLD RIVER-WINFREE	\$1,080,966	\$-	\$-	\$-	\$-	\$-	\$218,789
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PATTON VILLAGE	WUG	PATTON VILLAGE	\$1,080,966	\$-	\$218,789	\$218,789	\$128,334	\$128,334	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PINE ISLAND - PHASE 1	WUG	PINE ISLAND	\$1,080,966	\$218,789	\$218,789	\$128,334	\$128,334	\$128,334	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PINE ISLAND - PHASE 2	WUG	PINE ISLAND	\$1,080,966	\$-	\$-	\$-	\$-	\$-	\$218,789
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PLANTATION MUD	WUG	PLANTATION MUD	\$1,080,966	\$-	\$218,789	\$218,789	\$128,334	\$128,334	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PLEAK	WUG	PLEAK	\$-	\$-	\$-	\$-	\$-	\$-	\$-
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - POINT AQUARIUS MUD	WUG	POINT AQUARIUS MUD	\$1,080,966	\$-	\$-	\$-	\$-	\$218,789	\$218,789
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROMAN FOREST	WUG	ROMAN FOREST	\$1,446,124	\$-	\$-	\$312,722	\$312,722	\$191,711	\$191,711
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROSENBERG GRP PARTICIPANTS - PHASE 1	WUG	COUNTY-OTHER, FORT BEND	\$3,608,056	\$750,300	\$750,300	\$448,380	\$448,380	\$448,380	\$448,380
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROSENBERG GRP PARTICIPANTS - PHASE 2	WUG	COUNTY-OTHER, FORT BEND	\$1,080,966	\$-	\$218,789	\$218,789	\$128,334	\$128,334	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SAN FELIPE - PHASE 1	WUG	SAN FELIPE	\$1,080,966	\$218,789	\$218,789	\$128,334	\$128,334	\$128,334	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SAN FELIPE - PHASE 2	WUG	SAN FELIPE	\$1,324,405	\$-	\$-	\$-	\$281,411	\$281,411	\$170,586
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SIRA GRP PARTICIPANTS	WUG	COUNTY-OTHER, MONTGOMERY	\$18,541,717	\$4,350,059	\$4,350,059	\$2,798,501	\$2,798,501	\$2,798,501	\$-
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 1	WUG	SPRING VALLEY	\$2,350,250	\$-	\$565,594	\$565,594	\$368,927	\$368,927	\$368,927
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 2	WUG	SPRING VALLEY	\$1,080,966	\$-	\$-	\$-	\$218,789	\$218,789	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 1	WUG	STEAM ELECTRIC POWER, MADISON	\$1,866,551	\$415,475	\$415,475	\$259,283	\$259,283	\$259,283	\$259,283
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 2	WUG	STEAM ELECTRIC POWER, MADISON	\$1,080,966	\$-	\$-	\$218,789	\$218,789	\$128,334	\$128,334
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 3	WUG	STEAM ELECTRIC POWER, MADISON	\$1,324,405	\$-	\$-	\$-	\$-	\$281,411	\$281,411
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SUGAR LAND GRP PARTICIPANTS	WUG	COUNTY-OTHER, FORT BEND	\$3,364,617	\$687,678	\$687,678	\$406,128	\$406,128	\$406,128	\$406,128
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - THE COMMONS WATER SUPPLY INC	WUG	THE COMMONS WATER SUPPLY INC	\$1,567,843	\$-	\$344,033	\$344,033	\$212,837	\$212,837	\$212,837

Project Name	Proj. Level	Unit Cost (\$/ac-ft)					
		2020	2030	2040	2050	2060	2070
MUNICIPAL CONSERVATION, SOUTHSIDE PLACE	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, SPLENDORA	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, SPRING CREEK UD	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, SPRING VALLEY	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, STAFFORD	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, STAGECOACH	WUG	\$0	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, STANLEY LAKE MUD	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, SUGAR LAND	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, SUNBELT FWSD	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, SWEENEY	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, TAYLOR LAKE VILLAGE	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, TEXAS CITY	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, THE COMMONS WATER SUPPLY INC	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, THE WOODLANDS	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, TIKI ISLAND	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, TOMBALL	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, TRAIL OF THE LAKES MUD	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, TRINITY BAY CONSERVATION DISTRICT	WUG	\$0	\$0	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, VARNER CREEK UD	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WALLER	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WALLIS	WUG	\$0	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WEBSTER	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WEST COLUMBIA	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WEST HARRIS COUNTY MUD #6	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WEST UNIVERSITY PLACE	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WESTON LAKES	WUG	\$822	\$304	\$199	\$150	\$127	\$113
MUNICIPAL CONSERVATION, WESTWOOD NORTH WSC	WUG	\$822	\$304	\$199	\$150	\$127	\$113

Project Name	Proj. Level	Unit Cost (\$/ac-ft)					
		2020	2030	2040	2050	2060	2070
WATER LOSS REDUCTION, ROMAN FOREST	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SAGEMEADOW UD	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SAN JACINTO SUD	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SAN LEON MUD	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SANTA FE	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SEABROOK	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SHENANDOAH	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SHEPHERD	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SIMONTON	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SOUTH HOUSTON	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SOUTHSIDE PLACE	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SPLENDORA	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SPRING VALLEY	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, STAGECOACH	WUG	\$0	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SUGAR LAND	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SUNBELT FWSD	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, SWEENEY	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, TAYLOR LAKE VILLAGE	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, TEXAS CITY	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, TIKI ISLAND	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, TOMBALL	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, TRINITY	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, TRINITY BAY CONSERVATION DISTRICT	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, TRINITY RURAL WSC	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, VARNER CREEK UD	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, WALLER	WUG	\$555	\$556	\$553	\$552	\$562	\$554
WATER LOSS REDUCTION, WALLIS	WUG	\$555	\$556	\$553	\$552	\$562	\$554

Project Name	Proj. Level	Unit Cost (\$/ac-ft)					
		2020	2030	2040	2050	2060	2070
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PINE ISLAND - PHASE 1	WUG	\$2,188	\$2,188	\$1,283	\$1,283	\$1,283	\$642
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PINE ISLAND - PHASE 2	WUG	\$0	\$0	\$0	\$0	\$0	\$1,094
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PLANTATION MUD	WUG	\$0	\$2,256	\$2,668	\$1,782	\$1,887	\$1,915
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - PLEAK	WUG	\$0	\$0	\$0	\$0	\$0	\$0
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - POINT AQUARIUS MUD	WUG	\$0	\$0	\$0	\$0	\$36,465	\$3,907
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROMAN FOREST	WUG	\$0	\$0	\$62,544	\$8,019	\$2,061	\$1,183
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROSENBERG GRP PARTICIPANTS - PHASE 1	WUG	\$2,919	\$2,689	\$1,520	\$1,437	\$1,363	\$1,277
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - ROSENBERG GRP PARTICIPANTS - PHASE 2	WUG	\$0	\$784	\$742	\$411	\$390	\$366
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SAN FELIPE - PHASE 1	WUG	\$2,188	\$2,188	\$1,283	\$513	\$513	\$513
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SAN FELIPE - PHASE 2	WUG	\$0	\$0	\$0	\$1,126	\$1,126	\$682
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SIRA GRP PARTICIPANTS	WUG	\$783	\$543	\$548	\$1,623	\$1,396	\$0
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 1	WUG	\$0	\$1,801	\$977	\$591	\$543	\$497
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 2	WUG	\$0	\$0	\$0	\$351	\$322	\$173
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 1	WUG	\$1,385	\$1,385	\$648	\$648	\$471	\$471
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 2	WUG	\$0	\$0	\$547	\$547	\$233	\$233
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - STEAM ELECTRIC POWER, MADISON COUNTY (T) - PHASE 3	WUG	\$0	\$0	\$0	\$0	\$512	\$512
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SUGAR LAND GRP PARTICIPANTS	WUG	\$10,419	\$10,419	\$6,153	\$6,153	\$6,153	\$6,153
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - THE COMMONS WATER SUPPLY INC	WUG	\$0	\$3,215	\$1,850	\$1,132	\$1,126	\$1,120
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - THE CONSOLIDATED WSC	WUG	\$2,188	\$2,188	\$1,283	\$1,283	\$1,283	\$1,283
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - TRINITY RURAL WSC MUD #6	WUG	\$2,188	\$2,188	\$1,283	\$1,283	\$1,283	\$1,283
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - WEST HARRIS COUNTY MUD #6	WUG	\$0	\$3,127	\$1,829	\$1,108	\$1,102	\$1,095
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - WILLIS	WUG	\$0	\$0	\$13,913	\$4,833	\$1,406	\$795
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - WOODBRANCH	WUG	\$0	\$0	\$43,758	\$8,415	\$2,213	\$1,323
WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - WOODCREEK MUD	WUG	\$0	\$3,655	\$2,233	\$1,398	\$1,422	\$1,422

Contract Relationship	Source	Contractual Volume (ac-ft/yr)					
		2020	2030	2040	2050	2060	2070
HARRIS COUNTY WCID #133	GULF COAST AQUIFER, HARRIS	0	173	297	320	349	385
HARRIS COUNTY WCID #74	GULF COAST AQUIFER, HARRIS	0	204	364	367	374	383
KIRK MOUNT MUD	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	0	0	0	0	0	6
LONGHORN TOWN UD	GULF COAST AQUIFER, HARRIS	0	80	135	132	130	128
MANUFACTURING, HARRIS	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	0	785	3,444	7,868	2,579	145
MASON CREEK UD	GULF COAST AQUIFER, HARRIS	0	303	516	498	485	473
MINING, HARRIS	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	2,946	2,927	2,875	2,843	2,818	2,798
MISSOURI CITY	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	0	0	0	0	393	545
MOUNT HOUSTON ROAD MUD	GULF COAST AQUIFER, HARRIS	0	196	367	401	425	441
NORTH BELT UD	GULF COAST AQUIFER, HARRIS	0	91	156	155	159	163
NORTH FORT BEND WATER AUTHORITY	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	23,076	45,478	35,590	34,326	33,868	32,868
NORTH GREEN MUD	SAN JACINTO COH REUSE	0	0	14,223	12,228	11,352	11,778
	SAN JACINTO REGIONAL RETURN FLOWS	10,280	9,068	12,683	15,942	17,276	17,850
	GULF COAST AQUIFER, HARRIS	0	109	184	172	164	157
	HOUSTON LAKE/RESERVOIR	1,741	34,804	31,238	30,093	28,928	27,793
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	48,323	49,861	31,137	29,506	29,286	28,771
	SAN JACINTO COH REUSE	0	0	52,629	59,520	63,681	68,171
	SAN JACINTO REGIONAL RETURN FLOWS	24,330	31,277	28,356	24,241	21,465	18,625
NORTHWEST PARK MUD	GULF COAST AQUIFER, HARRIS	0	896	1,564	1,614	1,682	1,760
SPRING VALLEY	GULF COAST AQUIFER, HARRIS	0	314	579	624	679	742
STEAM ELECTRIC POWER, HARRIS	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	1,060	4,111	7,016	7,977	9,328	10,624
THE COMMONS WATER SUPPLY INC	SAN JACINTO REGIONAL RETURN FLOWS	0	0	1,465	5,832	10,975	17,396
WEST HARRIS COUNTY MUD #6	GULF COAST AQUIFER, HARRIS	0	107	186	188	189	190
	GULF COAST AQUIFER, HARRIS	0	100	171	173	174	175
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	31,547	50,292	31,377	29,605	29,173	28,366
	SAN JACINTO COH REUSE	0	0	38,360	42,693	46,410	50,669
	SAN JACINTO REGIONAL RETURN FLOWS	15,738	22,169	22,159	19,598	16,313	12,861
WOODCREEK MUD	GULF COAST AQUIFER, HARRIS	0	77	126	122	120	120

WUG*	Management Supply Factor					
	2020	2030	2040	2050	2060	2070
ROMAN FOREST	1.0	1.1	1.0	1.0	1.0	1.0
ROSENBERG	1.3	1.0	1.0	1.0	1.0	1.0
SAGEMEADOW UD	1.3	1.3	1.3	1.3	1.2	1.2
SAN FELIPE	1.3	1.2	1.0	1.4	1.2	1.0
SAN JACINTO SUD	2.2	2.2	2.2	2.2	2.1	2.1
SAN LEON MUD	5.4	4.9	4.6	4.4	4.1	3.9
SANTA FE	1.0	1.0	1.0	1.0	1.0	1.0
SEABROOK	1.1	1.2	1.2	1.2	1.2	1.2
SEALY	1.0	1.0	1.0	1.0	1.0	1.0
SHENANDOAH	1.0	1.0	1.0	1.0	1.0	1.0
SHEPHERD	1.0	1.1	1.1	1.1	1.1	1.2
SHOREACRES	1.2	1.2	1.2	1.3	1.2	1.2
SIENNA PLANTATION	1.5	1.1	1.0	1.0	1.0	1.0
SIMONTON	1.0	1.0	1.0	1.1	1.1	1.1
SOUTH HOUSTON	2.4	2.4	2.5	2.5	2.4	2.4
SOUTHERN MONTGOMERY COUNTY MUD	1.0	1.0	1.0	1.0	1.0	1.0
SOUTHSIDE PLACE	1.0	1.0	1.1	1.1	1.1	1.1
SPLENDORA	3.6	3.4	2.9	2.5	2.1	1.7
SPRING CREEK UD	1.0	1.0	1.0	1.0	1.0	1.0
SPRING VALLEY	1.0	1.0	1.0	1.0	1.0	1.0
STAFFORD	2.0	2.2	2.2	2.1	2.1	2.0
STAGECOACH	1.0	1.0	1.0	1.0	1.0	1.0
STANLEY LAKE MUD	1.6	1.7	1.4	1.2	1.0	1.0
STEAM ELECTRIC POWER, CHAMBERS	8.8	7.5	6.4	5.4	4.6	4.1
STEAM ELECTRIC POWER, FORT BEND	1.9	1.6	1.4	1.2	1.0	1.0
STEAM ELECTRIC POWER, HARRIS	1.0	1.0	1.0	1.0	1.0	1.0
STEAM ELECTRIC POWER, MADISON	1.3	1.1	1.2	1.0	1.2	1.0
STEAM ELECTRIC POWER, MONTGOMERY	2.4	2.0	1.7	1.4	1.2	1.0
SUGAR LAND	1.8	1.4	1.3	1.3	1.3	1.2
SUNBELT FWSD	1.3	1.1	1.1	1.1	1.2	1.2
SWEENY	1.0	1.1	1.1	1.1	1.1	1.1
TARKINGTON SUD	1.0	1.0	1.0	1.0	1.0	1.0
TAYLOR LAKE VILLAGE	2.8	2.8	2.8	2.9	2.9	2.8
TEXAS CITY	1.7	1.6	1.6	1.5	1.5	1.4
THE COMMONS WATER SUPPLY INC	1.0	1.0	1.0	1.0	1.0	1.0
THE CONSOLIDATED WSC	6.7	6.4	6.2	5.9	5.7	5.5
THE WOODLANDS	1.1	1.1	1.1	1.1	1.1	1.1

Water User Group	County	Basin	Type	Unmet Water Need (ac-ft)					
				2020	2030	2040	2050	2060	2070
SANTA FE	GALVESTON	SAN JACINTO-BRAZOS	MUNICIPAL	0	0	0	0	0	0
SEABROOK	HARRIS	SAN JACINTO-BRAZOS	MUNICIPAL	0	0	0	0	0	0
SEALY	AUSTIN	BRAZOS	MUNICIPAL	0	0	0	0	0	0
SEALY	AUSTIN	BRAZOS-COLORADO	MUNICIPAL	0	0	0	0	0	0
SHENANDOAH	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SHEPHERD	SAN JACINTO	TRINITY	MUNICIPAL	0	0	0	0	0	0
SHOREACRES	HARRIS	SAN JACINTO-BRAZOS	MUNICIPAL	0	0	0	0	0	0
SIENNA PLANTATION	FORT BEND	BRAZOS	MUNICIPAL	0	0	0	0	0	0
SIENNA PLANTATION	FORT BEND	SAN JACINTO-BRAZOS	MUNICIPAL	0	0	0	0	0	0
SIMONTON	FORT BEND	BRAZOS	MUNICIPAL	0	0	0	0	0	0
SOUTH HOUSTON	HARRIS	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SOUTHERN MONTGOMERY COUNTY MUD	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SOUTHSIDE PLACE	HARRIS	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SPLENDORA	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SPRING CREEK UD	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
SPRING VALLEY	HARRIS	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
STAFFORD	FORT BEND	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
STAFFORD	FORT BEND	SAN JACINTO-BRAZOS	MUNICIPAL	0	0	0	0	0	0
STAFFORD	HARRIS	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
STAGECOACH	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
STANLEY LAKE MUD	MONTGOMERY	SAN JACINTO	MUNICIPAL	0	0	0	0	0	0
STEAM ELECTRIC POWER	CHAMBERS	TRINITY-SAN JACINTO	STEAM ELECTRIC POWER	0	0	0	0	0	0
STEAM ELECTRIC POWER	FORT BEND	BRAZOS	STEAM ELECTRIC POWER	0	0	0	0	0	0
STEAM ELECTRIC POWER	HARRIS	SAN JACINTO	STEAM ELECTRIC POWER	0	0	0	0	0	0
STEAM ELECTRIC POWER	HARRIS	SAN JACINTO-BRAZOS	STEAM ELECTRIC POWER	0	0	0	0	0	0
STEAM ELECTRIC POWER	MADISON	TRINITY	STEAM ELECTRIC POWER	0	0	0	0	0	0
STEAM ELECTRIC POWER	MONTGOMERY	SAN JACINTO	STEAM ELECTRIC POWER	0	0	0	0	0	0

Water User Group (WUG) Second-Tier Identified Water Need

REGION H	WUG SECOND-TIER NEEDS (ACRE-FEET PER YEAR)					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
HILSHIRE VILLAGE	53	23	0	0	0	0
HOUSTON	0	30,349	44,750	60,278	83,160	108,384
HUMBLE	677	233	0	0	0	0
HUNTERS CREEK VILLAGE	170	114	0	0	0	0
JACINTO CITY	0	0	0	0	0	0
JERSEY VILLAGE	171	196	0	0	0	0
KATY	1,262	1,732	1,808	1,905	1,994	2,084
KINGS MANOR MUD	33	48	61	66	72	77
LA PORTE	0	0	0	0	0	0
LONGHORN TOWN UD	113	148	149	151	154	156
MASON CREEK UD	483	600	575	581	587	595
MISSOURI CITY	0	221	385	469	541	610
MOUNT HOUSTON ROAD MUD	195	328	394	440	475	502
NEWPORT MUD	0	0	0	0	0	0
NORTH BELT UD	134	171	172	178	187	197
NORTH CHANNEL WATER AUTHORITY	18	0	0	0	0	0
NORTH FORT BEND WATER AUTHORITY	451	890	1,103	1,125	1,129	1,135
NORTH GREEN MUD	177	221	206	203	203	204
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY	35,525	55,560	67,140	70,023	72,838	75,616
NORTHWEST PARK MUD	1,210	1,639	1,713	1,827	1,950	2,087
PARKWAY UD	38	24	0	0	0	0
PASADENA	0	0	0	0	0	0
PINEY POINT VILLAGE	126	86	0	0	0	0
SOUTH HOUSTON	0	0	0	0	0	0
SOUTHSIDE PLACE	16	7	0	0	0	0
SPRING VALLEY	401	573	631	700	776	862
STAFFORD	12	24	31	33	34	35
SUNBELT FWS	134	279	0	0	0	0
THE COMMONS WATER SUPPLY INC	141	194	204	213	220	227
THE WOODLANDS	873	1,614	2,193	2,390	2,534	2,645
TOMBALL	1,800	2,311	2,636	2,712	2,786	2,858
TRAIL OF THE LAKES MUD	410	554	551	559	568	579
WALLER	22	8	0	0	0	0
WEST HARRIS COUNTY MUD #6	128	180	187	196	202	209
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY	11,226	22,803	31,654	34,502	35,200	35,909
WEST UNIVERSITY PLACE	174	69	0	0	0	0
WINDFERN FOREST UD	230	94	0	0	0	0
WOODCREEK MUD	113	145	139	141	143	148
COUNTY-OTHER	0	0	0	0	0	0
MANUFACTURING	0	0	711	6,694	273	0
MINING	2,739	2,703	2,586	2,568	2,554	2,546
STEAM ELECTRIC POWER	362	3,761	7,315	12,570	18,967	26,599
LIVESTOCK	914	1,129	1,240	1,251	1,260	1,270
IRRIGATION	0	0	0	0	0	0
SAN JACINTO-BRAZOS BASIN						
CLEAR BROOK CITY MUD	0	0	0	0	0	0
DEER PARK	46	0	0	0	0	0
EL LAGO	0	0	0	0	0	0
FRIENDSWOOD	0	0	0	0	0	0

Water User Group (WUG) Unmet Needs

REGION H	WUG UNMET NEEDS (ACRE-FEET PER YEAR)					
	2020	2030	2040	2050	2060	2070
HARRIS COUNTY						
SAN JACINTO BASIN						
HARRIS COUNTY MUD #158	146	58	0	0	0	0
HARRIS COUNTY MUD #180	196	125	25	35	44	52
HARRIS COUNTY MUD #189	140	86	17	25	31	37
HARRIS COUNTY MUD #221	157	99	20	28	35	43
HARRIS COUNTY MUD #278	380	271	51	72	89	107
HARRIS COUNTY MUD #290	232	0	0	0	0	0
HARRIS COUNTY MUD #345	306	186	37	52	65	77
HARRIS COUNTY MUD #400 - WEST	300	194	39	56	70	84
HARRIS COUNTY MUD #46	261	0	0	0	0	0
HARRIS COUNTY MUD #49	32	89	0	0	0	0
HARRIS COUNTY MUD #5	139	57	0	0	0	0
HARRIS COUNTY MUD #8	35	20	0	0	0	0
HARRIS COUNTY MUD #96	152	57	0	0	0	0
HARRIS COUNTY UD #14	80	51	10	15	20	25
HARRIS COUNTY UD #15	181	128	26	38	49	61
HARRIS COUNTY WCID #133	259	154	31	44	57	70
HARRIS COUNTY WCID #74	300	188	38	53	67	81
HARRIS COUNTY WCID #96	529	240	0	0	0	0
HEDWIG VILLAGE	106	71	0	0	0	0
HILSHIRE VILLAGE	53	23	0	0	0	0
HUMBLE	677	233	0	0	0	0
HUNTERS CREEK VILLAGE	170	114	0	0	0	0
JERSEY VILLAGE	171	196	0	0	0	0
KATY	1,262	779	156	222	278	336
KINGS MANOR MUD	30	14	2	3	3	4
LONGHORN TOWN UD	113	68	14	19	24	28
MASON CREEK UD	483	297	59	83	102	122
MISSOURI CITY	0	133	20	31	42	55
MOUNT HOUSTON ROAD MUD	195	132	27	39	50	61
NORTH BELT UD	134	80	16	23	28	34
NORTH CHANNEL WATER AUTHORITY	18	0	0	0	0	0
NORTH FORT BEND WATER AUTHORITY	451	263	37	52	64	77
NORTH GREEN MUD	177	112	22	31	39	47
NORTHWEST PARK MUD	1,210	743	149	213	268	327
PARKWAY UD	38	24	0	0	0	0
PINEY POINT VILLAGE	126	86	0	0	0	0
SOUTHSIDE PLACE	16	7	0	0	0	0
SPRING VALLEY	401	259	52	76	97	120
SUNBELT FWSD	134	279	0	0	0	0
THE COMMONS WATER SUPPLY INC	141	87	18	25	31	37
THE WOODLANDS	873	564	86	128	165	204
TOMBALL	901	455	66	96	123	151
TRAIL OF THE LAKES MUD	410	0	0	0	0	0
WALLER	22	8	0	0	0	0
WEST HARRIS COUNTY MUD #6	128	80	16	23	28	34
WEST UNIVERSITY PLACE	174	69	0	0	0	0
WINDFERN FOREST UD	230	94	0	0	0	0
WOODCREEK MUD	113	68	13	19	23	28

Recommended Water User Group (WUG) Water Management Strategies (WMS)

Water Management Strategy Supplies

WUG Entity Name	WMS Sponsor Region	WMS Name	Source Name	2020	2030	2040	2050	2060	2070	Unit Cost 2020	Unit Cost 2070
SIENNA PLANTATION	H	REALLOCATE EXISTING SUPPLY	H | GULF COAST AQUIFER | FORT BEND COUNTY	0	0	0	0	94	44	N/A	\$75
SIMONTON	H	MUNICIPAL CONSERVATION, SIMONTON	DEMAND REDUCTION	1	2	3	4	6	7	\$822	\$113
SIMONTON	H	WATER LOSS REDUCTION, SIMONTON	DEMAND REDUCTION	1	3	4	5	5	6	\$555	\$554
SOUTH HOUSTON	H	MUNICIPAL CONSERVATION, SOUTH HOUSTON	DEMAND REDUCTION	16	44	70	95	120	144	\$822	\$113
SOUTH HOUSTON	H	WATER LOSS REDUCTION, SOUTH HOUSTON	DEMAND REDUCTION	45	85	121	156	192	228	\$555	\$554
SOUTHERN MONTGOMERY COUNTY MUD	H	MUNICIPAL CONSERVATION, SOUTHERN MONTGOMERY COUNTY MUD	DEMAND REDUCTION	7	18	24	36	36	36	\$822	\$113
SOUTHERN MONTGOMERY COUNTY MUD	H	SJRA GRP - PARTICIPANT SURFACE WATER	H | CONROE LAKE/RESERVOIR	21	24	24	28	36	47	\$311	\$64
SOUTHSIDE PLACE	H	MUNICIPAL CONSERVATION, SOUTHSIDE PLACE	DEMAND REDUCTION	2	6	10	15	19	24	\$822	\$113
SOUTHSIDE PLACE	H	WATER LOSS REDUCTION, SOUTHSIDE PLACE	DEMAND REDUCTION	3	6	7	7	8	8	\$555	\$554
SPLENDORA	H	MUNICIPAL CONSERVATION, SPLENDORA	DEMAND REDUCTION	2	4	6	11	13	16	\$822	\$113
SPLENDORA	H	WATER LOSS REDUCTION, SPLENDORA	DEMAND REDUCTION	2	4	4	5	6	7	\$555	\$554
SPRING CREEK UD	H	MUNICIPAL CONSERVATION, SPRING CREEK UD	DEMAND REDUCTION	5	14	20	32	35	35	\$822	\$113
SPRING CREEK UD	H	SJRA GRP - PARTICIPANT SURFACE WATER	H | CONROE LAKE/RESERVOIR	516	551	572	618	681	702	\$731	\$113
SPRING VALLEY	H	CITY OF HOUSTON GRP PARTICIPATION	H | GULF COAST AQUIFER | HARRIS COUNTY	0	314	579	624	679	742	N/A	\$1084
SPRING VALLEY	H	MUNICIPAL CONSERVATION, SPRING VALLEY	DEMAND REDUCTION	8	26	43	62	81	101	\$822	\$113
SPRING VALLEY	H	WATER LOSS REDUCTION, SPRING VALLEY	DEMAND REDUCTION	11	16	17	18	20	21	\$555	\$554
STAFFORD	H	ADDITIONAL SUPPLY FROM GCWA	H | ALLENS CREEK LAKE/RESERVOIR	1,785	1,734	1,683	1,632	1,580	1,530	\$467	\$59
STAFFORD	H	FORT BEND WCID 2 GRP	H | BRAZOS RUN-OF-RIVER	2,428	5,080	5,098	5,107	5,110	5,112	\$800	\$343
STAFFORD	H	MUNICIPAL CONSERVATION, STAFFORD	DEMAND REDUCTION	25	60	89	116	140	164	\$822	\$113
STAGECOACH	H	MUNICIPAL CONSERVATION, STAGECOACH	DEMAND REDUCTION	0	1	2	5	7	11	N/A	\$113
STAGECOACH	H	NEW / EXPANDED CONTRACT WITH SJRA	H | CONROE LAKE/RESERVOIR	6	11	35	0	0	0	\$155971	N/A
STAGECOACH	H	NEW / EXPANDED CONTRACT WITH SJRA	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	0	0	0	70	127	226	N/A	\$1715
STAGECOACH	H	WATER LOSS REDUCTION, STAGECOACH	DEMAND REDUCTION	0	1	3	4	7	11	N/A	\$554
STANLEY LAKE MUD	H	MUNICIPAL CONSERVATION, STANLEY LAKE MUD	DEMAND REDUCTION	5	13	23	43	56	71	\$822	\$113
STANLEY LAKE MUD	H	NEW / EXPANDED CONTRACT WITH SJRA	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	0	0	0	0	110	495	N/A	\$2396
STEAM ELECTRIC POWER, FORT BEND	H	NEW / EXPANDED CONTRACT WITH BRA	H | ALLENS CREEK LAKE/RESERVOIR	0	0	0	0	554	26,343	N/A	\$101
STEAM ELECTRIC POWER, HARRIS	H	NEW / EXPANDED CONTRACT WITH COH	H | LIVINGSTON-WALLISVILLE LAKE/RESERVOIR SYSTEM	1,060	4,111	7,016	7,977	9,328	10,624	\$1745	\$409
STEAM ELECTRIC POWER, HARRIS	H	NEW / EXPANDED CONTRACT WITH COH - REGIONAL RETURN FLOWS	H | SAN JACINTO REGIONAL RETURN FLOWS	0	0	1,465	5,832	10,975	17,396	N/A	\$437

Recommended Projects Associated with Water Management Strategies

Sponsor Name	Is Sponsor a WWP?	Project Name	Project Description	Capital Cost	Online Decade
SEABROOK	N	MUNICIPAL CONSERVATION, SEABROOK	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$809,440	2020
SEABROOK	N	WATER LOSS REDUCTION, SEABROOK	WATER LOSS CONTROL	\$1,349,560	2020
SEALY	N	MUNICIPAL CONSERVATION, SEALY	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$176,660	2020
SHENANDOAH	N	MUNICIPAL CONSERVATION, SHENANDOAH	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$619,890	2020
SHENANDOAH	N	PANORAMA AND SHENANDOAH GRP INFRASTRUCTURE	SINGLE WELL	\$1,619,114	2040
SHENANDOAH	N	WATER LOSS REDUCTION, SHENANDOAH	WATER LOSS CONTROL	\$2,071,810	2020
SHENANDOAH	N	WUG INFRASTRUCTURE EXPANSION - SHENANDOAH	CONVEYANCE/TRANSMISSION PIPELINE; NEW WATER TREATMENT PLANT; PUMP STATION	\$8,002,495	2025
SHEPHERD	N	WATER LOSS REDUCTION, SHEPHERD	WATER LOSS CONTROL	\$1,189,020	2020
SHOREACRES	N	MUNICIPAL CONSERVATION, SHOREACRES	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$145,210	2020
SIENNA PLANTATION	N	MUNICIPAL CONSERVATION, SIENNA PLANTATION	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$1,998,460	2020
SIENNA PLANTATION	N	WUG INFRASTRUCTURE EXPANSION - SIENNA PLANTATION (B) - PHASE 1	CONVEYANCE/TRANSMISSION PIPELINE; PUMP STATION	\$2,069,409	2040
SIENNA PLANTATION	N	WUG INFRASTRUCTURE EXPANSION - SIENNA PLANTATION (B) - PHASE 2	CONVEYANCE/TRANSMISSION PIPELINE; PUMP STATION	\$2,069,409	2060
SIENNA PLANTATION	N	WUG INFRASTRUCTURE EXPANSION - SIENNA PLANTATION (SJB) - PHASE 1	CONVEYANCE/TRANSMISSION PIPELINE; PUMP STATION	\$2,272,237	2040
SIENNA PLANTATION	N	WUG INFRASTRUCTURE EXPANSION - SIENNA PLANTATION (SJB) - PHASE 2	CONVEYANCE/TRANSMISSION PIPELINE; NEW WATER TREATMENT PLANT; PUMP STATION	\$2,273,906	2060
SIMONTON	N	MUNICIPAL CONSERVATION, SIMONTON	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$41,800	2020
SIMONTON	N	WATER LOSS REDUCTION, SIMONTON	WATER LOSS CONTROL	\$133,290	2020
SOUTH HOUSTON	N	MUNICIPAL CONSERVATION, SOUTH HOUSTON	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$862,200	2020
SOUTH HOUSTON	N	WATER LOSS REDUCTION, SOUTH HOUSTON	WATER LOSS CONTROL	\$4,594,760	2020
SOUTHERN MONTGOMERY COUNTY MUD	N	MUNICIPAL CONSERVATION, SOUTHERN MONTGOMERY COUNTY MUD	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$300,420	2020
SOUTHSIDE PLACE	N	MUNICIPAL CONSERVATION, SOUTHSIDE PLACE	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$128,330	2020
SOUTHSIDE PLACE	N	WATER LOSS REDUCTION, SOUTHSIDE PLACE	WATER LOSS CONTROL	\$216,640	2020
SPLENDORA	N	MUNICIPAL CONSERVATION, SPLENDORA	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$91,630	2020
SPLENDORA	N	WATER LOSS REDUCTION, SPLENDORA	WATER LOSS CONTROL	\$155,560	2020
SPRING CREEK UD	N	MUNICIPAL CONSERVATION, SPRING CREEK UD	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$255,460	2020
SPRING CREEK UD	N	WUG INFRASTRUCTURE EXPANSION - SPRING CREEK UD	CONVEYANCE/TRANSMISSION PIPELINE; PUMP STATION	\$2,184,231	2025
SPRING VALLEY	N	MUNICIPAL CONSERVATION, SPRING VALLEY	MUNICIPAL CONSERVATION CAPITAL COST (DOES NOT INCLUDE METER REPLACEMENT OR WATER LOSS)	\$540,370	2020
SPRING VALLEY	N	WATER LOSS REDUCTION, SPRING VALLEY	WATER LOSS CONTROL	\$572,120	2020
SPRING VALLEY	N	WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 1	MULTIPLE WELLS/WELL FIELD	\$2,350,250	2030
SPRING VALLEY	N	WUG INFRASTRUCTURE EXPANSION (GROUNDWATER) - SPRING VALLEY - PHASE 2	MULTIPLE WELLS/WELL FIELD	\$1,080,966	2050

Water User Group (WUG) Management Supply Factor

REGION H	WUG MANAGEMENT SUPPLY FACTOR					
	2020	2030	2040	2050	2060	2070
RICHWOOD	1.4	1.4	1.4	1.4	1.4	1.4
RIVER PLANTATION MUD	1.4	1.4	1.1	1.0	0.9	0.9
RIVERSIDE	1.0	1.0	1.0	1.0	1.0	1.0
RIVERSIDE WSC	1.2	1.2	1.2	1.2	1.1	1.1
ROMAN FOREST	0.8	0.8	0.8	0.8	0.8	0.9
ROSENBERG	1.1	0.9	0.9	0.9	0.9	0.8
SAGEMEADOW UD	1.3	1.3	1.3	1.2	1.2	1.1
SAN FELIPE	1.3	1.2	1.0	1.4	1.2	1.0
SAN JACINTO SUD	2.2	2.2	2.2	2.2	2.1	2.1
SAN LEON MUD	5.4	4.9	4.6	4.4	4.1	3.9
SANTA FE	1.0	1.0	1.0	1.0	1.0	1.0
SEABROOK	1.1	1.2	1.2	1.2	1.2	1.2
SEALY	1.0	1.0	1.0	1.0	1.0	1.0
SHENANDOAH	0.8	0.8	0.8	0.9	0.9	0.9
SHEPHERD	1.0	1.1	1.1	1.1	1.1	1.2
SHOREACRES	1.2	1.2	1.2	1.2	1.2	1.2
SIENNA PLANTATION	1.3	0.9	0.9	0.8	0.8	0.8
SIMONTON	0.7	0.8	0.7	0.7	0.6	0.6
SOUTH HOUSTON	2.3	2.4	2.4	2.4	2.4	2.3
SOUTHERN MONTGOMERY COUNTY MUD	0.9	1.0	1.0	1.0	1.0	1.0
SOUTHSIDE PLACE	0.9	1.0	1.0	1.0	1.0	1.1
SPLENDORA	2.8	2.6	2.3	1.9	1.6	1.3
SPRING CREEK UD	0.8	0.8	0.8	0.8	0.9	0.9
SPRING VALLEY	0.6	0.8	1.0	0.9	0.9	0.9
STAFFORD	1.8	2.2	2.1	2.0	2.0	1.9
STAGECOACH	0.8	0.8	0.9	0.9	1.0	1.0
STANLEY LAKE MUD	1.4	1.5	1.3	1.1	0.9	0.9
STEAM ELECTRIC POWER, CHAMBERS	8.8	7.5	6.4	5.4	4.6	4.1
STEAM ELECTRIC POWER, FORT BEND	1.9	1.6	1.4	1.2	1.0	1.0
STEAM ELECTRIC POWER, HARRIS	1.0	1.0	1.0	1.0	1.0	1.0
STEAM ELECTRIC POWER, MADISON	1.3	1.1	1.2	1.0	1.2	1.0
STEAM ELECTRIC POWER, MONTGOMERY	2.1	1.8	1.5	1.3	1.1	0.9
SUGAR LAND	1.6	1.3	1.2	1.2	1.1	1.1
SUNBELT FWSD	0.9	0.8	1.1	1.1	1.1	1.1
SWEENY	1.0	1.1	1.1	1.1	1.1	1.1
TARKINGTON SUD	1.0	1.0	1.0	1.0	1.0	1.0
TAYLOR LAKE VILLAGE	2.7	2.8	2.8	2.9	2.8	2.8
TEXAS CITY	1.7	1.6	1.6	1.5	1.4	1.4
THE COMMONS WATER SUPPLY INC	0.6	0.8	1.0	0.9	0.9	0.9
THE WOODLANDS	1.0	1.0	1.0	1.0	1.0	1.0
TIKI ISLAND	1.7	1.7	1.7	1.7	1.7	1.7
TOMBALL	0.7	0.9	1.0	1.0	1.0	1.0
TRAIL OF THE LAKES MUD	0.6	1.0	1.0	1.0	1.0	1.0
TRINITY	3.6	3.5	3.6	3.8	3.6	3.5
TRINITY BAY CONSERVATION DISTRICT	1.6	1.5	1.5	1.4	1.4	1.3
TRINITY RURAL WSC	1.1	1.1	1.1	1.2	1.2	1.1
VARNER CREEK UD	1.0	1.1	1.1	1.1	1.1	1.1
WALKER COUNTY SUD	1.0	1.0	1.0	1.0	1.0	1.0
WALLER	1.0	1.0	1.0	1.0	1.0	1.0
WALLIS	1.0	1.0	1.1	1.1	1.1	1.1

Submittal

I, Jennifer K. Herrera - Environmental Scientist, as the designated authorized representative of the Spring Valley Village, hereby approve and authorize the submission of this project information form to the Texas Water Development Board. I certify that all information contained herein is true and correct to the best of my knowledge. I understand the failure to submit a complete project information form by the stated deadlines may result in the withdrawal of the form without review.

Submitted by: Jennifer K. Herrera - Environmental Scientist

Telephone Number: (512) 327-9640

Submitted date: 2018-01-24 12:27:13.803