



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8) Compensated Absences

The City allows vacation leave with pay for all regular full-time employees after one full year of employment. Employees may carry no more than one-half of their earned vacations to the following year up to a maximum of thirty days (240 hours). Upon termination an employee may be allowed payment for accumulated vacation pay. Employees who terminate employment in good standing and who have not been terminated for disciplinary reasons are eligible to receive compensation for a portion of their accrued sick leave after their accrued hours exceed 100. All vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for vacation and sick pay is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9) 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.

10) Long-term Obligations

In the government-wide financial statements, and proprietary fund type 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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. 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 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. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11) Fund Balances – Governmental Funds

The City implemented GASB No. 54, *Fund Balance and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance.

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to formal action by City Council, the City's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through formal action of City Council.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. City Council has designated the City Administrator the authority to assign fund balance.

Unassigned – All amounts not included in other spendable classifications. The general fund is the only fund that reports a positive fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 17). When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed. The City's financial goal is to have sufficient balance in the General Fund with sufficient working capital and margin of safety to address local and regional emergencies without borrowing. The City strives to maintain a General Fund Balance of 30% of the City's general fund annual operating expenditures.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12) Deficit fund equity

On September 30, 2021, the special events fund reported a deficit fund balance of \$77,442 and the general capital projects reported a deficit fund balance of \$831,428. The City will fund the special events and general capital projects fund from the general fund for these deficits.

13) Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

14) Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

15) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of management's estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS:

The City is authorized within the guidelines provided by the Public Funds Investment Act, Texas Government Code Chapter 2256 and local ordinances to invest (1) in obligations of the United States, its agencies, and instrumentalities, (2) direct obligations of the State of Texas or its agencies, (3) collateralized mortgage obligations issued and guaranteed by an agency or instrumentality of the United States, (4) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality of not less than "A" or its equivalent by a nationally-recognized investment firm, (5) certificates of deposit issued by state or national banks domiciled in the State of Texas, insured by the Federal Deposit Insurance Corporation or secured by obligations described in (1) through (4) above that have a fair value of not less than the principal amount of the certificates, (6) investment pools authorized by the Act and (7) fully collateralized repurchase agreements. In compliance with the Public Funds Investment Act, the government has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are with the



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Texas Local Government Investment Pool (“TexPool”), the Texas Short-Term Asset Reserve Investment Pool (“TexStar”), and in certificates of deposit.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasurer Safekeeping Trust Company authorized to operate TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12009 Research Blvd. Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office. The reported value of the pool is the same as the fair value of the pool shares. TexPool does not impose liquidity fees or redemption gates on participant withdrawals.

Credit Risk – Investments: This is the risk that an issuer of an investment will be unable to fulfill its obligations. The ratings of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the government’s policy to limit its investments to those investments rated at least AAAM. The credit quality rating for both TexPool and TexStar at year end was AAAM by Standard & Poor’s.

Interest Rate Risk – Investments: This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the government manages its exposure to decline in fair values by limiting the weight average maturity of its investment portfolio to less than one year from the time of purchase. The maximum allowable maturity for operating funds is five years and two years for debt service funds. The weight average maturity for the government’s investment in external investment pools is less than 60 days.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. Consistent with the requirements of State law, it is the policy of the City to require full collateralization of all City deposits. An appropriate third-party safekeeping agent, as designated by the City, shall maintain collateral on deposits. This policy applies to any deposits held in an approved depository in excess on the amount protected by Federal Deposit.

Insurance Corporation insurance. The City’s deposits were fully insured or collateralized as required by the state statutes at September 30, 2021. The collateral is held by Frost National Bank in the City’s name under a joint safekeeping agreement with First Financial Bank N.A.

The City invests in the Texas Short Term Asset Reserve Fund (TexStar) and the Texas Local Government Investment Pool (TexPool). TexStar and TexPool are local government investment pools organized under the authority of the Interlocal Corporation Act 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. All investments of TexStar and TexPool are stated at amortized cost, which in most cases approximates the fair value of the securities. The objectives of TexStar and TexPool are to maintain a stable \$1.00 net asset value, however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas or the pools themselves. TexStar does not impose liquidity fees or redemption gates on participant withdrawals.

The City controls credit risk by limiting investments to those investments authorized by both the



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Public Funds Investment Act and by its investment policy.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2021:

- Property acquisitions valued at \$148,790 within City limits for economic development purposes using property brokers opinion from sales and purchases around the area (Level 3 input).

Description	Cost	Fair Value	Percentage of Total Investments	Standard & Poor's	Weighted Average Maturity	Fair Value Measurements Using
TexPool	\$ 365,034	\$ 365,034	18.54%	AAAm	30 days	Amortized Cost
TexStar	1,454,940	1,454,940	73.90%	AAAm	21 days	Amortized Cost
Land	96,526	148,790	7.56%			Level 3
	<u>\$ 1,916,500</u>	<u>\$ 1,968,764</u>	100.00%			



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

Governmental Activities	Balance 09/30/2020	Additions	Retirements	Balance 09/30/2021
Non - Depreciable Assets:				
Land	\$ 942,382	\$ -	\$ -	\$ 942,382
Construction in Progress	2,891,031	201,759	(2,798,367)	294,423
Total non-depreciable assets	<u>3,833,413</u>	<u>201,759</u>	<u>(2,798,367)</u>	<u>1,236,805</u>
Depreciable Assets:				
Equipment	479,601	59,388	-	538,989
Automobiles	313,340	50,173	-	363,513
Buildings	2,566,375	328,186	-	2,894,561
Improvements	267,429	-	-	267,429
Infrastructure	12,620,282	3,366,228	-	15,986,510
Total capital assets being depreciated	<u>16,247,027</u>	<u>3,803,975</u>	<u>-</u>	<u>20,051,002</u>
Accumulated Depreciation:				
Equipment	(341,764)	(51,501)	-	(393,265)
Automobiles	(194,573)	(37,637)	-	(232,210)
Buildings	(769,626)	(69,831)	-	(839,457)
Improvements	(177,785)	(13,234)	-	(191,019)
Infrastructure	(3,027,054)	(429,440)	-	(3,456,494)
Total accumulated depreciation	<u>(4,510,802)</u>	<u>(601,643)</u>	<u>-</u>	<u>(5,112,445)</u>
Governmental activities capital assets, net	<u><u>\$ 15,569,638</u></u>	<u><u>\$ 3,404,091</u></u>	<u><u>\$ (2,798,367)</u></u>	<u><u>\$ 16,175,362</u></u>



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 3 - CAPITAL ASSETS (continued)

Business-type activities:	Balance 09/30/2020	Additions	Retirements	Balance 09/30/2021
Non-Depreciable Assets:				
Land	\$ 559,867	\$ -	\$ -	\$ 559,867
Construction in Progress	7,532,921	3,009,601	(546,818)	9,995,704
Total non-depreciable assets	8,092,788	3,009,601	(546,818)	10,555,571
Buildings	46,413	-	-	46,413
Water plant	4,333,489	-	-	4,333,489
Water distribution	5,202,486	546,818	-	5,749,304
Wastewater systems	3,840,683	-	-	3,840,683
Automobiles	171,995	-	-	171,995
Equipment	160,761	12,875	-	173,636
Intangible assets	787,886	-	-	787,886
Total capital assets being depreciated	14,543,713	559,693	-	15,103,406
Accumulated Depreciation:				
Buildings	(16,411)	(1,187)	-	(17,598)
Water plant	(1,730,837)	(158,765)	-	(1,889,602)
Water distribution	(2,676,704)	(169,085)	-	(2,845,789)
Wastewater lines	(1,456,852)	(131,842)	-	(1,588,694)
Automobiles	(116,704)	(13,541)	-	(130,245)
Equipment	(131,686)	(11,081)	-	(142,767)
Intangible assets	(325,203)	(28,548)	-	(353,751)
Total accumulated depreciation	(6,454,397)	(514,049)	-	(6,968,446)
Business-type activities capital assets, net	\$ 16,182,104	\$ 3,055,245	\$ (546,818)	\$ 18,690,531



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 3 - CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 143,047
Public safety	85,962
Highways and streets and parks	372,634
Total depreciation expense - governmental activities	<u>\$ 601,643</u>
Business-type activities:	
Hudson Oaks water system	\$ 269,944
Wastewater	138,143
Dyegard water system	105,318
Stormwater	644
Total depreciation expense - business-type activities	<u>\$ 514,049</u>

Intangible Assets

June 20, 2003, the water and wastewater fund purchased raw water capacity rights in Benbrook Lake, capacity rights in the Benbrook Pipeline and capacity rights in the Weatherford Treatment Facility. The Enterprise Fund purchased these rights through an agreement with Parker County Utility District #1.

The total cost associated with the buy-ins was \$787,886. This cost was financed with the Combination Tax and Revenue Certificates of Obligation, Series 2003. The debt was refunded with the General Obligation Refunding Bonds, Series 2010. The Benbrook Lake and Treatment Facility capacity rights were then sold back to the City of Weatherford for a credit balance towards future impact fees and demand charges. As of September 30, 2018, there was no credit remaining from the City of Weatherford related to this buy-in purchase.

In April of 2004 the water and wastewater fund paid an additional \$104,935 of legal fees associated with the rights purchased through the agreement with Parker County Utility District #1 (PCUD #1). Per amendment number 1 effective March 31, 2004, \$147,916 of the legal fees are related to initial organization cost.

August 24, 2009, the City entered into an agreement with Parker County Special Utility District (PCSUD) to purchase PCSUD's raw water capacity reservation for \$490,834. The raw water capacity reservation reserves the right for the City to receive raw water from Tarrant Regional Water District. The raw water capacity reservation is based on a projected 30-year average daily use of 1.0 MGD.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 3 - CAPITAL ASSETS (continued)

A summary of intangible assets as of September 30, 2021, follows:

	Term	Asset	Accumulated Depreciation	Net Asset
Depreciated intangible assets				
TRWD Raw Water Buy-in	28 years	\$ 134,839	\$ (82,982)	\$ 51,857
TRWD Raw Water Capacity	30 years	490,834	(173,187)	317,647
Legal Fees For Buy-ins	30 years	162,213	(97,582)	64,631
Total depreciated intangible assets		\$ 787,886	\$ (353,751)	\$ 434,135

Aggregate Intangible Depreciation Expense:

For the year ended September 30, 2021	\$ 28,548
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NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the interfund balances for the City’s individual major funds and nonmajor funds as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	General capital projects	\$ 102,242
General fund	Other governmental funds	79,969
Total Governmental Funds		\$ 182,211
Water and wastewater	General fund	\$ 7,738
Total business-type activities funds		\$ 7,738



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

The composition of the interfund transfers for the City’s individual major funds and nonmajor funds as of September 30, 2021, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service	General	\$ 780,498	Debt Service
Debt Service	Water and wastewater	25,924	Capital projects
Other governmental funds	General	50,000	Special events
Total Governmental Funds Transfer In		<u>\$ 856,422</u>	

NOTE 5 – LONG-TERM DEBT

A. Capital Leases

Governmental Activities:

On April 25, 2017, the general fund acquired computers for police vehicles with a capital lease. The lease requires monthly payments of \$565 beginning June 2017. The interest rate is 5%. The outstanding balance as of September 30, 2021, was \$4,413.

On January 23, 2020, the general fund acquired a police vehicle with a capital lease. The lease required annual payments of \$8,944 beginning January 2021. The interest rate was 2.99%. The outstanding balance as of September 30, 2021, was \$17,116.

On August 10, 2020, the general fund acquired a police vehicle with a capital lease. The lease required annual payments of \$8,944 beginning August 2021. The interest rate was 2.99%. The outstanding balance as of September 30, 2021, was \$17,116.

On May 19, 2021, the general fund acquired a police vehicle with a capital lease. The lease required annual payments of \$8,659 beginning May 2021. The interest rate was 2.25%. The outstanding balance as of September 30, 2021, was \$16,731.

Business-type Activities:

On March 1, 2020, the water fund acquired two vehicles with a capital lease. The lease requires three annual payments of \$17,970 beginning March 2021. The interest rate is 2.99%. The outstanding balance as of September 30, 2021, was \$34,341.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 5 – LONG-TERM DEBT (continued)

The following is an analysis of capital assets purchased under capital leases as of September 30, 2021:

	Governmental Activities	Business-type Activities
Automobiles	\$ 221,022	\$ 67,703
Equipment	29,116	-
Less accumulated depreciation	(115,440)	(25,953)
	\$ 134,698	\$ 41,750

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments on September 30, 2021:

	Governmental Activities	Business-type Activities
2022	\$ 31,066	\$ 17,970
2023	26,546	17,970
Total minimum lease payments	57,612	35,940
Amount representing interest	(2,230)	(1,599)
Present value of future minimum payments	\$ 55,382	\$ 34,341



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 5 – LONG-TERM DEBT (continued)

B. Bonds Payable

On May 3, 2021, the City issued \$2,380,000 of General Obligation Refunding Bonds, Series 2021A. The bonds consisted of general obligation rates ranging from 1.00% to 2.00%. The net proceeds were used to partially refund Certificates of Obligation 2012 with a total principal amount of \$1,790,000 and Certificates of Obligation 2014 a total principal amount of \$540,000. The refunding decreased debt service payments for the City by \$170,530 with a net present value savings (economic gain) of \$157,789 or 6.77%.

On May 3, 2021, the City issued \$1,330,000 of General Obligation Refunding Bonds, Series 2021B. The bonds consisted of general obligation rates ranging from 1.00% to 2.00%. The net proceeds were used to refund Certificates of Obligation 2016B with a total principal amount of \$1,290,000. The refunding decreased debt service payments for the City by \$115,718 with a net present value savings (economic gain) of \$99,548 or 7.72%.

Bonds, certificates of obligation payable on September 30, 2021, consist of the following individual issues:

Governmental Activities

\$1,800,000 2007 Certificates of Obligation, for construction of street, bridge, curb, and sidewalk improvements, together with utility relocation and drainage improvements, due in annual installments through August 1, 2027, 4.10%	\$ 720,000
\$4,195,000 2016A Certificates of Obligation, for construction of road projects and a downtown development. The payments are due in annual installments through February 1, 2036, 2.00% - 5.00%	3,380,000
\$2,325,000 2018 Certificates of Obligation, for construction of City fiber internet lines and Public Improvements District No. 1. The payments are due in annual installments through February 1, 2038, 2.00% - 5.00%	2,125,000
\$125,000 2020 General Obligation refunding bonds, issued to refund the 2010 General Obligation refunding bonds, due in annual installments through February 1, 2023, 1.65%	85,000
\$644,000 2021A General Obligation bonds, issued to refund the 2012 Certificates of Obligation, due in annual installments through February 1, 2036, 1.33%	644,000
\$1,330,000 2021B General Obligation bonds, issued to refund the 2016B Certificates of Obligation, due in annual installments through February 1, 2036, 1.97%	<u>1,330,000</u>
Total Governmental Activities	<u><u>\$ 8,284,000</u></u>



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 5 – LONG-TERM DEBT (continued)

Business-type Activities

\$550,000 2016A Certificates of Obligation, for drainage projects associated with the new downtown development. The payments are due in annual installments through February 1, 2036, 2.00% - 5.00%	435,000
\$2,370,000 2020 General Obligation Refunding, issued to refund the Dyegard 2010 bonds and the 2010 General Obligation refunding bonds, due in annual installments through February 1, 2035, 1.65%.	2,175,200
\$6,986,104 2019 Certificates of Obligation 48% share, issued to fund the Fort Worth water line project in conjunction with the City of Willow Park, due in annual installments through February 1, 2040, 0.95%	6,759,497
\$1,736,000 2021A General Obligation Refunding, issued to refund the 2012 CO and the 2014 CO bonds, due in annual installments through February 1, 2035, 1.33%.	1,736,000
\$3,009,600 2021 Certificates of Obligation 48% share, issued to fund the Fort Worth water line project in conjunction with the City of Willow Park, due in annual installments through February 1, 2051, 3.25%	3,009,600
Total Business-type activities	\$ 14,115,297



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 5 – LONG-TERM DEBT (continued)

The annual requirements to amortize all bonded debt outstanding as of September 30, 2021, are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	557,500	234,405	826,118	718,907	235,890	628,625
2023	567,750	217,040	802,393	733,857	173,496	610,928
2024	546,000	200,156	806,393	750,007	164,958	602,998
2025	566,000	187,603	801,613	567,407	152,711	603,893
2026	582,750	170,883	753,633	580,657	146,205	726,862
2027 - 2031	2,587,750	575,452	3,163,202	3,002,376	623,047	3,625,423
2032 - 2036	2,546,250	281,752	2,828,002	2,569,641	430,134	2,999,775
2037 - 2041	330,000	28,400	358,400	1,743,824	291,422	2,035,246
2042 - 2046	-	-	-	1,858,440	175,322	2,033,762
2047 - 2051	-	-	-	1,590,182	44,211	1,634,393
Debt service requirements	\$ 8,284,000	\$ 1,895,691	\$ 10,339,754	\$ 14,115,297	\$ 2,437,396	\$ 15,501,905
Add: Unamortized premium	212,823	-	212,823	15,333	-	15,333
Total	<u>\$ 8,496,823</u>	<u>\$ 1,895,691</u>	<u>\$ 10,552,577</u>	<u>\$ 14,130,630</u>	<u>\$ 2,437,396</u>	<u>\$ 15,517,238</u>



HUDSON OAKS

CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 5 – LONG-TERM DEBT (continued)

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2021:

	9/30/20	Additions	Retirements	9/30/21	Due within one year
Governmental Activities:					
Certificates of Obligation, 2007	\$ 820,000	\$ -	\$ 100,000	\$ 720,000	\$ 105,000
Certificates of Obligation, 2012	680,000	-	680,000	-	-
2012 Premium on Bond	15,200	-	15,200	-	-
Certificates of Obligation, 2016A	3,565,000	-	185,000	3,380,000	190,000
2016A Premium on Bond	125,027	-	7,938	117,089	7,938
Certificates of Obligation, 2016B	1,350,000	-	1,350,000	-	-
2016B Premium on Bond	55,462	-	55,462	-	-
Certificates of Obligation, 2018	2,205,000	-	80,000	2,125,000	85,000
2018 Premium on Bond	101,531	-	6,637	94,894	5,802
2020 General Obligation Refunding	125,000	-	40,000	85,000	45,000
2021A General Obligation Bond		644,000	-	644,000	52,500
2021B General Obligation Refunding		1,330,000	-	1,330,000	80,000
Capital Leases	82,507	25,193	52,318	55,382	29,559
Net pension liability	439,987	172,861	439,987	172,861	-
OPEB liability	41,642	55,791	41,642	55,791	-
Compensated Absences	144,898	140,928	144,898	140,928	140,928
Total Governmental Activities	9,751,254	2,368,773	3,199,082	8,920,945	741,727
Business-type Activities:					
Certificates of Obligation 2012	1,245,000	-	1,245,000	-	-
2012 Premium on Bond	41,092	-	41,092	-	-
Certificates of Obligation, 2014	710,000	-	710,000	-	-
Certificates of Obligation, 2016A	460,000	-	25,000	435,000	25,000
2016A Premium on Bond	16,372	-	1,039	15,333	1,039
General Obligation Refunding, 2020	2,109,300	-	173,350	1,935,950	173,350
General Obligation Refunding, 2020	260,700	-	21,450	239,250	21,450
Fort Worth Water Line 2019 CO	6,986,104	-	226,607	6,759,497	226,606
Fort Worth Water Line 2021 CO	-	3,009,600	-	3,009,600	-
2021A General Obligation Refunding	-	1,736,000	-	1,736,000	272,500
Capital Leases	59,306	-	24,965	34,341	16,942
Net pension liability	144,092	54,467	144,092	54,467	-
OPEB liability	13,638	17,580	13,638	17,580	-
Compensated Absences	39,720	25,299	39,720	25,299	25,299
Total Business-type Activities	12,085,324	4,842,946	2,665,953	14,262,317	762,186
Total Long-Term Debt	\$ 21,836,578	\$ 7,211,719	\$ 5,865,035	\$ 23,183,262	\$ 1,503,913



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 5 – LONG-TERM DEBT (continued)

For governmental activities, compensated absences payable, pension and OPEB liabilities are liquidated by the general fund.

NOTE 6 – CONDUIT DEBT AGREEMENTS

June 10, 2004, the City passed an ordinance authorizing and approving the creation of the Hudson Oaks Education Finance Corporation (a non-profit corporation) to finance and refinance education facilities for the purpose of aiding intuitions of higher education and accredited primary and secondary schools within the limitations set forth in Chapter 53, Texas Education Code.

During the year ended December 31, 2005, the board of directors of the Hudson Oaks Education Finance Corporation (the “Corporation”) entered into a \$4,000,000 loan agreement with Lakehill Preparatory School (the “Borrower”) and Frost National Bank (the “Lender”). According to the terms of the loan agreement the Lender is making a loan to the Corporation and the Corporation is making a loan to the Borrower. The proceeds will be used by Borrower to refinance the construction, improvement, and equipping of school buildings and athletic facilities on Borrower’s campus and payment of the costs of issuance. The Corporation’s obligations under the loan agreement are payable solely from the loan payments received from the Borrower and other amounts received, if any, from the enforcement of the security provided by the Borrower Note, and do not constitute, give rise to or impose upon the Corporation or the City of Hudson Oaks, Texas, a pecuniary liability, a charge upon the general credit thereof or a pledge of the general revenues of the City or the Corporation. The Corporation has assigned the Borrower Note to the Lender; therefore, the Lender will make loan payments directly to the Lender. The amount of Hudson Oaks Education Finance Corporation conduit debt obligations outstanding on September 30, 2021, are as follows:

Lakehill Preparatory School Loan Agreement	\$ 1,345,000
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June 10, 2004, the City passed an ordinance authorizing and approving the creation of the Hudson Oaks Health Development Corporation (a non-profit corporation) to acquire, construct, provide, improve, finance, and refinance health facilities to assist the maintenance of the public health, subject to the Texas Health Facilities Development Act. As of September 30, 2021, this corporation has not issued any debt.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

The City of Hudson Oaks participates as one of 895 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 the System with a six-member Board of Trustees. 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 annual comprehensive financial report that can be obtained at www.tmrs.com.

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



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

B. 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 payments 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% 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 for 2020 and 2019 were the same and were as follows:

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiveing benefits	13
Inactive employees entitled to but not receiving benefits	21
Active employees	<u>24</u>
	58

C. 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.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

C. CONTRIBUTIONS (continued)

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 12.24% and 12.33% in calendar years 2021 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$205,883, and were equal to the required contributions.

D. NET PENSION LIABILITY

The city's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% 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 are based on the PUB(10) mortality tables with Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality rates. The rates for actives, health retirees and beneficiaries are projected on a full generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

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 alternate asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core-Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	<u>10.0%</u>	7.75%
Total	100%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 Total Pension Liability.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2019	\$ 4,977,147	\$ 4,393,068	\$ 584,079
Changes for the Year			
Service Cost	282,323		282,323
Interest	343,534		343,534
Change of benefit terms	-		-
Difference between expected and actual performance	(319,892)		(319,892)
Changes of assumptions	0		0
Contributions- employer		210,447	(210,447)
Contributions- employee		120,284	(120,284)
Net investment income		334,227	(334,227)
Benefit payments, including refunds of employee contributions	(57,844)	(57,844)	-
Administrative expense		(2,158)	2,158
Other changes		(84)	84
Net Changes	248,121	604,872	(356,751)
Balance at 12/31/2020	\$ 5,225,268	\$ 4,997,940	\$ 227,328

SENSITIVITY OF THE NET POSITION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$1,240,778	\$227,328	(570,245)

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.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

E. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2021, the city recognized pension expense of \$74,951.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 74,849	\$ 303,795
Changes in actuarial assumptions	23,107	-
Differences between projected and actual investment earnings	-	125,235
Contributions subsequent to the measurement date	145,841	-
Total	\$ 243,797	\$ 429,030

\$145,841 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the subsequent fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Net deferred outflows (inflows) of resources
2021	\$ (129,630)
2022	(47,566)
2023	(125,411)
2024	(28,467)
2025	-
Thereafter	-
	\$ (331,074)



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF), a single-employer plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post employment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member 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.

B. BENEFITS PROVIDED

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

Inactive employees or beneficiaries currently receiveing benefits	8
Inactive employees entitled to but not receiving benefits	5
Active employees	24
	<hr style="width: 100%; border: 0.5px solid black;"/>
	37

C. TOTAL OPEB LIABILITY

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

Actuarial Assumptions:

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

Inflation	2.5% per year
Overpall payroll growth	3.50% to 11.50% including inflation
Retirees' share of benefit related costs	\$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Mortality rates for service retirees were based on the gender distinct RP 2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates for disabled retirees were based on the gender distinct RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

Changes in the Total OPEB Liability

<u>Changes in the OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at 12/31/2019	\$ 55,280
Changes for the Year	
Service Cost	3,093
Interest	1,558
Change of benefit terms	-
Difference between expected and actual performance	2,793
Changes of assumptions	10,991
Benefit payments	(344)
Net Changes	<u>18,091</u>
Balance at 12/31/2020	<u>\$ 73,371</u>

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

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

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's OPEB liability	\$92,459	\$73,371	\$59,127



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$7,870.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,711	\$ 390
Changes in assumptions and other inputs	18,579	2,390
Contributions subsequent to the measurement date	-	-
Total	\$ 21,290	\$ 2,780

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

Year ended December 31:	Net deferred outflows (inflows) of resources
2021	\$ 3,219
2022	3,219
2023	3,219
2024	3,219
2025	2,898
Thereafter	2,736
	\$ 18,510

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to theft or damage of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation and in the Texas Municipal League Intergovernmental Employee Benefits Pool (TMLIEBP) for employee health insurance. These are self-sustaining risk pools operated on a state-wide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains risk of loss up to \$3,000,000 and obtains independent coverage for losses more than that amount. Monthly premiums are paid to the TMLIEBP, which retains risk of loss up to \$500,000 per individual and obtains independent coverage for losses more than that amount. There have been no reductions in coverage from the coverage in the prior year, and there have been no settlements that exceeded coverage in the current or past four fiscal years.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 10 – CONTINGENT LIABILITIES

A. Federal and State Programs

The City participates in certain federal and state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

NOTE 11 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (“IRC”) 457. The plan, as amended, is available to all employees and permits them to defer a portion of their salary until future years. Participation is optional. The deferred compensation is not available to employees until termination, retirement, death, or emergency.

All amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in a trust for the exclusive benefit of the participants and not the beneficiaries. This action is in accordance with changes made to IRS Section 457. The City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees’ contribution to the trustees. Accordingly, the City has not presented the assets and liabilities in the Plan in the basic financial statements.

NOTE 12 – WATER AND WASTEWATER SERVICE CONTRACTS

A. Treated Water

During 2010, the City entered into a contract for treated water with the City of Weatherford wherein the City of Weatherford agreed to deliver treated water to an existing meter located at the City of Hudson Oaks LOR Water Plant #2. Charges to the City are based upon a volume charge. The wholesale water charge shall be recalculated annually and becomes effective on January 1st of each year.

B. Wastewater Service

The City entered into a 3-year wastewater service contract with the option of a 2-year extension upon mutual agreement with the City of Weatherford on May 13, 2020 wherein the City of Weatherford agreed to extend a wastewater collection line to the Weatherford city limits just west of the Hudson Oaks city limits and to provide sewage treatment service for amounts of wastewater collected by the City and delivered to the Weatherford System. The City constructed wastewater facilities including a wastewater collection line from the point of entry of the Weatherford System into the City and related lift stations. Charges to the City are based upon a flow charge for the transmission and treatment of wastewater received from the Hudson Oaks system and a capacity charge to compensate Weatherford for the capacity in the Weatherford system necessary to accept the maximum daily flow from the Hudson Oaks system.

C. Fort Worth Water Line Agreement with Willow Park

The City entered into an agreement with Willow park on November 15, 2018 for a 48% ownership in a shared water supply facility and transmission line from the City of Fort Worth. The subsequent debt issuance is shared between the two cities at the same percentage.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 13 – CONTRACTS AND COMMITMENTS

- A. On August 26, 2010 the City entered into an interlocal agreement with the Town of Annetta, Texas in whereby the City agreed to assist Annetta in the operations and management of Annetta’s water system.

- B. In November 2014, the City created the Hudson Oaks Public Improvements District No. 1, for the purposes of designing, acquiring and constructing public improvement projects in the District. The District includes approximately 46 acres in the City. The City has committed to fund improvements of up to \$3,534,000 in the District with \$2,000,000 being funded within 120 days of issuance of a notice to proceed on a new grocery store and once the store opens the remaining actual costs up to \$1,534,000. The City issued new bonds in 2018 to fund the initial \$2,000,000. There was no construction activity for the year ended September 30, 2021.

In July 2015 the City levied an annual assessment of \$.46 per \$100 of net taxable value against the properties in the District through year 2019. This assessment will be used to fund the long-term debt used to fund the public improvements. The City commenced assessments on October 1, 2017.

NOTE 14 – TAX ABATEMENTS

The City is authorized to provide assistance for economic development under Chapter 380 of the Texas Local Government Code. The economic development must serve the purpose of promoting state or local economic development by stimulating business or commercial activity within the City. The assistance may be in the form of loans, grants, tax rebates and use of City personnel and services. The City has entered into Chapter 380 Economic Development Program Agreements with companies and has agreed to provide grants and rebates of sales tax.

The City entered into an economic development agreement dated November 21, 2019, with a developer to reimburse the developer the cost of developing a commercial retail building. The agreement requires the City to rebate to the developer 50% of the City’s sales tax collected from the issuance of the certificate of occupancy for a period of four (4) years until the developer has been reimbursed the total sum of \$300,000, whichever occurs first. The City accrued \$31,304 on September 30, 2021 for a sales tax rebate for this economic development.

The City entered into an economic development agreement dated January 30, 2017, with a developer to construct a new facility and provide services to residents. The agreement requires the City to rebate all sales tax collected from the issuance of the certificate of occupancy for taxable services provided outside City limits. The City rebated \$104,037 for the year September 30, 2021.



CITY OF HUDSON OAKS, TEXAS
Notes to the Financial Statements
September 30, 2021

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 15, 2022, which is the date the financial statements were available to be issued.

NOTE 16 - FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases* will improve financial reporting by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement is effective for reporting periods beginning after June 15, 2021. The City has not yet determined the effect this statement will have on its financial reporting.

NOTE 17 - CORONAVIRUS LOCAL FISCAL RECOVERY FUND

Under the American Rescue Plan Act of 2021, the Coronavirus Local Recovery Fund (CLFRF) provides emergency funding for eligible local governments. The U.S. Treasury manages the distribution of these funds to Texas counties and cities with populations above 50,000. Cities, villages, towns, and townships serving populations of less than 50,000 are classified as non-entitlement units of local government and will receive funding distributed by the Texas Division of Emergency Management. \$307,131, or 50% of the total award amount of \$614,262 was received during the year ended September 30, 2021. The funds have not been spent yet and are reported as unearned revenue.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HUDSON OAKS, TEXAS
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended September 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 3,603,829	\$ 3,913,143	\$ 3,955,958	\$ 42,815
Licenses and permits	251,500	337,000	376,812	39,812
Charges for services	1,000	1,000	11,419	10,419
Municipal court fines	15,000	15,000	15,603	603
Interest	10,000	10,000	5,352	(4,648)
Intergovernmental	-	356,654	49,523	(307,131)
Miscellaneous	167,105	167,105	285,328	118,223
Total revenues	<u>4,048,434</u>	<u>4,799,902</u>	<u>4,699,995</u>	<u>(99,907)</u>
Expenditures:				
Current:				
General government	1,138,420	891,649	912,390	(20,741)
Public safety	1,512,303	1,520,591	1,462,237	58,354
Streets	308,552	312,552	319,270	(6,718)
Parks and facilities	98,905	514,612	521,863	(7,251)
Planning and development	152,500	220,930	181,560	39,370
Mayor and council	6,850	6,850	5,468	1,382
Debt service:				
Principal	35,332	35,332	53,157	(17,825)
Interest and fiscal charges	2,572	2,572	2,492	80
Total expenditures	<u>3,255,434</u>	<u>3,505,088</u>	<u>3,458,437</u>	<u>46,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>793,000</u>	<u>1,294,814</u>	<u>1,241,558</u>	<u>(53,256)</u>
Other Financing Sources (Uses):				
Transfers in	60,000	60,000	-	(60,000)
Transfers out	(853,000)	(853,000)	(830,498)	22,502
Issuance of capital lease	-	25,193	25,193	-
Total other financing sources (uses):	<u>(793,000)</u>	<u>(767,807)</u>	<u>(805,305)</u>	<u>(37,498)</u>
Net change in fund balance	-	527,007	436,253	(90,754)
Fund balance, October 1	<u>1,544,575</u>	<u>1,544,575</u>	<u>1,544,575</u>	<u>-</u>
Fund balance, September 30	<u>\$ 1,544,575</u>	<u>\$ 2,071,582</u>	<u>\$ 1,980,828</u>	<u>\$ (90,754)</u>

The accompanying notes are an integral part of this schedule.

CITY OF HUDSON OAKS, TEXAS
Schedule of Changes in Net Pension Liability
and Related Ratios
For the Year Ended September 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 282,323	\$ 283,930	\$ 252,831	\$ 248,257	\$ 224,824	\$ 208,249	\$ 199,076
Interest (on the Total Pension Liability)	343,534	299,378	261,963	246,144	233,278	214,601	195,208
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(319,892)	83,445	66,530	(156,684)	(160,582)	36,888	(78,250)
Change of assumptions	-	39,975	-	-	-	(26,499)	-
Benefit payments, including refunds of employee contributions	(57,844)	(45,677)	(39,488)	(171,826)	(65,411)	(37,169)	(49,985)
Net Change in Total Pension Liability	248,121	661,051	541,836	165,891	232,109	396,070	266,049
Total Pension Liability-Beginning	\$ 4,977,147	\$ 4,316,096	\$ 3,774,260	\$ 3,608,369	\$ 3,376,260	\$ 2,980,190	\$ 2,714,141
Total Pension Liability-Ending (a)	\$ 5,225,268	\$ 4,977,147	\$ 4,316,096	\$ 3,774,260	\$ 3,608,369	\$ 3,376,260	\$ 2,980,190
Plan Fiduciary Net Position							
Contributions-Employer	210,447	201,522	190,898	196,686	173,428	152,320	134,567
Contributions-Employee	120,284	118,023	104,971	103,564	94,181	88,724	82,097
Net Investment Income	334,227	552,930	(102,492)	400,904	170,372	3,416	116,357
Benefit payments, including refunds of employee contributions	(57,844)	(45,677)	(39,488)	(171,826)	(65,411)	(37,169)	(49,985)
Administrative Expense	(2,158)	(3,118)	(1,979)	(2,076)	(1,923)	(2,081)	(1,214)
Other	(84)	(94)	(103)	(105)	(103)	(103)	(100)
Net Change in Plan Fiduciary Net Position	604,872	823,586	151,807	527,147	370,544	205,107	281,722
Plan Fiduciary Net Position-Beginning	4,393,067	3,569,481	3,417,674	2,890,527	2,519,983	2,314,876	2,033,154
Plan Fiduciary Net Position-Ending (b)	\$ 4,997,939	\$ 4,393,067	\$ 3,569,481	\$ 3,417,674	\$ 2,890,527	\$ 2,519,983	\$ 2,314,876
Net Pension Liability-Ending (a) - (b)	\$ 227,329	\$ 584,080	\$ 746,615	\$ 356,586	\$ 717,842	\$ 856,277	\$ 665,314
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.65%	88.26%	82.70%	90.55%	80.11%	74.64%	77.68%
Covered Payroll	\$ 1,718,338	\$ 1,686,044	\$ 1,499,592	\$ 1,479,480	\$ 1,345,443	\$ 1,267,491	\$ 1,172,812
Net Pension Liability as a Percentage of Covered Payroll	13.23%	34.64%	49.79%	24.10%	53.35%	67.56%	56.73%

The Schedule of Changes in the City's Net Pension Liability and Related Ratios shows the changes in Total Pension Liability less the changes in Fiduciary Net Position, resulting in the net pension liability calculation for the city. Note that this is a 10-year schedule, to be created by the city prospectively, over the next 10-year period.

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF HUDSON OAKS, TEXAS
 Schedule of Employer Contributions
 and Related Ratios
 For the Year Ended September 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contributor	\$ 205,883	\$ 201,662	\$ 192,399	\$ 195,378	\$ 190,996	\$ 167,446	\$ 146,854	\$ 136,130
Contributions in relation to the actuarially determined contribution	\$ 205,883	\$ 201,662	\$ 192,399	\$ 195,378	\$ 190,996	\$ 167,446	\$ 146,854	\$ 136,130
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,694,100	\$ 1,662,931	\$ 1,596,310	\$ 1,507,121	\$ 1,446,119	\$ 1,325,824	\$ 1,237,245	\$ 1,204,317
Contributions as a percentage of covered payroll	12.15%	12.13%	12.05%	12.96%	13.21%	12.63%	11.87%	11.30%

The Schedule of Employer Contributions shows the city's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. This schedule is based on the city's respective fiscal year-end, and will be built over the next 10-year period.

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF HUDSON OAKS, TEXAS
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

	2020	2019	2018	2017
Total Pension Liability				
Service Cost	\$ 3,093	\$ 2,698	\$ 2,849	\$ 2,367
Interest (on the Total OPEB liability)	1,558	1,561	1,408	1,338
Changes of benefit terms				-
Difference between expected and actual experience	10,991	1,555	(1,312)	-
Changes of assumptions	2,793	8,896	(3,067)	3,396
Benefit payments	(344)	(337)	(150)	(296)
Net Change in Total OPEB Liability	18,091	14,373	(272)	6,805
Total OPEB liability - Beginning	55,280	40,907	41,179	34,374
Total OPEB liability - Ending	<u>\$ 73,371</u>	<u>\$ 55,280</u>	<u>\$ 40,907</u>	<u>\$ 41,179</u>
Covered Payroll	\$ 1,718,338	\$ 1,686,044	\$ 1,499,592	\$ 1,479,480
Total OPEB Liability as a Percentage of Covered Payroll	4.27%	3.28%	2.73%	2.78%

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF HUDSON OAKS, TEXAS
Notes to Required Supplementary Information
September 30, 2021

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1) **Budget**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end. The City Administrator is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

The first budget reading for the ensuing year is presented to the City Council no later than the August City Council meeting. A second budget reading, if necessary, is presented no later than the September City Council meeting. A final budget is approved prior to the beginning of the budget year, and the budget is effective September 1 of the budget year. From its date of submission, the proposed budget shall be a public record, and copies are available for the public upon request. One amendment to the budget for the fiscal year was enacted and approved by the City Council.

2) **Encumbrances**

The City does not record encumbrances for goods and services.

3) **Expenditures in excess of appropriations over \$5,000**

General government, public safety, streets, parks and facilities, and planning and development all had expenditures in excess of appropriations greater than \$5,000. The largest of these departments, general government, was \$20,741 in excess of appropriations in which additional expenditures related to permit inspections were incurred. All expenditures were covered by increases in budgeted and actual revenues as well as savings from other departments.

CITY OF HUDSON OAKS, TEXAS
Notes to Required Supplementary Information
September 30, 2021

NOTE 2- DEFINED BENEFIT PENSION PLANS

Notes to Schedule of Contributions

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

24 years

Asset Valuation Method

10 Year smoothed market; 12% soft corridor

Inflation

2.50%

Salary Increases

3.50% to 11.50% including inflation

Investment Rate of Return

6.75%

Retirement Age

Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Table. The rates are projected on a fully generational basis with scale UMP.
 Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no changes during the year.

NOTE 3 – SCHEDULE OF CHANGES IN OPEB LIABILITY

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specific purposes.

Police Seizure Forfeiture – This fund is used to account for revenue from police seizures.

Municipal Court Technology – This fund is used to account for Municipal Court fees collected for court technology.

Court Building Security – This fund is used to account for Municipal Court fees collected for court building security.

Park Dedication – This fund is used to account for park dedication donations and expenditures of those funds.

Special Events – This fund is used to account for community event revenues and expenditures of those funds.

PID No. 1 – This fund is used to account for taxes collected within the District and expenditures associated within the District.

ARPA Fund – This fund is used to account for the grant received from the American Rescue Plan Act and subsequent expenditures.

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CITY OF HUDSON OAKS, TEXAS
 Nonmajor Funds
 Combining Balance Sheet
 September 30, 2021

	Police Seizure Forfeiture Fund	Municipal Court Technology Fund	Court Building Security Fund	Park Dedication Fund	Special Events Fund	PID No. 1 Fund	ARPA Fund	Total Special Revenue Funds	Total Nonmajor Governmental Funds
Assets									
Cash	\$ 3,587	\$ 1,812	\$ 12,817	\$ 2,924	\$ -	\$ 66,348	\$ 307,131	\$ 394,619	\$ 394,619
Miscellaneous receivable	-	-	-	-	12,000	1,674	-	13,674	13,674
Total assets	<u>3,587</u>	<u>1,812</u>	<u>12,817</u>	<u>2,924</u>	<u>12,000</u>	<u>68,022</u>	<u>307,131</u>	<u>408,293</u>	<u>408,293</u>
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities:									
Accounts payable	-	-	-	-	9,473	-	-	9,473	9,473
Unearned grant revenue	-	-	-	-	-	-	307,131	307,131	307,131
Due to other funds	-	-	-	-	79,969	-	-	79,969	79,969
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,442</u>	<u>-</u>	<u>307,131</u>	<u>396,573</u>	<u>396,573</u>
Fund Balance:									
Restricted fund balance	3,587	1,812	12,817	2,924	-	68,022	-	89,162	89,162
Unassigned fund balance	-	-	-	-	(77,442)	-	-	(77,442)	(77,442)
Total Fund Balance	<u>3,587</u>	<u>1,812</u>	<u>12,817</u>	<u>2,924</u>	<u>(77,442)</u>	<u>68,022</u>	<u>-</u>	<u>11,720</u>	<u>11,720</u>
Total Liabilities, deferred inflows and Fund Balance	<u>\$ 3,587</u>	<u>\$ 1,812</u>	<u>\$ 12,817</u>	<u>\$ 2,924</u>	<u>\$ 12,000</u>	<u>\$ 68,022</u>	<u>\$ 307,131</u>	<u>\$ 408,293</u>	<u>\$ 408,293</u>

CITY OF HUDSON OAKS, TEXAS
Nonmajor Funds
Combining Statement of Revenues, Expenditures and Changes
In Fund Balance
For the Year Ended September 30, 2021

	Police Seizure Forfeiture Fund	Municipal Court Technology Fund	Court Building Security Fund	Park Dedication Fund	Special Events Fund	PID No. 1 Fund	ARPA Fund	Total Special Revenue Funds	Total Nonmajor Governmental Funds
Revenue:									
Municipal court fines	\$ -	\$ 233	\$ 262	\$ -	\$ -	\$ -	\$ -	\$ 495	\$ 495
Miscellaneous	-	-	-	-	122,919	68,022	-	190,941	190,941
Total Revenues	-	233	262	-	122,919	68,022	-	191,436	191,436
Expenditures:									
Current									
General Government	-	-	-	-	128,299	-	-	128,299	128,299
Total Expenditures	-	-	-	-	128,299	-	-	128,299	128,299
Excess (deficiency) of revenues over (under) expenditures	-	233	262	-	(5,380)	68,022	-	63,137	63,137
Other Financing Sources (Uses):									
Transfers In	-	-	-	-	50,000	-	-	50,000	50,000
Total other financing sources (uses):	-	-	-	-	50,000	-	-	50,000	50,000
Net change in fund balance	-	233	262	-	44,620	68,022	-	113,137	113,137
Fund balance, October 1	3,587	1,579	12,555	2,924	(122,062)	-	-	(101,417)	(101,417)
Fund balance, September 30	\$ 3,587	\$ 1,812	\$ 12,817	\$ 2,924	\$ (77,442)	\$ 68,022	\$ -	\$ 11,720	\$ 11,720

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ENTERPRISE FUND SUPPLEMENTARY INFORMATION

CITY OF HUDSON OAKS, TEXAS
Water and Wastewater Fund
Department Combining Statement of Net Position
September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

	Hudson Oaks	Wastewater	Dyegard	Deer Creek	Utility	Totals	
	Water		Water System	Management	Capital Projects	2021	2020
Assets							
Current Assets:							
Cash	\$ 1,009,871	\$ 692,943	\$ 178,918	\$ 332,473	\$ 1	\$ 2,214,206	\$ 1,979,350
Investments	92,816	418,164	-	-	-	510,980	510,777
Accounts receivable (net of allowance for doubtful accounts)	203,136	51,136	41,232	60,758	-	356,262	349,134
Miscellaneous	-	65,411	-	-	-	65,411	120,636
Due from other funds	-	-	-	-	7,738	7,738	173,724
Prepaid items	10,015	-	-	-	-	10,015	8,470
Restricted Cash	-	-	-	-	221	221	134,651
Total current assets	1,315,838	1,227,654	220,150	393,231	7,960	3,164,833	3,276,742
Noncurrent Assets:							
Capital Assets:							
Nondepreciable	-	-	-	-	10,555,571	10,555,571	7,545,971
Depreciable, net of accumulated depreciation	-	-	-	-	7,575,911	7,575,911	8,089,316
Total assets	1,315,838	1,227,654	220,150	393,231	18,139,442	21,296,315	18,912,029
Deferred Outflow of Resources							
Deferred Outflow Related to Pensions	42,995	-	-	13,271	-	56,266	70,462
Deferred Outflow Related to OPEB	4,060	-	-	1,041	-	5,101	2,777
Total deferred outflow of resources	47,055	-	-	14,312	-	61,367	73,239
Liabilities							
Current Liabilities:							
Accounts payable	93,724	40,652	1,610	7,316	-	143,302	432,866
Accrued payroll	6,438	-	-	2,498	-	8,936	9,959
Compensated absences payable	18,052	-	-	7,247	-	25,299	39,720
Due to other funds	-	-	-	-	-	-	63,453
Current liabilities payable from restricted assets:							
Current portion of long-term debt	-	-	-	-	710,848	710,848	748,733
Accrued interest payable	-	-	-	-	77,627	77,627	18,310
Total current liabilities	118,214	40,652	1,610	17,061	788,475	966,012	1,313,041
Noncurrent Liabilities:							
Capital lease payable	-	-	-	-	17,399	17,399	50,840
Net pension liability	43,351	-	-	11,116	-	54,467	144,092
OPEB liability	13,992	-	-	3,588	-	17,580	13,638
Certificates of obligation	-	-	-	-	12,986,391	12,986,391	10,611,929
Total liabilities	175,557	40,652	1,610	31,765	13,792,265	14,041,849	12,133,540
Deferred Inflow of Resources							
Deferred Inflow Related to Pensions	81,816	-	-	20,980	-	102,796	62,025
Deferred Inflow Related to OPEB	530	-	-	136	-	666	818
Deferred amount of refunding	-	-	-	-	9,972	9,972	-
Total deferred outflow of resources	82,346	-	-	21,116	9,972	113,434	62,843
Net Position							
Net investment in capital assets	-	-	-	-	4,416,844	4,416,844	4,223,787
Restricted for debt service (expendable)	-	-	-	-	-	-	-
Restricted for capital projects (expendable)	-	-	-	-	221	221	134,651
Restricted for impact fees	226,397	-	-	-	-	226,397	215,698
Unrestricted	878,593	1,187,002	218,540	354,662	(79,860)	2,558,937	2,214,749
Total net position	\$ 1,104,990	\$ 1,187,002	\$ 218,540	\$ 354,662	\$ 4,337,205	\$ 7,202,399	\$ 6,788,885

CITY OF HUDSON OAKS, TEXAS
Water and Wastewater Fund
Department Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

	Hudson Oaks		Dyegard	Deer Creek	Utility	Elimination	Totals	
	Water	Wastewater	Water	Management	Capital Projects		2021	2020
Operating revenues:								
Water & Wastewater sales	\$ 1,651,299	\$ 446,026	\$ 279,677	\$ -	\$ -	\$ -	\$ 2,377,002	\$ 2,287,964
Management contract charges	-	-	-	272,055	-	-	272,055	246,926
Late payment charges	10,179	-	1,761	-	-	-	11,940	11,934
Tap Fees	5,600	1,500	-	-	-	-	7,100	6,000
Impact fees	10,699	-	-	-	-	-	10,699	8,107
Customer assessment fees	5,826	-	-	-	-	-	5,826	3,334
Miscellaneous fees & Charges	52,711	-	-	-	-	-	52,711	43,054
Total operating revenues	1,736,314	447,526	281,438	272,055	-	-	2,737,333	2,607,319
Operating expenses:								
Personal services	384,946	-	-	105,532	-	-	490,478	506,359
Professional services	89,244	4,560	9,250	14,435	-	-	117,489	157,637
Supplies	97,573	-	6,830	3,708	-	-	108,111	89,395
Operations	422,506	150,581	2,439	1,891	-	-	577,417	650,962
Maintenance and repairs	131,770	35,163	11,535	12,724	-	-	191,192	51,264
Well utilities	96,620	6,279	3,814	-	-	-	106,713	93,668
Depreciation	-	-	-	-	513,405	-	513,405	511,739
Total operating expenses	1,222,659	196,583	33,868	138,290	513,405	-	2,104,805	2,061,024
Operating income (loss)	513,655	250,943	247,570	133,765	(513,405)	-	632,528	546,295
Nonoperating revenues (expenses)								
Interest	45	157	-	-	246	-	448	5,745
Interest expense	-	-	-	(88)	(154,933)	-	(155,021)	(123,757)
Debt issuance costs	-	-	-	-	(38,517)	-	(38,517)	(60,466)
Total nonoperating revenues (expenses)	45	157	-	(88)	(193,204)	-	(193,090)	(178,478)
Income (loss) before transfers	513,700	251,100	247,570	133,677	(706,609)	-	439,438	367,817
Contributions and transfers:								
Transfers In	69,557	-	-	-	825,254	(894,811)	-	-
Transfers out	(400,378)	(242,000)	(208,800)	-	(69,557)	894,811	(25,924)	-
Change in net position	182,879	9,100	38,770	133,677	49,088	-	413,514	367,817
Net Position, Beginning	922,111	1,177,902	179,770	220,985	4,288,117	-	6,788,885	6,421,068
Net Position, Ending	\$ 1,104,990	\$ 1,187,002	\$ 218,540	\$ 354,662	\$ 4,337,205	\$ -	\$ 7,202,399	\$ 6,788,885

CITY OF HUDSON OAKS, TEXAS
Water and Wastewater Fund
Department Combining Statement of Cash Flows
For the Year Ended September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

	Hudson Oaks		Dyegard	Deer Creek	Utility	Total	
	Water	Wastewater	Water System	Management	Capital Projects	2021	2020
Cash flows from operating activities:							
Cash received from customers and users	\$ 1,755,159	\$ 448,858	\$ 281,450	\$ 258,937	\$ -	\$ 2,744,404	\$ 2,661,494
Cash paid to suppliers	(1,153,280)	(176,808)	(32,480)	(29,463)	-	(1,392,031)	(1,026,667)
Cash paid to employees	(421,401)	-	-	(117,713)	-	(539,114)	(524,654)
Net cash provided (used) by operating activities	180,478	272,050	248,970	111,761	-	813,259	1,110,173
Cash flow from noncapital financing activities:							
Due to other funds	(17,970)	-	-	170,924	(50,421)	102,533	(110,471)
Due from other funds	-	-	-	-	-	-	-
Transfers in (out)	(330,821)	(242,000)	(208,800)	-	755,697	(25,924)	-
Net cash provided (used) by noncapital financing activities	(348,791)	(242,000)	(208,800)	170,924	705,276	76,609	(110,471)
Cash flows from capital and related financing activities:							
Principal payments - certificates of obligation	-	-	-	-	(688,557)	(688,557)	(430,000)
Principal payments - loans payable	-	-	-	-	-	-	-
Principal payments - capital leases	-	-	-	(8,643)	(16,322)	(24,965)	(15,713)
Purchase of property, plant and equipment	-	-	-	-	(3,009,600)	(3,009,600)	(7,060,235)
Proceeds from bonds	-	-	-	-	3,009,600	3,009,600	6,986,104
Proceeds from capital leases	-	-	-	-	-	-	-
Special assessments	-	41,026	-	-	-	41,026	80,361
Contribution for refunding bonds	-	-	-	-	(21,489)	(21,489)	-
Interest payments	-	-	-	(88)	(95,614)	(95,702)	(142,616)
Net cash flows provided by (used in) capital and related financing activities	-	41,026	-	(8,731)	(821,982)	(789,687)	(582,099)
Cash flows from investing activities:							
Interest received	45	157	-	-	246	448	5,745
(Purchase) sale of investments	(46)	(157)	-	-	-	(203)	(4,481)
Net cash provided by (used in) investing activities	(1)	-	-	-	246	245	1,264
Net increase (decrease) in cash	(168,314)	71,076	40,170	273,954	(116,460)	100,426	418,867
Cash, October 1	1,160,215	621,867	138,748	58,519	134,652	2,114,001	1,695,134
Cash, September 30	\$ 991,901	\$ 692,943	\$ 178,918	\$ 332,473	\$ 18,192	\$ 2,214,427	\$ 2,114,001
Reconciliation of income from operations to net cash provided by operating activities:							
Income (loss) from operations	\$ 513,655	\$ 250,943	\$ 247,570	\$ 133,765	\$ (513,405)	\$ 632,528	\$ 546,295
Adjustments to reconcile income from operations to net cash provided by (used in) operating activities							
Depreciation	-	-	-	-	513,405	513,405	511,739
Disposal of capital assets	-	-	-	-	-	-	-
(Increase) decrease in accounts receivable	4,646	1,332	12	(13,118)	-	(7,128)	40,440
(Increase) decrease in miscellaneous receivables	14,199	-	-	-	-	14,199	13,735
(Increase) decrease in prepaid expenses	(1,545)	-	-	-	-	(1,545)	-
(Increase) decrease in deferred outflow of resources	9,989	-	-	1,883	-	11,872	37,430
Increase (decrease) in accounts payable	(314,022)	19,775	1,388	3,295	-	(289,564)	16,259
Increase (decrease) in accrued payroll	(1,325)	-	-	302	-	(1,023)	4,185
Increase (decrease) in compensated absences	(15,377)	-	-	956	-	(14,421)	10,911
Increase (decrease) in net pension liability	(67,332)	-	-	(22,293)	-	(89,625)	(77,354)
Increase (decrease) in net OPEB liability	3,516	-	-	426	-	3,942	1,505
Increase (decrease) in deferred inflow of resources	34,074	-	-	6,545	-	40,619	5,028
Net adjustments	(333,177)	21,107	1,400	(22,004)	513,405	180,731	563,878
Net cash provided by operating activities	\$ 180,478	\$ 272,050	\$ 248,970	\$ 111,761	\$ -	\$ 813,259	\$ 1,110,173
Noncash Investing, Capital and Financing Activities							
Increase in bonds due to refunding	\$ -	\$ -	\$ -	\$ -	\$ 48,150	\$ 48,150	\$ 155,700
Capital lease	-	-	-	-	-	-	50,840
Total	\$ -	\$ -	\$ -	\$ -	\$ 48,150	\$ 48,150	\$ 206,540

STATISTICAL SECTION (Unaudited)

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STATISTICAL SECTION (Unaudited)

This part of the City of Hudson Oaks Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Government-wide Net Position by Component	67 - 68
Government-wide Changes in Net Position	69 - 70
Fund Balances, Governmental Funds	71 - 72
Changes in Fund Balances, Governmental Funds	73 - 74
Principal Sources of Revenue	75 - 76

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Sales Tax Revenue by Business Type	77
Water and Wastewater Sales by Type of Customer	78 - 79
Top Ten Utility Rate Payers	80
Utility Service Rates	81

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Government-wide Outstanding Debt	82 - 83
Ratio of Annual Debt Service to Total General Expenditures	84
Direct and overlapping debt	85

Demographic and Economic Information

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.

Demographic Statistics	86
City Employees by Job Type	87
Capital Assets Information	88 - 89
Operating Indicators	90 - 91

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year. There is no statistical analysis for property tax as the City of Hudson Oaks does not levy an ad valorem tax to its residents or businesses.

CITY OF HUDSON OAKS
Government-wide Net Position by Component
Last Ten Fiscal Years
(Unaudited)

	2021	2020	2019	2018
Governmental Activities				
Net investment in capital assets	\$ 7,623,997	\$ 6,444,911	\$ 6,126,451	\$ 5,941,949
Restricted	99,247	30,618	114,555	137,208
Unrestricted	1,492,481	1,843,375	1,882,630	1,104,308
Total governmental activities net position	<u>\$ 9,215,725</u>	<u>\$ 8,318,904</u>	<u>\$ 8,123,636</u>	<u>\$ 7,183,465</u>
Business-type activities				
Net investment in capital assets	\$ 4,525,560	\$ 4,294,233	\$ 4,307,311	\$ 4,349,604
Restricted	233,675	368,387	224,914	234,001
Unrestricted	2,887,935	2,389,935	1,992,189	1,504,320
Total business-type activities net position	<u>\$ 7,647,170</u>	<u>\$ 7,052,555</u>	<u>\$ 6,524,414</u>	<u>\$ 6,087,925</u>
Primary government				
Net investment in capital assets	\$ 12,149,557	\$ 10,739,144	\$ 10,433,762	\$ 10,291,553
Restricted	332,922	399,005	339,469	371,209
Unrestricted	4,380,416	4,233,310	3,874,819	2,608,628
Total primary government net position	<u>\$ 16,862,895</u>	<u>\$ 15,371,459</u>	<u>\$ 14,648,050</u>	<u>\$ 13,271,390</u>

CITY OF HUDSON OAKS
Government-wide Net Position by Component
Last Ten Fiscal Years
(Unaudited)

2017	2016	2015	2014	2013	2012
\$ 5,531,794	\$ 4,788,636	\$ 4,525,800	\$ 4,153,576	\$ 3,945,645	\$ 3,572,025
69,903	50,298	44,541	693,884	26,372	12,764
1,121,028	1,532,330	1,208,501	737,230	1,349,162	1,442,408
<u>\$ 6,722,725</u>	<u>\$ 6,371,264</u>	<u>\$ 5,778,842</u>	<u>\$ 5,584,690</u>	<u>\$ 5,321,179</u>	<u>\$ 5,027,197</u>
\$ 4,426,001	\$ 3,371,107	\$ 4,087,015	\$ 3,819,660	\$ 4,845,486	\$ 4,743,012
187,735	751,048	138,725	115,489	132,025	197,820
1,340,693	2,038,621	1,762,069	1,932,239	727,281	881,405
<u>\$ 5,954,429</u>	<u>\$ 6,160,776</u>	<u>\$ 5,987,809</u>	<u>\$ 5,867,388</u>	<u>\$ 5,704,792</u>	<u>\$ 5,822,237</u>
\$ 9,957,795	\$ 8,159,743	\$ 8,612,815	\$ 7,973,236	\$ 8,791,131	\$ 8,315,037
257,638	801,346	183,266	809,373	158,397	210,584
2,461,721	3,570,951	2,970,570	2,669,469	2,076,443	2,323,813
<u>\$ 12,677,154</u>	<u>\$ 12,532,040</u>	<u>\$ 11,766,651</u>	<u>\$ 11,452,078</u>	<u>\$ 11,025,971</u>	<u>\$ 10,849,434</u>

CITY OF HUDSON OAKS
Government-wide Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2021	2020	2019	2018
Expenses				
Governmental Activities				
General government	\$ 1,166,363	\$ 1,334,749	\$ 1,479,708	\$ 768,763
Public safety	1,432,360	1,496,194	1,462,412	1,331,101
Streets	689,805	602,786	700,498	241,549
Parks and facilities	191,756	122,729	119,793	71,203
Planning and development	181,560	253,688	222,846	134,253
Mayor and council	5,468	8,679	4,530	15,666
Economic development grants	-	-	-	-
Interest and fiscal charges	300,899	290,930	323,999	288,326
Bond issuance costs	-	-	-	91,036
Total governmental activities expenses	\$ 3,968,211	\$ 4,109,755	\$ 4,313,786	\$ 2,941,897
Business-type activities				
Water	\$ 1,595,883	\$ 1,621,068	\$ 1,323,132	\$ 1,435,879
Economic development grants	-	-	-	-
Wastewater	388,516	327,188	343,883	325,990
Dyegard water system	173,989	172,839	216,573	210,994
Deercreek management	138,290	122,961	140,208	135,674
Stormwater	14,094	20,982	157,909	56,181
Total business-type activities net position	2,310,772	2,265,038	2,181,705	2,164,718
Total primary government expenses	\$ 6,278,983	\$ 6,374,793	\$ 6,495,491	\$ 5,106,615
Program Revenues				
Governmental Activities				
Charges for services	\$ 471,390	\$ 314,028	\$ 673,812	\$ 368,067
Operating grants and contributions	50,658	68,152	70,936	69,261
Capital grants and contributions	-	59,900	1,132,776	78,922
Total governmental activities	\$ 522,048	\$ 442,080	\$ 1,877,524	\$ 516,250
Business-type activities				
Water and sewer sales	\$ 2,930,853	\$ 2,787,318	\$ 2,687,013	\$ 2,585,563
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities	2,930,853	2,787,318	2,687,013	2,585,563
Total primary government revenues	\$ 3,452,901	\$ 3,229,398	\$ 4,564,537	\$ 3,101,813
Net (Expense) Revenue				
Governmental Activities	\$ (3,446,163)	\$ (3,667,675)	\$ (2,436,262)	\$ (2,425,647)
Business-type Activities	620,081	522,280	505,308	420,845
Total primary government net expense	\$ (2,826,082)	\$ (3,145,395)	\$ (1,930,954)	\$ (2,004,802)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Sales tax	\$ 3,844,619	\$ 3,380,340	\$ 2,844,353	\$ 2,300,050
Franchise tax	173,610	185,197	194,412	192,368
Investment earnings	5,595	33,143	72,907	60,797
Other revenue	293,236	264,263	178,071	65,560
Transfers	25,924	-	86,690	291,523
Gain on sale of capital assets	-	-	-	-
Total governmental activities	\$ 4,342,984	\$ 3,862,943	\$ 3,376,433	\$ 2,910,298
Business-type activities				
Investment earnings	\$ 458	\$ 5,860	\$ 17,871	\$ 14,637
Transfers	(25,924)	-	(86,690)	(291,523)
Total business-type activities	\$ (25,466)	\$ 5,860	\$ (68,819)	\$ (276,886)
Total primary government	\$ 4,317,518	\$ 3,868,803	\$ 3,307,614	\$ 2,633,412
Change in Net Position				
Governmental Activities	\$ 896,821	\$ 195,268	\$ 940,171	\$ 484,651
Business-type Activities	594,615	528,140	436,489	143,959
Total primary government	\$ 1,491,436	\$ 723,408	\$ 1,376,660	\$ 628,610

CITY OF HUDSON OAKS
Government-wide Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

2017	2016	2015	2014	2013	2012
\$ 673,893	\$ 666,538	\$ 705,554	\$ 695,185	\$ 622,322	\$ 611,863
1,324,595	1,277,695	1,140,082	1,127,251	1,032,743	1,004,471
262,374	368,670	292,149	296,496	248,484	316,225
71,223					
144,939	146,778	165,319	-	-	-
8,244					
-	-	-	-	150,000	-
277,803	122,302	91,412	117,554	111,547	106,219
-	184,986	-	-	-	-
<u>\$ 2,763,071</u>	<u>\$ 2,766,969</u>	<u>\$ 2,394,516</u>	<u>\$ 2,236,486</u>	<u>\$ 2,165,096</u>	<u>\$ 2,038,778</u>
\$ 1,384,187	\$ 1,547,911	\$ 1,054,715	\$ 999,905	\$ 1,151,086	\$ 1,069,189
-				150,000	
333,288	306,680	-	-	-	-
208,995	215,052	297,909	292,818	256,581	249,488
119,280	117,217	111,352	121,835	132,622	135,193
90,027	223,515	258,116	288,412	240,266	242,478
<u>2,135,777</u>	<u>2,410,375</u>	<u>1,722,092</u>	<u>1,702,970</u>	<u>1,930,555</u>	<u>1,696,348</u>
<u>\$ 4,898,848</u>	<u>\$ 5,177,344</u>	<u>\$ 4,116,608</u>	<u>\$ 3,939,456</u>	<u>\$ 4,095,651</u>	<u>\$ 3,735,126</u>
\$ 398,530	\$ 441,274	\$ 423,587	\$ 537,689	\$ 460,030	\$ 352,724
70,000	12,242	-	-	-	-
125,000	149,528	375,567	-	301,627	-
<u>\$ 593,530</u>	<u>\$ 603,044</u>	<u>\$ 799,154</u>	<u>\$ 537,689</u>	<u>\$ 761,657</u>	<u>\$ 352,724</u>
\$ 2,211,119	\$ 2,035,354	\$ 2,016,359	\$ 1,866,868	\$ 1,831,601	\$ 1,730,715
31,029	116,571				
-	640,475	188,161	113,440	82,450	-
<u>2,242,148</u>	<u>2,792,400</u>	<u>2,204,520</u>	<u>1,980,308</u>	<u>1,914,051</u>	<u>1,730,715</u>
<u>\$ 2,835,678</u>	<u>\$ 3,395,444</u>	<u>\$ 3,003,674</u>	<u>\$ 2,517,997</u>	<u>\$ 2,675,708</u>	<u>\$ 2,083,439</u>
\$ (2,169,541)	\$ (2,163,925)	\$ (1,595,362)	\$ (1,698,797)	\$ (1,403,439)	\$ (1,686,054)
106,371	382,025	482,428	277,338	(16,504)	34,367
<u>\$ (2,063,170)</u>	<u>\$ (1,781,900)</u>	<u>\$ (1,112,934)</u>	<u>\$ (1,421,459)</u>	<u>\$ (1,419,943)</u>	<u>\$ (1,651,687)</u>
\$ 1,902,946	\$ 1,940,291	\$ 1,703,568	\$ 1,615,229	\$ 1,527,473	\$ 1,443,331
170,423	177,958	193,272	169,518	137,113	161,210
48,843	63,084	3,478	4,464	7,004	7,519
80,745	438,764	96,822	57,541	71,699	82,999
318,045	136,250	187,536	115,556	(93)	-
-	-	8,200	-	-	-
<u>\$ 2,521,002</u>	<u>\$ 2,756,347</u>	<u>\$ 2,192,876</u>	<u>\$ 1,962,308</u>	<u>\$ 1,743,196</u>	<u>\$ 1,695,059</u>
\$ 5,327	\$ 2,192	\$ 898	\$ 814	\$ 182	\$ 9,418
(318,045)	(136,250)	(187,536)	(115,556)	93	-
<u>\$ (312,718)</u>	<u>\$ (134,058)</u>	<u>\$ (186,638)</u>	<u>\$ (114,742)</u>	<u>\$ 275</u>	<u>\$ 9,418</u>
<u>\$ 2,208,284</u>	<u>\$ 2,622,289</u>	<u>\$ 2,006,238</u>	<u>\$ 1,847,566</u>	<u>\$ 1,743,471</u>	<u>\$ 1,704,477</u>
\$ 351,461	\$ 592,422	\$ 597,514	\$ 263,511	\$ 339,757	\$ 9,005
(206,347)	247,967	295,790	162,596	(16,229)	43,785
<u>\$ 145,114</u>	<u>\$ 840,389</u>	<u>\$ 893,304</u>	<u>\$ 426,107</u>	<u>\$ 323,528</u>	<u>\$ 52,790</u>

CITY OF HUDSON OAKS
Fund Balances, Governmental Fund
Last Ten Fiscal Years
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund					
Nonspendable	\$ 16,520	\$ 25,721	\$ 30,486	\$ 15,254	\$ 19,586
Restricted	9,982	9,972	9,972	8,540	6,830
Assigned	-	-	-	185,000	185,000
Unassigned	<u>1,954,326</u>	<u>1,508,882</u>	<u>1,346,488</u>	<u>1,169,993</u>	<u>1,162,257</u>
Total general fund	<u>\$ 1,980,828</u>	<u>\$ 1,544,575</u>	<u>\$ 1,386,946</u>	<u>\$ 1,378,787</u>	<u>\$ 1,373,673</u>
All Other Governmental funds					
Unreserved, Designated	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	2,198	1,848
Restricted	89,265	20,646	104,583	128,668	2,854,524
Assigned	-	-	-	-	-
Unassigned	<u>(908,870)</u>	<u>(122,063)</u>	<u>(55,832)</u>	<u>(4,256)</u>	<u>(43,465)</u>
Total other governmental funds	<u>\$ (819,605)</u>	<u>\$ (101,417)</u>	<u>\$ 48,751</u>	<u>\$ 126,610</u>	<u>\$ 2,812,907</u>

CITY OF HUDSON OAKS
Fund Balances, Governmental Fund
Last Ten Fiscal Years
(Unaudited)

2016	2015	2014	2013	2012
\$ 12,196	\$ 34,170	\$ -	\$ 8,396	\$ -
4,990	2,740	1,732	1,732	886
335,000	235,000	-	-	27,745
<u>1,273,229</u>	<u>1,132,955</u>	<u>1,115,147</u>	<u>1,025,655</u>	<u>1,014,467</u>
<u>\$ 1,625,415</u>	<u>\$ 1,404,865</u>	<u>\$ 1,116,879</u>	<u>\$ 1,035,783</u>	<u>\$ 1,043,098</u>
\$ -	\$ -	\$ -	\$ -	\$ -
2,533	-	-	-	-
5,288,947	191,057	692,152	859,124	1,775,663
-	-	43,231	53,563	70,855
<u>(28,961)</u>	<u>(9,441)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,262,519</u>	<u>\$ 181,616</u>	<u>\$ 735,383</u>	<u>\$ 912,687</u>	<u>\$ 1,846,518</u>

CITY OF HUDSON OAKS
Changes in Fund Balances, Governmental Fund
Last Ten Fiscal Years
(Unaudited)

	2021	2020	2019	2018
Revenues				
Taxes	\$ 3,955,958	\$ 3,531,827	\$ 2,970,830	\$ 2,452,121
Licenses, fees, permits	376,812	296,401	600,157	280,676
Fines and penalties	16,098	12,665	21,371	39,209
Charges for services	11,419	4,962	5,927	3,155
Intergovernmental	49,523	25,201	-	80,183
Investment earnings	5,595	33,143	72,907	60,797
Other revenues	476,269	451,802	680,940	453,334
Total revenues	\$ 4,891,674	\$ 4,356,001	\$ 4,352,132	\$ 3,369,475
Expenditures				
General government	\$ 1,040,689	\$ 1,234,403	\$ 1,351,181	\$ 757,333
Public safety	1,462,237	1,450,893	1,370,287	1,441,122
Streets	319,270	426,391	444,480	64,319
Parks and facilities	521,863	155,843	119,238	72,159
Planning and development	181,560	253,688	222,846	134,253
Mayor and council	5,468	8,679	4,530	15,666
Capital outlay	831,540	14,784	146,045	5,510,941
Other	-	-	-	-
Debt service:				
Principal	565,407	537,012	505,919	476,881
Interest	264,364	320,537	372,584	260,553
Bond issuance costs	59,794	-	-	91,036
Total expenditures	\$ 5,252,192	\$ 4,402,230	\$ 4,537,110	\$ 8,824,263
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ -	\$ -	\$ -	\$ -
Proceeds from borrowings	1,974,000	50,606	28,588	2,482,082
Other resources	(1,921,341)	3,084	-	-
Transfers in	856,422	924,562	871,455	1,017,378
Transfers out	(830,498)	(924,562)	(784,765)	(725,855)
Total other financing sources (uses)	\$ 78,583	\$ 53,690	\$ 115,278	\$ 2,773,605
Net change in fund balances	\$ (281,935)	\$ 7,461	\$ (69,700)	\$ (2,681,183)
Debt service as a percentage of noncapital expenditures	21.92%	20.28%	20.12%	23.68%

CITY OF HUDSON OAKS
Changes in Fund Balances, Governmental Fund
Last Ten Fiscal Years
(Unaudited)

2017	2016	2015	2014	2013	2012
\$ 2,067,663	\$ 2,107,714	\$ 1,871,133	\$ 1,773,967	\$ 1,669,995	\$ 1,598,179
278,502	2,014	339,196	414,691	322,735	240,289
73,611	84,302	113,374	103,801	121,207	103,065
7,975	755	751	15,146	7,390	4,084
139,572	12,242	129,280	-	216,000	-
48,843	63,031	3,478	4,464	7,004	7,519
291,336	186,156	96,822	57,541	78,965	69,055
<u>\$ 2,907,502</u>	<u>\$ 2,456,214</u>	<u>\$ 2,554,034</u>	<u>\$ 2,369,610</u>	<u>\$ 2,423,296</u>	<u>\$ 2,022,191</u>
\$ 617,406	\$ 607,996	\$ 729,223	\$ 653,351	\$ 584,677	\$ 598,326
1,261,075	1,264,984	1,074,111	1,111,307	964,123	1,004,933
83,678	309,874	176,048	299,554	496,790	207,942
70,589	-	-	-	-	-
144,939	146,778	165,319	-	-	-
8,244	-	-	-	-	-
3,064,538	758,915	659,038	174,276	1,149,639	289,173
-	-	-	-	150,000	-
404,828	282,548	282,577	266,232	110,797	80,846
300,720	91,354	106,034	110,874	114,572	100,590
-	184,986	-	-	-	21,280
<u>\$ 5,956,017</u>	<u>\$ 3,647,435</u>	<u>\$ 3,192,350</u>	<u>\$ 2,615,594</u>	<u>\$ 3,570,598</u>	<u>\$ 2,303,090</u>
\$ -	\$ -	\$ 185,000	\$ -	\$ -	\$ -
29,116	6,002,633	-	34,220	206,250	852,074
-	-	-	-	-	-
1,012,065	431,630	544,003	406,378	197,279	194,423
(694,020)	(295,380)	(356,467)	(290,822)	(197,372)	(194,423)
<u>\$ 347,161</u>	<u>\$ 6,138,883</u>	<u>\$ 372,536</u>	<u>\$ 149,776</u>	<u>\$ 206,157</u>	<u>\$ 852,074</u>
<u>\$ (2,701,354)</u>	<u>\$ 4,947,662</u>	<u>\$ (265,780)</u>	<u>\$ (96,208)</u>	<u>\$ (941,145)</u>	<u>\$ 571,175</u>
14.05%	13.78%	16.88%	16.93%	9.31%	9.01%

CITY OF HUDSON OAKS
Principal Sources of Revenue
Government-Wide
Last Ten Fiscal Years
(Unaudited)

Revenue Source	2021	2020	2019	2018
Principal General Government Revenue Sources				
Sales tax	\$ 3,777,991	\$ 3,347,576	\$ 2,777,646	\$ 2,268,003
Franchise tax	177,967	184,251	193,184	184,118
Licenses and Permits	376,812	296,401	600,157	280,676
All Other Sources	558,904	527,773	781,145	636,678
	<u>\$ 4,891,674</u>	<u>\$ 4,356,001</u>	<u>\$ 4,352,132</u>	<u>\$ 3,369,475</u>

Sales Tax is collected at point of purchase in the City of Hudson Oaks at a total rate of 8.25%. Of that total, 6.25% is State tax, .50% is County tax, and 1.5% is City tax.

Franchise taxes are charged for business conducted in the City but for which no location is available for ad valorem tax. The tax as a percentage of revenue is set by contractual agreements.

Licenses and Permits are charged to business performing various construction projects throughout the City. The revenue is collected before a permit is issued and follows an Ordinance passed by City Council.

Principal Water and Wastewater Funds Revenue Sources

Water Sales - Hudson Oaks	\$ 1,651,299	\$ 1,573,015	\$ 1,485,472	\$ 1,431,124
Wastewater Sales	446,026	431,579	401,672	386,507
All Other Sources	640,008	602,725	630,285	601,455
Total Enterprise Fund Revenue	<u>\$ 2,737,333</u>	<u>\$ 2,607,319</u>	<u>\$ 2,517,429</u>	<u>\$ 2,419,086</u>

CITY OF HUDSON OAKS
Principal Sources of Revenue
Government-Wide
Last Ten Fiscal Years
(Unaudited)

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change:</u> <u>2012-2021</u>
\$ 1,892,655	\$ 1,927,350	\$ 1,687,718	\$ 1,608,529	\$ 1,524,171	\$ 1,439,506	162.45%
175,008	180,364	183,415	165,438	145,824	158,673	12.16%
278,502	355,804	339,196	414,691	322,735	240,289	56.82%
561,337	346,786	343,705	180,952	430,566	183,723	204.21%
<u>\$ 2,907,502</u>	<u>\$ 2,810,304</u>	<u>\$ 2,554,034</u>	<u>\$ 2,369,610</u>	<u>\$ 2,423,296</u>	<u>\$ 2,022,191</u>	
\$ 1,124,593	\$ 1,126,216	\$ 1,133,462	\$ 1,011,033	\$ 980,713	\$ 927,508	78.04%
353,223	323,193	323,332	333,576	334,771	271,811	64.09%
560,456	585,945	559,565	522,259	516,117	531,396	20.44%
<u>\$ 2,038,272</u>	<u>\$ 2,035,354</u>	<u>\$ 2,016,359</u>	<u>\$ 1,866,868</u>	<u>\$ 1,831,601</u>	<u>\$ 1,730,715</u>	

CITY OF HUDSON OAKS
Sales tax by Business Type
Last Ten Fiscal Years
(Unaudited)

Sales Tax by Category	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Retail:										
Motor Vehicle & Parts	\$ 672,456	\$ 513,317	\$ 424,339	\$ 383,315	\$ 378,243	\$ 2,014	\$ 266,845	\$ 268,017	\$ 255,229	\$ 209,362
Furniture & Home furnishings	6,174	4,713	3,896	3,178	4,047	3,163	986	1,538	271	318
Electronics & Appliance	69,317	52,913	43,741	40,832	30,377	2,771	1,235	2,078	16,314	12,725
Building materials	4,377	3,341	2,762	1,961	4,285	3,816	6,028	3,861	5,010	2,541
Apparel stores	9,030	6,893	5,698	6,647	332	6,423	5,798	5,637	5,822	2,386
General merchandise	979,005	1,087,215	898,757	649,684	642,848	641,719	617,950	612,194	615,866	595,896
All other Retail	164,737	125,751	103,954	255,699	249,280	636,479	208,466	191,840	144,591	148,558
Total Retail	\$ 1,905,096	\$ 1,794,144	\$ 1,483,147	\$ 1,341,316	\$ 1,309,412	\$ 1,296,385	\$ 1,107,308	\$ 1,085,165	\$ 1,043,103	\$ 971,786
Agriculture/Manufacturing/Mining	144,565	78,240	35,353	32,393	42,581	18,513	21,636	21,044	22,199	22,013
Services	725,875	980,429	710,202	277,468	230,017	260,724	245,024	276,562	256,082	229,122
Wholesalers	137,107	88,808	99,286	37,060	14,913	10,980	17,030	21,639	22,745	27,359
Accommodation & Food	436,886	338,607	342,369	279,805	237,838	224,249	191,829	164,350	167,072	158,141
All Other	428,462	67,348	107,290	299,961	57,894	116,499	104,891	39,769	12,970	31,085
Total Sales Tax Received	\$ 3,777,991	\$ 3,347,576	\$ 2,777,646	\$ 2,268,003	\$ 1,892,655	\$ 1,927,350	\$ 1,687,718	\$ 1,608,529	\$ 1,524,171	\$ 1,439,506
City Sales Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source:
Zactax Sales Tax Analysis

CITY OF HUDSON OAKS
Water Sales and Wastewater Sales
By Type of Customer
Last Ten Years

WATER SALES

Type of Customer	2021	2020	2019	2018
Residential (Hudson Oaks & Dyegard)	\$ 1,188,997	\$ 1,242,496	\$ 1,134,600	\$ 1,258,970
Commercial	\$ 730,824	\$ 584,390	\$ 581,591	\$ 424,169
Other	\$ 11,155	\$ 29,499	\$ 30,358	\$ 28,679
Total	\$ 1,930,976	\$ 1,856,385	\$ 1,746,549	\$ 1,711,818

WASTEWATER SALES

Type of Customer	2021	2020	2019	2018
Residential	\$ 66,563	\$ 61,664	\$ 66,852	\$ 64,574
Commercial	\$ 377,956	\$ 364,082	\$ 331,288	\$ 320,038
Other	\$ 1,507	\$ 5,833	\$ 3,532	\$ 1,895
Total	\$ 446,026	\$ 431,579	\$ 401,672	\$ 386,507

Note: Source data from monthly billing registers including adjustments.

CITY OF HUDSON OAKS
Water Sales and Wastewater Sales
By Type of Customer
Last Ten Years

WATER SALES

2017	2016	2015	2014	2013	2012
\$ 991,231	\$ 942,041	\$ 1,021,365	\$ 933,875	\$ 897,228	\$ 930,683
\$ 362,011	\$ 397,720	\$ 356,589	\$ 307,777	\$ 311,011	\$ 236,309
\$ 11,552	\$ 33,012	\$ 91,573	\$ 112,740	\$ 107,591	\$ 94,162
<u>\$ 1,364,794</u>	<u>\$ 1,372,773</u>	<u>\$ 1,469,527</u>	<u>\$ 1,354,392</u>	<u>\$ 1,315,830</u>	<u>\$ 1,261,154</u>

WASTEWATER SALES

2017	2016	2015	2014	2013	2012
\$ 54,554	\$ 37,447	\$ 41,515	\$ 40,257	\$ 50,308	\$ 40,969
\$ 297,021	\$ 276,746	\$ 281,817	\$ 293,219	\$ 284,463	\$ 230,842
\$ 1,648	\$ 9,000	\$ 10,500	\$ 7,000	\$ 9,000	\$ 7,000
<u>\$ 353,223</u>	<u>\$ 323,193</u>	<u>\$ 333,832</u>	<u>\$ 340,476</u>	<u>\$ 343,771</u>	<u>\$ 278,811</u>

CITY OF HUDSON OAKS
 Top Ten Utility Rate Payers
 by Rate Type
 Compared to Five Years Ago
 (Unaudited)
 September 30, 2021

Ten Largest Water Customers	Annual Gallons Consumed (in hundreds of gallons)			
Customers	Rank	2021	Rank	2016
Creekside at Hudson Oaks	1	781,210		
Whitewater Express Carwash	2	414,410		
Splash Kingdom	3	304,940	5	139,810
Jerry's Main Building	4	284,390	3	152,020
HEB Grocery	5	282,070		
Southwest Ford	6	210,270		
Creekside at Hudson Oaks	7	198,500		
Jerry's Hyundai	8	164,690	1	189,630
Wal-Mart Stores	9	149,230	2	165,710
Shottenkirk Texas	10	136,570		
Wal-Mart Stores			4	142,770
Wal-Mart Stores Irrigation			9	107,430
Southwest Nissan			7	114,240
DCTN3 Texas Portfolio			8	111,310
BooRays Restaurant			6	123,850
Jerry's Collison			10	100,220

CITY OF HUDSON OAKS
 Utility Service Rates
 Water, Dyegard Water and Wastewater
 September 30, 2021
 (Unaudited)

Hudson Oaks Water Rate Structure

Residential

Base Rate - Meter Charge		Usage Charges - Consumption	
0.75 inch meter	41.00	Monthly Consumption	Monthly Rate
1.00 inch meter	78.00	0 to 5,000	\$4.29 per 1,000 gallons
1.50 inch meter	115.00	5,001 to 10,000	\$4.95 per 1,000 gallons
2.00 inch meter	245.00	10,001 to 30,000	\$6.33 per 1,000 gallons
3.00 inch meter	300.00	30,001 to above	\$7.57 per 1,000 gallons

Commercial

Base Rate - Meter Charge		Usage Charges - Consumption	
0.75 inch meter	41.00	Monthly Consumption	Monthly Rate
1.00 inch meter	78.00	0 to 15,000	\$5.49 per 1,000 gallons
1.50 inch meter	115.00	15,001 to 35,000	\$7.23 per 1,000 gallons
2.00 inch meter	245.00	35,001 to 65,000	\$8.49 per 1,000 gallons
3.00 inch meter	300.00	65,001 and above	\$9.99 per 1,000 gallons

Dyegard Water Rate Structure

Base Rate - Meter Charge		Usage Charges - Consumption	
0.75 inch meter	59.50	Monthly Consumption	Monthly Rate
1.00 inch meter	82.00	0 to 5,000	\$4.29 per 1,000 gallons
1.50 inch meter	119.00	5,001 to 10,000	\$4.95 per 1,000 gallons
2.00 inch meter	215.00	10,001 to 30,000	\$6.33 per 1,000 gallons
		30,001 to above	\$7.57 per 1,000 gallons

Wastewater charge: Based on winter averaged gallons of water use.

Residential: \$18.00 base rate + \$4.78 per 1,000 gallons used upon winter averaging.

Commercial: \$18.00 base rate + \$11.40 per 1,000 gallons used upon winter averaging.

CITY OF HUDSON OAKS
Government Wide Outstanding Debt
Last Ten Years
September 30, 2021

Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Combined Tax & Revenue Certificates of Obligations	Notes and Lease/Purchases	General Obligation Bonds	Combined Tax & Revenue Certificates of Obligation	Notes and Lease/Purchases
2012	\$ 890,000	\$ 2,280,700	\$ 30,198	\$ 925,000	\$ 4,954,300	\$ 65,745
2013	\$ 890,000	\$ 2,179,650	\$ 226,701	\$ 795,000	\$ 4,785,350	\$ 31,773
2014	\$ 810,000	\$ 2,072,250	\$ 182,099	\$ 665,000	\$ 4,607,750	\$ -
2015	\$ 730,000	\$ 1,959,850	\$ 91,922	\$ 530,000	\$ 5,620,150	\$ -
2016	\$ 444,412	\$ 7,829,045	\$ 50,211	\$ 612,519	\$ 6,079,854	\$ -
2017	\$ 348,236	\$ 7,532,570	\$ 53,248	\$ 480,640	\$ 5,810,875	\$ 22,075
2018	\$ 247,060	\$ 9,804,278	\$ 76,296	\$ 343,761	\$ 5,361,850	\$ 39,484
2019	\$ 185,884	\$ 9,388,650	\$ 58,965	\$ 261,882	\$ 4,989,124	\$ 24,180
2020	\$ 125,000	\$ 8,917,220	\$ 82,507	\$ 2,370,000	\$ 9,458,568	\$ 59,306
2021	\$ 2,059,000	\$ 6,436,983	\$ 55,382	\$ 3,911,200	\$ 10,219,430	\$ 34,341

Total Government-wide Indebtedness

Total Government-wide Indebtedness	Estimated Population	Total Debt per Capita	Per Capita Income	Debt as Percent of Personal Income
\$ 9,145,943	1870	4,890.88	\$ 44,847	11%
\$ 8,908,474	1659	5,369.79	\$ 47,645	11%
\$ 8,337,099	1871	4,455.96	\$ 45,999	10%
\$ 8,931,922	1952	4,575.78	\$ 43,821	10%
\$ 15,016,041	2160	6,951.87	\$ 44,841	16%
\$ 14,247,644	2160	6,596.13	\$ 46,146	14%
\$ 15,872,729	2345	6,768.75	\$ 45,511	15%
\$ 14,908,685	2407	6,193.89	\$ 49,170	13%
\$ 21,012,601	2633	7,980.48	\$ 48,909	16%
\$ 22,716,336	2695	8,429.07	\$ 48,909	17%

CITY OF HUDSON OAKS
Ratio of Annual Debt Service
For General Bonded Debt to
Total General Expenditures
Last Ten Years
(Unaudited)

Fiscal Year	Principal	Interest and Charges	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2012	\$ 101,050	\$ 113,322	\$ 214,372	\$ 1,991,797	10.76%
2013	\$ 187,400	\$ 109,831	\$ 297,231	\$ 2,205,826	13.47%
2014	\$ 192,400	\$ 104,508	\$ 296,908	\$ 2,142,755	13.86%
2015	\$ 192,400	\$ 98,980	\$ 291,380	\$ 2,215,816	13.15%
2016	\$ 202,400	\$ 90,430	\$ 292,830	\$ 2,274,478	12.87%
2017	\$ 378,750	\$ 298,872	\$ 677,622	\$ 2,087,659	32.46%
2018	\$ 445,000	\$ 256,955	\$ 701,955	\$ 2,317,438	30.29%
2019	\$ 460,000	\$ 368,774	\$ 828,774	\$ 3,392,413	24.43%
2020	\$ 510,000	\$ 314,680	\$ 824,680	\$ 3,331,021	24.76%
2021	\$ 512,250	\$ 261,872	\$ 774,122	\$ 3,458,437	22.38%

CITY OF HUDSON OAKS
Demographic Statistics
Last Ten Years
(Unaudited)

Year Ended September 30	Estimated Population	Unemployment Rate for Parker County	School Enrollment	Per Capita Income
2012	1870	5.9%	488	\$ 44,847
2013	1659	5.5%	355	\$ 47,645
2014	1871	4.6%	368	\$ 45,999
2015	1952	4.2%	431	\$ 43,821
2016	2160	4.3%	453	\$ 44,841
2017	2160	3.7%	509	\$ 46,146
2018	2345	3.1%	527	\$ 45,511
2019	2407	3.0%	541	\$ 49,170
2020	2633	6.1%	N/A	\$ 48,909
2021	2695	5.4%	N/A	\$ 48,909

Sources:

Population, school enrollment and Per capita income from <http://data.census.gov>

Unemployment rates from Texas Workforce Commission Web site

CITY OF HUDSON OAKS
 Estimated Direct and Overlapping Supported Gross Debt Schedule
 as of September 30, 2021
 (unaudited)

Government Subdivision	Gross Debt	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Bonded Debt
Direct:			
City of Hudson Oaks	\$ 22,626,613	100%	\$ 22,626,613
Total direct debt			<u>\$ 22,626,613</u>
Overlapping:			
Weatherford Independent School District	105,865,335	10.02%	10,607,707
Parker County	145,659,412	2.91%	4,238,689
Parker County Junior College District	2,315,000	2.91%	<u>67,367</u>
Total gross overlapping debt			<u>\$ 14,913,762</u>
Total gross overlapping debt and direct debt			<u>\$ 37,540,375</u>
Direct and overlapping gross debt per capita A.			<u>\$ 13,930</u>

A. Based on population estimate of 2,695 as of 9/30/21.

Note 1: The "Estimated Percentage Overlapping" is determined by dividing the City's certified taxable value by the County and related other County entities certified taxable values. The share of market value for Weatherford Independent School District, Parker County and Parker County Junior College District are calculated by the Parker County appraisal district.

CITY OF HUDSON OAKS
 City Employees by Job Type
 Last Ten Fiscal Years
 (Unaudited)

Count of Employees by Year

Job Classification	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Waterworkers	7	7	7	6	6	7	7	8	6	7
Police Officers	11	12	12	12	11	11	11	11	11	11
Clerical-Office	8	7	6	7	6	6	7	8	9	7
Total	26	26	25	25	23	24	25	27	26	25

Source: Texas Municipal League Workers Compensation audit figures and current year approved, budgeted positions.

CITY OF HUDSON OAKS
Capital Assets Information
Last Ten Fiscal Years
(Unaudited)

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
City-owned Equipment				
Vehicles	18	17	15	14
Mobile equipment	5	5	5	5
Street Department				
Miles of roadway	21.86 miles	21.86 miles	21.86 miles	21.86 miles
City Parks				
Maintained Public Parks	4 acres	4 acres	4 acres	4 acres
Water Department				
Water lines (in miles)	26.57	26.57	26.57	26.57
Wells	28	28	28	27
Water plant	8	8	8	8
Wastewater Department				
Lift Stations	6	6	6	6
Sewer Lines (in miles)	11.75	11.75	11.75	11.75

Source: City of Hudson Oaks records

CITY OF HUDSON OAKS
Capital Assets Information
Last Ten Fiscal Years
(Unaudited)

<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>
13	12	14	14	14	14
5	5	4	4	4	3
21.86 miles	21.86 miles	21.46 miles	21.46 miles	21.46 miles	21.46 miles
4 acres	4 acres	4 acres	4 acres	4 acres	4 acres
26.23	25.73	25.53	24.46	21.22	21.22
27	27	27	27	27	27
8	8	8	8	8	8
6	5	5	5	5	5
11.51	10.71	10.51	9.7	9.7	9.7

CITY OF HUDSON OAKS
Operating Indicators
Last Ten Fiscal Years
(Unaudited)

	FY 2021	FY 2020	FY 2019	FY 2018
Municipal Court				
Citations issued	67	56	110	141
Police Department				
Calls for Service	*2793	6063	6968	5,683
Arrests	73	35	61	75
Accidents	226	185	187	200
Community Services				
Building Permits Issued	137	224	203	148
Building Permits Value	\$ 20,996,390	\$ 17,528,870	\$ 31,268,397	\$ 12,254,451
Utility Department				
Water connections	1,180	1,187	1,170	1,153
Sewer connections	207	202	194	182
Water Department, in gallons (000)				
Water purchased or pumped	198,447,000	195,112,374	196,400,499	213,704,600
Water sold to customers	181,686,091	177,888,997	179,456,650	187,197,147

Source: City of Hudson Oaks records from these departments.

* Some data not available

CITY OF HUDSON OAKS
Operating Indicators
Last Ten Fiscal Years
(Unaudited)

FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
470	634	739	931	1,023	808
4,123	6,679	7,791	9,361	11,218	12,214
151	123	156	197	252	407
227	170	167	160	131	87
142	241	175	185	218	124
\$ 15,089,718	\$ 22,081,434	\$ 21,121,918	\$ 27,702,865	\$ 16,627,435	\$ 15,778,748
1,143	1,124	1,123	1,099	1,063	1,019
172	163	147	126	110	97
188,959,200	191,223,700	195,881,380	187,782,000	303,751,900	178,441,100
172,927,000	180,189,000	176,945,792	173,770,113	175,366,617	175,470,230

COMPLIANCE AND INTERNAL CONTROL

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Hudson Oaks, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hudson Oaks, Texas (the “City”), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Hudson Oaks, Texas’ internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 City’s internal control.

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 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.

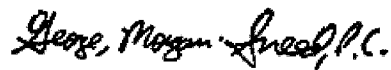
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Weatherford, Texas
March 15, 2022

Attachment 4
TCEQ COHO Inspection

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Requested

Regulated Entity/Site Name		Hudson Oaks City of		TCEQ Add. ID No.	RN/01201101	
Investigation Type		Contact Made In-House (Y/N)		Purpose of Investigation	General Compliance	
Regulated Entity Contact		Ricky King		Telephone No.	817-565-4169	Date Contacted
Title		Operator		Fax No.		Date Faxed

NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and does not represent final TCEQ findings related to violations. Any potential or alleged violations discovered after the date on this form will be communicated by telephone to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type ¹	Rule Citation (if known)	Description of Issue
			No alleged violations

¹Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (company) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, document will be faxed to regulated entity; therefore, signature not required.

<i>XU SHI Shu Gu</i>	2/27/2019	<i>Ricky King</i>	2/27/2019
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date

If you have questions about any information on this form, please contact your local TCEQ Regional Office. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512-239-3282.

Attachment 5
TCEQ Trinity River Estates Inspection

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

August 23, 2022

E-CERTIFIED # 9171 9690 0935 0274 9106 82

Mr. Rhett Micheletti
President
Palo Duro Service Company Inc.
3505 Williams Rd.
Fort Worth, Texas 76116-7029

Re: Additional Compliance Documentation Needed for:
Trinity River Estates Public Water System, Weatherford, Parker County, Texas
RN 101266153, PWS ID No. 1840099, Investigation No. 1823340

Dear Mr. Micheletti:

The Texas Commission on Environmental Quality (TCEQ) Dallas / Fort Worth (D/FW) Regional Office has received the compliance documentation that you submitted on July 25, 2022, for the alleged violations noted during the investigation of the above-referenced facility conducted on June 14, 2022. The compliance documentation contained in your response appears to indicate that some the problems documented during the investigation have been corrected. However, information is still needed for the alleged violations listed in the enclosed summary. Please submit to our office by **September 23, 2022**, a written description of corrective action taken and the required compliance documentation demonstrating that these remaining alleged violations have been resolved.

The TCEQ appreciates your assistance in this matter and your compliance efforts to protect the State's environment. We look forward to receiving your response for the remaining alleged violations. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements.

If you or members of your staff have any questions, please feel free to contact Mr. Scott Gilrein in the D/FW Regional Office at (817) 588-5881 or scott.gilrein@tceq.texas.gov.

Sincerely,

A handwritten signature in cursive script that reads "Crystal O. Watkins".

Crystal Watkins
Team Leader, Public Water Supply Program
D/FW Regional Office

CW/sg

Cc: Mr. Micheletti, rhettmicheletti@gmail.com

Enclosures: Summary of Investigation Findings

Summary of Investigation Findings

TRINITY RIVER ESTATES 904 CLEAR FORK DR WEATHERFORD, PARKER COUNTY, TX 76087	Investigation # 1833801 Investigation Date: 07/29/2022
Additional ID(s): 1840099	

OUTSTANDING ALLEGED VIOLATION(S)

Track No: 815224 Compliance Due Date: 08/08/2022
30 TAC Chapter 290.45(b)(1)(B)(iv)

Alleged Violation:

Investigation: 1823340

Comment Date: 06/15/2022

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the Comprehensive Compliance Investigation on June 14, 2022, it was noted that the water system failed to provide a pressure tank capacity of 20 gallons per connection. The water system serves 29 connections and is required to provide 580 gallons of pressure tank storage, while the system provides a total pressure tank capacity of 440 gallons. Therefore, the water system is approximately 24% deficient of the required pressure tank capacity requirement.

30 TAC 290.45(b)(1)(B)(iv) states for fewer than 50 connections with ground storage, the system must meet the following requirements: a pressure tank capacity of 20 gallons per connection.

Investigation: 1833801

Comment Date: 07/29/2022

Failure to provide a pressure tank capacity of 20 gallons per connection.

During the File Record Review investigation, the investigator determined that inadequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: Provide a minimum total pressure tank capacity of 20 gallons per connection.

Please be advised that public water systems shall notify the executive director prior to making significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specification for the proposed changes upon request.

In lieu of increasing the pressure tank capacity, an alternative capacity requirement may be requested through correspondence with the TCEQ Technical Review and Oversight Team at the following address:

Technical Review and Oversight Team
Plan and Technical Review Section, MC-159
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

Submit documentation indicating that the water system can provide a minimum total pressure tank capacity of 20 gallons per connection, or a copy of the granted exception to the rule to the TCEQ D/FW Regional Office to document that the alleged violation has been corrected.

Track No: 815225 Compliance Due Date: 08/08/2022
30 TAC Chapter 290.45(b)(1)(B)(ii)

Alleged Violation:

Investigation: 1823340

Comment Date: 06/15/2022

Failure to provide a storage tank capacity of 200 gallons per connection.

During the Comprehensive Compliance Investigation on June 14, 2022, it was noted that the water system failed to provide a storage tank capacity of 200 gallons per connection. The water system serves 29 connections and is required to provide 5,800 gallons of storage tank capacity, while the system provides a total storage tank capacity of 5,000 gallons. Therefore, the water system is approximately 14% deficient of the required storage tank capacity requirement.

30 TAC 290.45(b)(1)(B)(ii) states for fewer than 50 connections with ground storage, the system must meet the following requirements: a total storage capacity of 200 gallons per connection.

Investigation: 1833801

Comment Date: 07/29/2022

Failure to provide a storage tank capacity of 200 gallons per connection.

During the File Record Review investigation, the investigator determined that inadequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: Provide a minimum total storage tank capacity of 200 gallons per connection. Please be advised that public water systems shall notify the executive director prior to making significant change or addition to the system's production, treatment, storage, or distribution facilities. Public water systems shall submit plans and specification for the proposed changes upon request. In lieu of increasing the pressure tank capacity, an alternative capacity requirement may be requested through correspondence with the TCEQ Plan and Technical Review Section.

Submit documentation indicating that the water system can provide a minimum total storage tank capacity of 200 gallons per connection, or a copy of the granted exception to the rule to the TCEQ D/FW Regional Office to document that the alleged violation has been corrected.

Track No: 815229**Compliance Due Date:** 08/08/2022**30 TAC Chapter 290.46(s)(1)****Alleged Violation:**

Investigation: 1823340

Comment Date: 06/15/2022

Failure to calibrate the well meters at least once every three years.

During the Comprehensive Compliance Investigation on June 14, 2022, it was noted that the water system failed to calibrate the well meters at least once every three years. Specifically, the water system failed to calibrate the well meters once every three years for Well G1840099A and Well G1840099B.

30 TAC 290.46(s)(1) states well meters required by 30 TAC 290.41(c)(3)(N) shall be calibrated at least once every three years.

Investigation: 1833801

Comment Date: 07/29/2022

Failure to calibrate the well meters at least once every three years.

During the File Record Review investigation, the investigator determined that inadequate compliance documentation had been submitted by the water system. On July 25, 2022, the water system submitted a copy of the purchase receipt of two new flow meters for the wells. The water system indicated that they had not yet received the new flow meters or manufacturer calibration records. At this time, this appears insufficient to resolve the alleged violation.

Recommended Corrective Action: Calibrate the flow meters for Well G1840099A and Well G1840099B, or conduct an accuracy check on each meter to ensure proper operation. If an accuracy check is performed and the percent error is greater than plus or minus five percent, the meters must be calibrated. If an accuracy check is performed with acceptable results,

provide a copy of the accuracy check which must include the date, instrument used for the accuracy check, percent error, and results. If the meters are calibrated, please submit a copy of the calibration certifications. If replaced with a new meter, please send a copy of the purchase receipt and calibration certification from the manufacturer. Submit the required documentation and a letter stating the corrective actions taken by the water system to the TCEQ D/FW Region Office.

ALLEGED VIOLATION(S) NOTED AND RESOLVED

Track No: 815226

30 TAC Chapter 290.43(c)(4)

30 TAC Chapter 290.46(m)

Alleged Violation:

Investigation: 1823340

Comment Date: 06/15/2022

Failure to maintain a functioning liquid level indicator for the ground storage tank.

During the Comprehensive Compliance Investigation on June 14, 2022, it was noted that the water system failed to maintain a functioning liquid level indicator for the ground storage tank.

30 TAC 290.46(m) states maintenance and housekeeping. The maintenance and housekeeping practices used by a public water system shall ensure the good working condition and general appearance of the system's facilities and equipment. The grounds and facilities shall be maintained in a manner so as to minimize the possibility of the harboring of rodents, insects, and other disease vectors, and in such a way as to prevent other conditions that might cause the contamination of the water.

30 TAC 290.43(c)(4) states all clearwells and water storage tanks shall have a liquid level indicator located at the tank site. The indicator can be a float with a moving target, an ultrasonic level indicator, or a pressure gauge calibrated in feet of water. If an elevated tank or standpipe has a float with moving target indicator, it must also have a pressure indicator located at ground level. Pressure gauges must not be less than three inches in diameter and calibrated at not more than two foot intervals. Remote reading gauges at the owner's treatment plant or pumping station will not eliminate the requirement for a gauge at the tank site unless the tank is located at the plant or station.

Investigation: 1833801

Comment Date: 07/29/2022

Failure to maintain a functioning liquid level indicator for the ground storage tank.

During the File Record Review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: Provide documentation including, but not limited to, photographs, work orders, and invoices/receipts to the TCEQ D/FW Regional Office demonstrating that the ground storage tank maintains a functioning liquid level indicator to document that the alleged violation has been corrected.

Resolution: On July 25, 2022, documentation was received from the water system at the TCEQ D/FW Regional Office. Included in the documentation was a photograph of the replaced functioning liquid level indicator for the ground storage tank. This appears sufficient to resolve the alleged violation

Track No: 815227

30 TAC Chapter 290.42(l)

Alleged Violation:

Investigation: 1823340

Comment Date: 06/15/2022

Failure to maintain a plant operations manual.

During the Comprehensive Compliance Investigation on June 14, 2022, it was noted that the

water system failed to maintain a plant operations manual.

30 TAC 290.42(l) states that a thorough plant operations manual must be compiled and kept up to date for operator review and reference. This manual should be of sufficient detail to provide the operator with routine maintenance and repair procedures, with protocols to be utilized in the event of a natural or man made catastrophe, as well as provide telephone numbers of water system personnel, system officials, and local/state/federal agencies to be contacted in the event of an emergency. If operating a reverse osmosis or nanofiltration membrane system, the manual must also include the system's configuration, baseline performance data, and any set point for membrane cleaning or replacement.

Investigation: 1833801

Comment Date: 07/29/2022

Failure to maintain a plant operations manual.

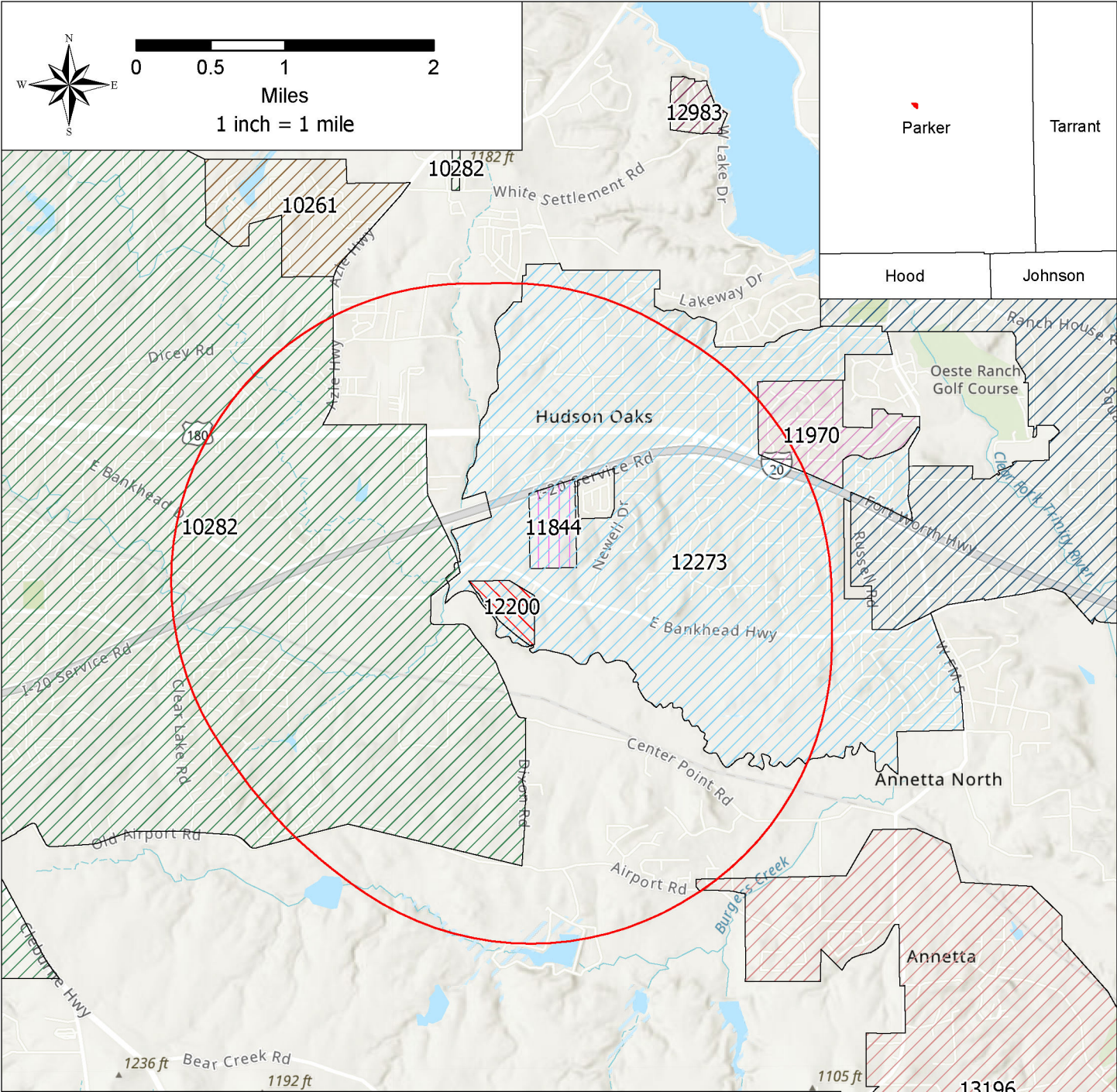
During the File Record Review investigation, the investigator determined that adequate compliance documentation had been submitted by the water system.

Recommended Corrective Action: Prepare and maintain a plant operations manual. Provide a copy of the plant operations manual to the TCEQ D/FW Region Office to document that the alleged violation has been corrected.

Resolution: On July 25, 2022, documentation was received from the water system at the TCEQ D/FW Regional Office. Included in the documentation was a copy of the plant operations manual for Trinity River Estates. This appears sufficient to resolve the alleged violation.

Attachment 6

Palo Duro Service Company Map



- 2-mile Buffer
- Decertification Area

Description

- AQUA TEXAS INC (13201)
- CITY OF HUDSON OAKS (12273)
- CITY OF WEATHERFORD (10282)
- CITY OF WILLOW PARK (11814)
- NEW PROGRESS WSC (11844)
- HIGHLAND WSC (11970)
- M&L WSC (10261)
- MONARCH UTILITIES I LP (12983)
- PALO DURO SERVICE COMPANY INC (12200)
- TOWN OF ANNETTA (13196)



Attachment 6
CCN Decertification
 City of Hudson Oaks
 Parker County, Texas

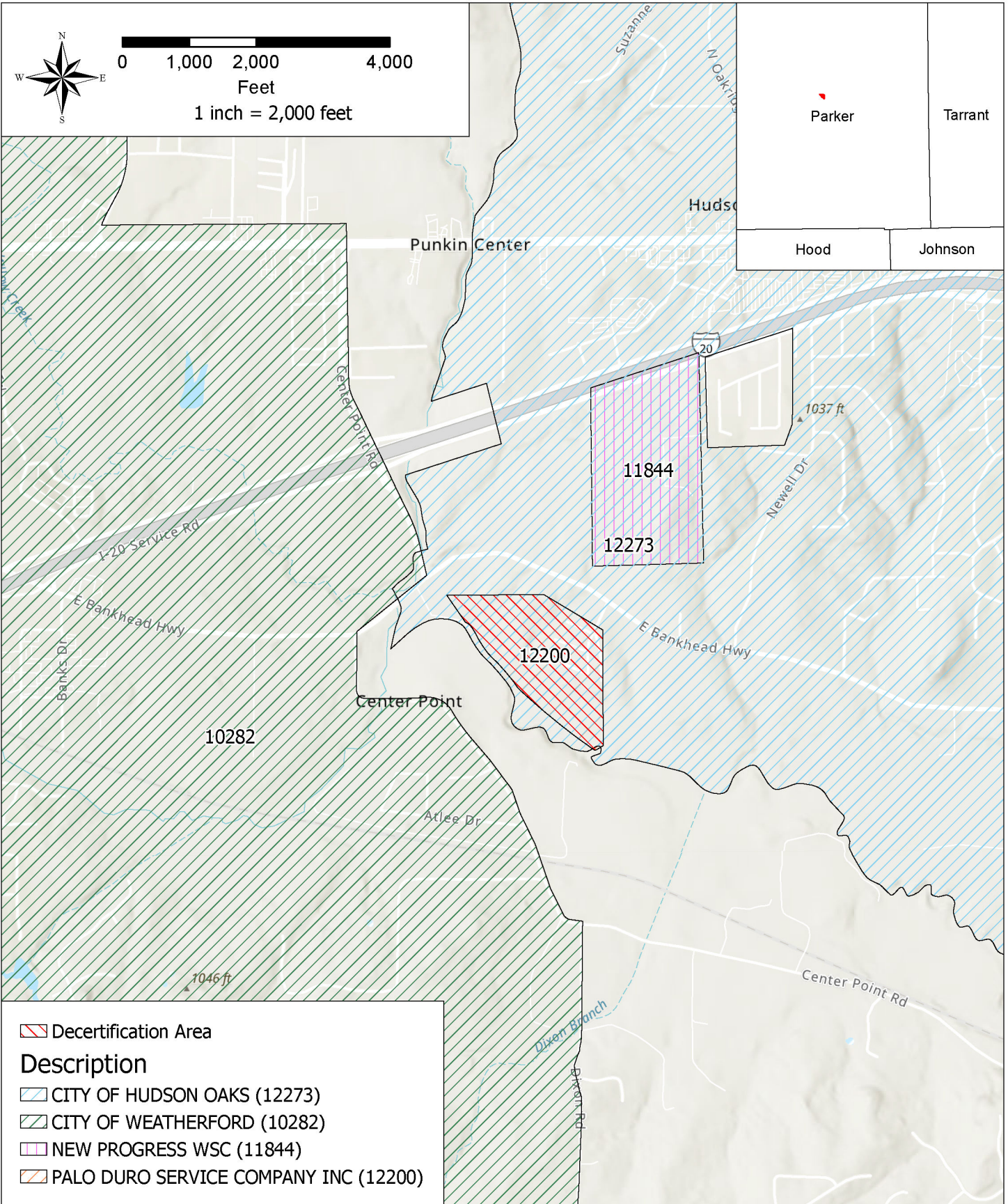
August 2022

Attachment 7

Palo Duro Service Company 2000 scale



0 1,000 2,000 4,000
Feet
1 inch = 2,000 feet



 Decertification Area

Description

 CITY OF HUDSON OAKS (12273)

 CITY OF WEATHERFORD (10282)

 NEW PROGRESS WSC (11844)

 PALO DURO SERVICE COMPANY INC (12200)



Attachment 7
CCN Decertification
City of Hudson Oaks
Parker County, Texas

August 2022

Attachment 8
GST and PT Address

Triple Z Engineering
9501 Rocky Branch Hwy
Lipan, TX 76462 US
(817) 597-5858
jreynolds@coremanagement-llc.com



Estimate

ADDRESS

Rhett Micheletti

SHIP TO

Rhett Micheletti

ESTIMATE # 1003

DATE 11/15/2022

DATE	DESCRIPTION	QTY	RATE	AMOUNT
11/15/2022	Engineering for Ground Storage and Pressure Water Tank for Trinity River System in Hudson Oaks	1	4,500.00	4,500.00

SUBTOTAL	4,500.00
TAX	0.00
TOTAL	\$4,500.00

Accepted By

Accepted Date



5528 E. Hwy. 290 • P.O. Box 278 • Giddings, TX 78942
 Phone: (979) 542-8027 Fax: (979) 542-0911
 www.lfm-frp.com

QUOTATION

To: Palo Duro Services
 Attention: Rhett Micheletti
 Phone: 832.541.5909

Date: 9/28/2022
 Quote No.: 71452
 Project:

FRP, VERTICAL, 2120 GAL, POTABLE WATER, ABOVE GROUND TANK:	
Description:	6'-0" I.D. x 10'-0" Straight Sidewall, 2,110 Gallons (Tangent) Dished Top & Flat Bottom Heads
Fittings	(2) 30" Manway w/ Neoprene Gasket & Galv Bolts (1) 0.75" Half Threaded Coupler (4) 4" Half Threaded Coupler (1) 6" Half Threaded Coupler w/ PVC U-Vent & SS Screen
Accessories:	(2) Galv. Lifting Lugs Standard Laminated Nametag Manway Hinge Galv. Ladder In-Shop Hydro/Pressure Test
Resin/Cure:	Corrosion Barrier: VE resin (Dion 9102) w/ MEKP-Conap cure Structure: GP resin w/ MEKP-Conap cure 1 Post-Cure
Corr. Barrier:	Single C-veil w/ (2) plies 1.5 oz/sq. ft. E/ECR glass chopped mat
Struct. Layer:	E/ECR glass (all): Cylinder/Chop-Hoop; Heads, Sec. Bonds, Repads: 1.5 oz/sq-ft mat / 24 oz/sq-yd woven roving
Exterior:	Gel Coat - GRAY w/ UV Inhibitor
Design Parameters:	SG = 1.0; MAWP = Atmospheric Pressure @ Ambient Temperature; MAEWP = Atmospheric Pressure @ Ambient Temperature; ASCE 7 Risk Category: III; Wind Load:120 MPH; Seismic Design: N/A

Quantity: 1 \$16,970.00 each..... **\$16,970.00**

Freight to Hudson Oaks TX (Estimate only, possible change prior to purchase)..... **\$1,260**

Customer is responsible for OFFLOADING
 Free pickup also available at our Giddings, TX plant

Total Net Price (Not Including Tax)..... \$18,230

Delivery Lead Time: TBD weeks after submittals approval. Submittals to take (2-3) weeks for completion upon receipt of purchase order. This is based on current backlog and requires to be reconfirmed upon PO issuance.

See clarifications and exceptions on the following page(s). Please feel free to request additional information.

Best Regards,
Chet R. Beery



5528 E. Hwy. 290 • P.O. Box 278 • Giddings, TX 78942
 Phone: (979) 542-8027 Fax: (979) 542-0911
 www.lfm-frp.com

This quotation is subject to change at any time. We recommend all customers check the validity of their quote prior to submitting a Purchase Order. Once the Purchase order has been accepted, the price remains subject to change. In the event that the price of materials increases by 10% or more over the price of materials in effect at the time a Purchase Order is issued, LFM shall have the right to unilaterally increase the amount of the Purchase Order to reasonably accommodate for the increase in the cost of such materials. This potential price adjustment will remain in effect until the product is manufactured. This policy will also remain in effect for delivery charges. Therefore, if necessary, a fuel surcharge will be added to deliveries to reflect fuel price escalations since date of Purchase Order

CLARIFICATIONS AND EXCEPTIONS:

Quote Doc: None
Certification: Certification applies. Certificate of Proof upon request only.
Code/Design: Fabricated in general accordance with AWWA D120-09.
Top Head: Minimum tank top roof loads to be 25 psf uniform load and 250lb concentrated load on a 16" square area unless customer specified to be greater.
Flanges: Dimensions, drilling and thickness per ASME B16.5 150lb Class for <24", and ASME B16.1 for =>24". Plate Gussets provided for any 4" and smaller flanges.
Manways: Dimensions, drilling and thicknesses per ASTM D3299-18 Table 5 unless noted otherwise.
Post Cure: Provided if required per manufacturers recommendation (if not otherwise stated)
Items/Services SPECIFIED but NOT Provided:
 None

Items/Services NOT SPECIFIED and NOT Provided:

Spare parts and/or tools for installation
 External Ladder and Top Handrail
 External Pipe Support Brackets
 Nozzle connection hardware and gaskets unless noted otherwise
 Tank Mixer/Agitator and Mixer/Agitator support bridge
 Design by Finite Element Analysis (FEA)
 Design of the tank foundation or equipment pad
 Acoustic Emission Testing
 Tank Instrumentation
 Tank accessory installation at project site
 Installation and/or field services
 Anchor bolts & embedment depth design requirements
 Anchor bolt templates for aligning hold down lugs and pre-installed anchors
Submittals: Fabrication drawings with general arrangement, thicknesses, laminate sequences and details including "As-Builts" per specification or upon request; Calculations with PE stamp when specified; QC documentation documents per LFM std.
Freight: Estimated (1) separate truck loads; Pricing is subject to change if the number of loads changes or additional loads are required. Pricing is for estimation purposes only.
FOB: Project site if pricing offered.
Off-Loading: Responsibility of the purchaser or purchasers' agent at the project site
Payment: Payment terms based upon credit approval.
Taxes: Local, state and federal taxes are not included in the pricing offered.
Terms/Cond.: Fiber Glass Systems, L.P. standard terms and conditions are incorporated by reference.
Warranty: LFM Standard - (1) Year

Terms of the proposal are limited to (7) days from the above date.

All purchase orders must be made out to Fiber Glass Systems, L.P. Effective immediately, NOV FGS requires end user and end destination listed on all purchase orders. Fiber Glass Systems, L.P. standard terms and conditions are incorporated by reference.

In the coming weeks and months you will begin seeing references to Fiber Glass Systems, L.P. and to either or both of the following logos. NOV is the parent company of Fiber Glass Systems – of which LFM is now a part.

LFM's new Parent Company



LFM's new Business Unit, within NOV

Fiber Glass Systems | NOV

5528 Hwy 290 E. @ CR 236 - P.O. Box 578 - Giddings, TX 78942
 PH: 800.237.5791 FX: 979.542.0911 www.lfm-frp.com

Attachment 9
Digital Data

The following files are not convertible:

DecertificationArea.cpg
DecertificationArea.dbf
DecertificationArea.prj
DecertificationArea.sbn
DecertificationArea.sbx
DecertificationArea.shp

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.

The following files are not convertible:

DecertificationArea.shp.xml

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.

The following files are not convertible:

DecertificationArea.shx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.