



Regular Council Meeting Agenda

Tuesday, March 16, 2021 at 6:30 PM
8301 Westview Drive, Houston, Texas 77055

In accordance with the order of the Office of the Governor issued on March 16, 2020, as amended, this meeting will be conducted via telephonic conference (Zoom). Any person may participate and address the City Council at the meeting or public hearing by Zoom, telephone, personal appearance at City Hall, or by writing.

[Join the meeting via Zoom](#)

Time: Mar 16, 2021 06:30 PM Central Time

<https://zoom.us/j/93097657974?pwd=WDZSTUUh1L0Q5Z1BQZnBwdmxHa1FhZz09>

Join the meeting via Telephone

Telephone: +1 346-248-7799 (local)

Meeting ID: 930 9765 7974

Passcode: 216921

This written notice, the meeting agenda, and the agenda packet, are posted online at <http://www.hilshirevillagetexas.com>.

The public will be permitted to offer public comments in person or electronically as provided by the agenda and as permitted by the presiding officer during the meeting.

IF YOU WOULD LIKE TO SEND YOUR COMMENTS PRIOR TO THE MEETING PLEASE SEND TO susan.blevins@hilshirevillagetexas.com.

A recording of the telephonic meeting will be made, and will be available to the public in accordance with the Open Meetings Act upon written request. The matters to be discussed and acted on at the meeting are shown on the agenda below: If you need extra instructions for the use of Zoom please call prior to one (1) hour before meeting (713-973-1779).

1. CALL TO ORDER

1.A. Invocation (Council Member Gordy)

1.B. Pledge of Allegiance

1.C. Roll Call

2. CITIZEN'S COMMENTS

This is an opportunity for citizens to speak to Council relating to agenda and non- agenda items. Comments are limited up to three minutes. If the topic the speaker wishes to address is on the agenda, the speaker can either speak at this time or defer comments until such time the item is discussed.

Speakers are required to address council at the microphone and give their name and address prior to voicing their concerns.

Note: To comply with provisions of the Open Meetings Act, the City Council may not deliberate on items discussed under this agenda item. Items that cannot be referred to the City staff for action may be placed on a future City Council agenda. A copy of any prepared remarks or notes to be used and/or distributed by the speaker must be presented to the City Secretary prior to the beginning of the meeting.

3. REPORTS TO COUNCIL

3.A. Police Report
Incident Report February
Up to date Incident Report for March

3.B. Building Official's Report (BBG)

3.C. City Auditor's Report – (Belt Harris Pechacek, LLLP)
Presentation of FY 2020 Audit

3.D. Engineer's Report (Engineer Him)

1257 Archley Drive
1306 Bridle Spur Lane
1317 Bridle Spur Lane
1331 Friarcreek Lane
1301 Glourie Drive
1330 Glourie Drive (Lot 3)
1334 Glourie Drive (Lot 2)
24 Hickory Shadows Drive
5 Pine Creek Lane
1027 Ridgeley Drive
Verizon Small Cell Nodes & MCI metro Conduit Plans and Permits
TCEQ MS4 Permit and Annual Report Update
State Energy Conservation Office (SECO) Preliminary Energy Assessment Program
Lift Station Generator

4. DISCUSSION AND POSSIBLE ACTION

- 4.A.** Discussion and possible approval of the City of Hilshire Village's Fiscal Year Ending 2020 Audit
- 4.B.** Discussion and possible authorization to the Mayor to enter into a three (3) year agreement with Belt Harris Pechacek for FYE 2021, 2022 and 2023 for the City's annual audit.
- 4.C.** Discussion of Wirt Road and the possibility of a sidewalk
- 4.D.** Discussion and possible approval for the City of Hilshire Village to participate in a free engineering technical assistance program for developing an Energy Management Program through the State Energy Conservation Office(SEECO)
- 4.E.** Discussion of updating the City of Hilshire Village lighting through out the Village

5. CLOSED EXECUTIVE SESSION

6. DISCUSSION AND POSSIBLE ACTION

- 6.A.** Zoning Ordinance:
Habitability Ordinance Changes

7. REPORTS TO COUNCIL

- 7.A.** Fire Commissioner's Report (Commissioner Byrne)
- 7.B.** Mayor Herron's Report
- 7.C.** City Administrator's Report:
Complaint & Issues Report
Consent Agenda
Verizon Agreement - Cell Nodes
- 7.D.** Treasurer's Report (Administrator Blevins)

8. CONSENT AGENDA

- 8.A.** Disbursements
- 8.B.** Minutes from the Regular Council Meeting February 25, 2021
- 8.C.** Check Registers for February 2021

9. ADDITIONAL COUNCIL COMMENTS

10. FUTURE AGENDA TOPICS

11. ANNOUNCEMENTS

12. ADJOURNMENT

NOTE: Agenda items may not necessarily be considered in the order that they appear. With regard to any item, Council may take various actions, including but not limited to rescheduling an item in its entirety or for particular action at a future date or time.

NOTE: IN THE EVENT A QUORUM OF THE CITY COUNCIL IS NOT PRESENT, THE REPORTING MEMBERS WHO ARE PRESENT WILL MEET AS A SUB-COMMITTEE, FOR DISCUSSION PURPOSE ONLY, REGARDING THE ABOVE AGENDA ITEM(S).

City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above as authorized by Texas Government Code, Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), 551.087 (Economic Development), and 551.086 (Certain Public Power Utilities: Competitive Matters). Following the executive session, if any, City Council may act in open session on any item discussed in the executive session.

I, Susan Blevins, do hereby certify that the above Notice of Meeting and Agenda for the City Council of the City of Hilshire Village was posted in a place convenient and readily accessible March 12, 2021 at 2:00 p.m.

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretative service must be made 48 hours prior to this meeting. Please contact the City Hall at 713-973-1779 or FAX -713-973-7793 for further information.

SPRING VALLEY POLICE DEPARTMENT

Calls - By Type

02\01\2021
thru 02\28\2021
Zone is: HILSHIRE VILLAGE

Type	Description	# Of Calls
6	ACCIDENT	1
22	ALARM	6
23	AMBULANCE CALL	1
24	ANIMAL CALL	3
43	ASSIST OUTSIDE AGENCY	1
135	BUSINESS CHECK	30
60	FIRE CALL	4
70	INFORMATION	2
81	OPEN DOOR	3
86	PUBLIC RELATIONS	55
96	SOLICITOR	2
103	SUSPICIOUS ACTIVITY	1
104	SUSPICIOUS PERSON	1
105	SUSPICIOUS VEHICLE	3
11	TRAFFIC STOP	13
111	VEHICLE BLOCKING ROADWAY	5
112	VEHICLE CHECK	2
116	WATER LEAK	10
117	WELFARE CONCERN	13
	Total	156

February 2021
MONTHLY BUILDING REPORT SUMMARY

Plan Review: None

Permits: Four (4):

Demolition:	
Remodel / Add-On:	
New Construction:	
Accessory Building:	
Electrical:	
HVAC:	1
Plumbing:	
Fire Sprinklers:	1
30-Day Dumpster:	

Sign:	
Roof:	
Fence:	1
Tree Removal:	
Irrigation:	
Drainage:	
Swimming Pool:	
Swimming Pool Demo:	
Other: Storage Container	1

Inspections: Twenty (20)

Red Tag Stop Work Orders Issued: None

Building Finals / Certificates of Occupancy:

- Conditional Certificate of Occupancy – 1306 Bridle Spur Ln

Change of Occupancy Use: None

Extended Permit Request: None

CITY OF HILSHIRE VILLAGE PLAN REVIEW AND PERMIT LOG - February 2021

Date	Permit Number	Address	Issued To	Amount Received	Description / Scope	No of insp
Thu 2/4/21	HV-19-062F	1306 Bridle Spur Ln	Greengos Irrigation	\$ 175.00	Fence Replacement	1
Wed 2/3/21	HV-20-059FS	1330 Glourie Dr	1st Texas Fire Protection, Inc	\$ 280.00	Fire Sprinkler System	2
Wed 2/24/21	HV-21-009M	1233 Pine Chase	Central City Air	\$ 160.00	Furnace replacement	1
Fri 2/26/21	HV-21-010ACC	8311 Creekstone Cir	PODS Storage Buildings	\$ 25.00	Storage container for plumbing repairs due to storm	1

INSPECTION LOG - February 2021

LOG NO.	ADDRESS	PERMIT NO.	TYPE OF REQUEST	P OR F	DATE	INSPECTOR
21-012	8006 Anadell	HV-21-005P	Re-Pipe & Water Service Line Cover	Pass	2/3/2021	BBG
21-013	1327 Friarcreek	HV-21-006P	Water Heater Final	Pass	2/4/2021	BBG
21-014	1220 Archley	HV-20-007SPE	SP Electrical Underground, Bonding	Pass	2/4/2021	BBG
21-015	1301 Glourie Dr	HV-21-002D	Drainage Final	Pass	2/5/2021	Javier Vasquez
21-016	1306 Bridle Spur Ln	HV-19-062F	Fence	Height - Pass, Pending Engineer Review	2/8/2021	BBG
21-017	1306 Bridle Spur Ln	HV-19-062M	HVAC Final	Fail	2/8/2021	BBG
21-018	1306 Bridle Spur Ln	HV-19-077E	Electrical Final	Pass	2/8/2021	BBG
21-019	1306 Bridle Spur Ln	HV-19-062D	Drainage Final	Pending Final Items	Under Review	Javier Vasquez
21-020	1306 Bridle Spur Ln	HV-19-062B	Building Final - Occupancy	Fail	2/8/2021	BBG
21-021	1306 Bridle Spur Ln	HV-19-062M	HVAC Final Reinspection	Pass	2/10/2021	BBG
21-022	1306 Bridle Spur Ln	HV-19-062B	Building Final - Occupancy	Fail	2/10/2021	BBG
21-023	1306 Bridle Spur Ln	HV-19-062P	Plumbing Final	Fail	2/10/2021	BBG
21-024	1330 Glourie Dr	HV-20-059E	Electrical Rough-In	Pass	2/10/2021	BBG
21-023	1306 Bridle Spur Ln	HV-19-062P	Plumbing Final & Building Occupancy	Pass	2/11/2021	BBG
21-026	1330 Glourie Dr	HV-20-059B	Framing	Fail	2/12/2021	BBG
21-027	1306 Bridle Spur Ln	HV-19-062FS	Fire Sprinkler Final	Pass	2/8/2021	Fire Marshal
21-028	1330 Glourie Dr	HV-20-059B	Framing Reinspection	Cancelled	2/19/2021	N/A
21-029	1330 Glourie Dr	HV-20-059B	Framing Reinspection	Contractor Cancelled	2/24/2021	N/A
21-030	1306 Bridle Spur Ln	HV-19-077T	Tree Final	Pass Pending Corrections	2/24/2021	Cary Moran
21-031	1233 Pine Chase	HV-21-009M	HVAC Final	Pass	2/26/2021	BBG

February 2021 Construction Site Inspections

2/2/2021

1306 Bridle Spur	No violations noted Fully sodded exterior; home complete
1111 Guinea Dr	No violations noted
1023 Ridgeley Dr	No violations noted
1210 Ridgeley	No change - no construction started String lines have been ran; no other changes
1326 Glourie Dr	No work at this time
1220 Archley Dr	No violations noted
1330 Glourie Dr	No violations noted
7906 N Villa	No violations noted
1306 Glourie Dr	No violations noted
1226 Glourie Dr	No changes
14 Hilshire Grove Ln	No violations noted Possible construction complete

2/8/2021

1111 Guinea Dr	No violations noted
1023 Ridgeley Dr	No violations noted
1210 Ridgeley	Work has not started yet
1326 Glourie Dr	Work has not started yet
1220 Archley Dr	No violations noted
1330 Glourie Dr	Porta potty has been rotated and can be seen from street; left a warning sticker to resolve
7906 N Villa	No violations noted
1306 Glourie Dr	No violations noted
1226 Glourie Dr	No changes
14 Hilshire Grove Ln	No violations noted

storm week

2/22/2021

1111 Guinea Dr	No violations noted
1023 Ridgeley Dr	No violations noted; Large amount of trash bags left at curb
1210 Ridgeley	Work has not started yet
1326 Glourie Dr	Work has not started yet
1220 Archley Dr	No violations noted
1330 Glourie Dr	Violation given: Porta potty must be screened from view by a solid structure and not visible from the street
7906 N Villa	No violations noted
1306 Glourie Dr	No violations noted
1226 Glourie Dr	No changes
14 Hilshire Grove Ln	No violations noted

ANNUAL FINANCIAL REPORT

of the

**CITY OF
HILSHIRE VILLAGE, TEXAS**

**For the Year Ended
September 30, 2020**

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CITY OF HILSHIRE VILLAGE, TEXAS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the City of Hilshire Village, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 15, 2021

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

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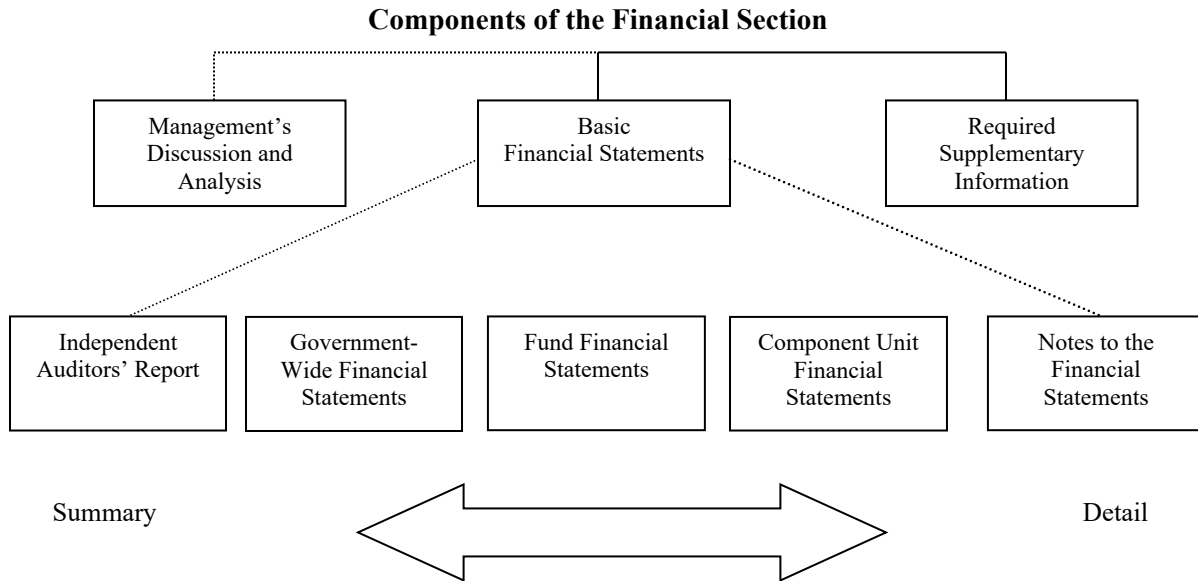
CITY OF HILSHIRE VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2020

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Hilshire Village, Texas (the "City") for the year ending September 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short- and long-term analyses of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

CITY OF HILSHIRE VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

occurs, regardless of the timing of related cash flows – the accrual method rather than the modified accrual method that is used in the fund level statements.

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

1. *Governmental Activities* – Most of the City's basic services are reported here including public safety (police and fire), public works (sanitation and street maintenance), and general government. Interest payments, sales taxes, property taxes, franchise fees, intergovernmental revenue, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water distribution and wastewater collection.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate cultural education facilities finance corporation and higher education finance corporation for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains three governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the METRO fund, which are considered to be major funds for reporting purposes.

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

CITY OF HILSHIRE VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Proprietary Funds

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows by \$10,082,584 as of September 30, 2020 for the primary government. This compares to the prior year's balance of \$9,935,979. The largest portion of the City's net position (81 percent) reflects its investments in capital assets (e.g., land, City hall, and streets), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

CITY OF HILSHIRE VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 1,553,826	\$ 424,980	\$ 1,978,806	\$ 1,431,303	\$ 330,163	\$ 1,761,466
Capital assets, net	7,108,747	2,634,114	9,742,861	7,389,925	2,758,752	10,148,677
Total Assets	8,662,573	3,059,094	11,721,667	8,821,228	3,088,915	11,910,143
Deferred outflows - pensions	14,200	-	14,200	17,497	-	17,497
Deferred outflows - OPEB	1,003	-	1,003	40	-	40
Total Deferred Outflows of Resources	15,203	-	15,203	17,537	-	17,537
Long-term liabilities	1,568,665	-	1,568,665	1,889,625	-	1,889,625
Other liabilities	1,319	80,470	81,789	31,349	70,350	101,699
Total Liabilities	1,569,984	80,470	1,650,454	1,920,974	70,350	1,991,324
Deferred inflows - pensions	3,572	-	3,572	129	-	129
Deferred inflows - OPEB	260	-	260	248	-	248
Total Deferred Inflows of Resources	3,832	-	3,832	377	-	377
Net position:						
Net investment in capital assets	5,558,747	2,634,114	8,192,861	5,529,925	2,758,752	8,288,677
Restricted	224,047	-	224,047	174,285	-	174,285
Unrestricted	1,321,166	344,510	1,665,676	1,213,204	259,813	1,473,017
Total Net Position	\$ 7,103,960	\$ 2,978,624	\$ 10,082,584	\$ 6,917,414	\$ 3,018,565	\$ 9,935,979

A portion of the City's net position, \$224,047 or 2 percent, represents resources that are subject to external restriction on how they may be used.

CITY OF HILSHIRE VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Activities

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

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 191,877	\$ 484,282	\$ 676,159	\$ 194,096	\$ 445,376	\$ 639,472
Operating grants	103,000	-	103,000	103,000	-	103,000
General revenues:						
Property taxes	1,428,660	-	1,428,660	1,341,620	-	1,341,620
Sales taxes	70,127	-	70,127	60,117	-	60,117
Franchise fees	56,957	-	56,957	61,952	-	61,952
Investment income	10,487	2,818	13,305	29,948	5,583	35,531
Total Revenues	1,861,108	487,100	2,348,208	1,790,733	450,959	2,241,692
Expenses						
General government	359,804	-	359,804	347,855	-	347,855
Police protection	501,845	-	501,845	470,898	-	470,898
Fire protection	246,425	-	246,425	242,220	-	242,220
Public works	519,533	-	519,533	292,509	-	292,509
Long-term debt interest	46,955	-	46,955	51,322	-	51,322
Water and sewer	-	527,041	527,041	-	727,945	727,945
Total Expenses	1,674,562	527,041	2,201,603	1,404,804	727,945	2,132,749
Increase (Decrease) in Net Position Before Transfers	186,546	(39,941)	146,605	385,929	(276,986)	108,943
Transfers in (out)	-	-	-	(72,755)	72,755	-
Change in Net Position	186,546	(39,941)	146,605	313,174	(204,231)	108,943
Beginning net position	6,917,414	3,018,565	9,935,979	6,604,240	3,222,796	9,827,036
Ending Net Position	\$ 7,103,960	\$ 2,978,624	\$ 10,082,584	\$ 6,917,414	\$ 3,018,565	\$ 9,935,979

Overall governmental activity revenues increased by \$70,375, or 4 percent, over the prior year, mainly due to the increase in property taxes. Governmental expenses increased by \$269,758, or 19 percent, compared to the prior year mainly due to an increase in expenditures related to public works.

Revenues from business-type activities totaled \$487,100, which is an increase of \$36,141 from the prior year. Business-type activities expenses decreased by \$200,904, which is a decrease of 28 percent from the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

CITY OF HILSHIRE VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

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

The City's general fund reflects a fund balance of \$1,291,032, all of which is unassigned. There was an increase in the fund balance for the general fund of \$102,275 from the prior year. The ending fund balance for the general fund is approximately 12 months of operating expenditures based on the 2020 fiscal year expenditures.

The City's debt service fund reflects a fund balance of \$9,520. There was an immaterial increase in the fund balance of \$422 from the prior year. The fund balance is to be used for debt service payments.

The City's METRO fund reflects a fund balance of \$214,527, which is restricted for METRO-related street maintenance and improvement. The METRO fund reported an increase in fund balance of \$49,340 from prior year primarily due to a decrease in public works expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the year, the general fund's actual revenues exceeded budgeted revenues by \$31,905. This net variance includes a positive variances of \$34,541 in property taxes and \$18,925 in sales tax. General fund expenditures were less than the final budget by \$76,452. This was due to a positive variance of \$52,047 in general government expenditures.

CAPITAL ASSETS

At the end of the year, the City's governmental and business-type activities had invested \$9,742,861, net of depreciation, in a variety of capital assets and infrastructure. This represents a net decrease of \$405,816 due to depreciation exceeding capital asset additions.

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

LONG-TERM DEBT

At the end of the year, the City's long-term debt consisted of certificates of obligation and a tax maintenance note with an outstanding balance of \$1,550,000, net pension liability of \$10,854, and total other postemployment benefit (OPEB) liability of \$7,811.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary function of government is to provide for the health, safety, and the wellbeing of the community. All of the duties of the City administration are guided by these three responsibilities. Other activities are imposed on the administration by requests of citizens, state governments and others. This work consists of maintaining infrastructure (streets, drainage, water and sewer) and other more routine functions, such as construction permits and inspections; citizen requests and complaints; utility metering and billing; City Council meetings; preparing, recording and codifying ordinances; legal matters; and budget preparation and management. The following sections provide further detail on the governmental, business-type, and capital improvement activities for the City.

CITY OF HILSHIRE VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Governmental Activities

To ensure that fire protection, law enforcement, and trash removal services are sustained, the City must make sure that they are adequately funded. The City continues to charge a trash collection fee to recover all associated costs of trash removal. Essential services from the Fire and Police departments, the City's largest expenditures, continue to be funded by ad valorem and sales tax revenue.

The general fund, used for the City's governmental activities, is at a healthy level. This is attributable to careful budgeting and diligent fiscal management. The City Council approved the 2020 tax rate to fund the operating budget for fiscal year 2021. The total tax rate was increased to fund the payment of the City's Tax Anticipation Notes, which have been used for past infrastructure replacement and for anticipated expenses in the fiscal year 2021. At the end of fiscal year 2020, the City had approximately 12 1/2 months of Operating Budget in reserves. The Village Fire Department has commenced the remodeling of its facilities. If additional funding is needed for completion of the project, the City will use a portion of its fiscal year 2021 Operating Budget Reserve.

The City collects minimal funds via sales tax revenue. There has been a slight increase in sales tax revenue over the past few years.

Business-Type Activities

An existing policy is in effect to review the City of Houston water rates each year and subsequently adjust the City water rates accordingly. The City increased the water rates by \$0.25 per 1,000 gallons in fiscal year 2020 to continue maintaining its reserve for water system maintenance, while minimizing the impact on residents. In the budget adoption process for fiscal year 2021, the City also considered proposed water rate increases by the City of Houston to establish new rates.

Capital Infrastructure Improvements

The City did not budget any new paving, drainage, water or sanitary sewer rehabilitation projects for the 2020 nor the 2021 budget time frames. The City will be planning the next infrastructure project in fiscal year 2022.

The City's intent is to continually maintain and replace the City's Infrastructure to avoid costly emergency repairs in the future.

City Office – COVID-19

The City had to change its normal mode of operation to accommodate the challenges of COVID-19. Having a safe environment for employees, Council, residents, and visitors became an immediate priority.

The City staff established remote access to office programs and accounting software in order to conduct City business during quarantine periods. Council Meetings were moved to a virtual environment. The City established methods for issuing construction permits remotely and accepting credit cards online. The City will continue to make the necessary adjustments in order to remain operational, while providing a safe environment for all.

CITY OF HILSHIRE VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Susan Blevins, City Administrator, City Hall, 8301 Westview, Houston, TX, 77055, telephone (713) 973-1779. You may also visit the City's website at www.hilshirevillagetexas.com for additional information.

BASIC FINANCIAL STATEMENTS

CITY OF HILSHIRE VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 1,485,934	\$ 336,213	\$ 1,822,147
Receivables, net	52,867	103,297	156,164
Prepaid expenses	495	-	495
Internal balances	14,530	(14,530)	-
Nondepreciable capital assets	115,896	-	115,896
Net depreciable capital assets	6,992,851	2,634,114	9,626,965
Total Assets	8,662,573	3,059,094	11,721,667
<u>Deferred Outflows of Resources</u>			
Deferred outflows - pensions	14,200	-	14,200
Deferred outflows - OPEB	1,003	-	1,003
Total Deferred Outflows of Resources	15,203	-	15,203
<u>Liabilities</u>			
Accounts payable and accrued liabilities	1,319	370	1,689
Customer deposits	-	80,100	80,100
Noncurrent liabilities:			
Due within one year	310,000	-	310,000
Due in more than one year	1,258,665	-	1,258,665
Total Liabilities	1,569,984	80,470	1,650,454
<u>Deferred Inflows of Resources</u>			
Deferred inflows - pensions	3,572	-	3,572
Deferred inflows - OPEB	260	-	260
Total Deferred Inflows of Resources	3,832	-	3,832
<u>Net Position</u>			
Net investment in capital assets	5,558,747	2,634,114	8,192,861
Restricted	224,047	-	224,047
Unrestricted	1,321,166	344,510	1,665,676
Total Net Position	\$ 7,103,960	\$ 2,978,624	\$ 10,082,584

See Notes to Financial Statements.

<u>Component Units</u>	
<u>HVCEFFC</u>	<u>HVHEFC</u>
\$ 576	\$ 965
-	-
-	-
-	-
-	-
-	-
<u>576</u>	<u>965</u>
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
-	-
-	-
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
-	-
-	-
576	965
<u>\$ 576</u>	<u>\$ 965</u>

CITY OF HILSHIRE VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 359,804	\$ 85,349	\$ -
Police protection	501,845	-	-
Fire protection	246,425	-	-
Public works	519,533	106,528	103,000
Long-term debt interest and fiscal agent fees	46,955	-	-
Total Governmental Activities	1,674,562	191,877	103,000
Business-Type Activities			
Water and sewer	527,041	484,282	-
Total Business-Type Activities	527,041	484,282	-
Total Primary Government	\$ 2,201,603	\$ 676,159	\$ 103,000
Component Units			
Hilshire Village Cultural Education			
Facilities Finance Corporation	\$ 35	\$ -	\$ -
Hilshire Village Higher Education			
Finance Corporation	35	-	-
Total Component Units	\$ 70	\$ -	\$ -

General Revenues:

Taxes:

Property taxes

Sales taxes

Franchise fees

Investment income

Total General Revenues

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	HVCEFFC	HVHEFC
\$ (274,455)	\$ -	\$ (274,455)	\$ -	\$ -
(501,845)	-	(501,845)	-	-
(246,425)	-	(246,425)	-	-
(310,005)	-	(310,005)	-	-
(46,955)	-	(46,955)	-	-
<u>(1,379,685)</u>	<u>-</u>	<u>(1,379,685)</u>	<u>-</u>	<u>-</u>
-	(42,759)	(42,759)	-	-
-	(42,759)	(42,759)	-	-
<u>(1,379,685)</u>	<u>(42,759)</u>	<u>(1,422,444)</u>	<u>-</u>	<u>-</u>
-	-	-	(35)	-
-	-	-	-	(35)
-	-	-	<u>(35)</u>	<u>(35)</u>
1,428,660	-	1,428,660	-	-
70,127	-	70,127	-	-
56,957	-	56,957	-	-
10,487	2,818	13,305	-	-
<u>1,566,231</u>	<u>2,818</u>	<u>1,569,049</u>	<u>-</u>	<u>-</u>
186,546	(39,941)	146,605	(35)	(35)
6,917,414	3,018,565	9,935,979	611	1,000
<u>\$ 7,103,960</u>	<u>\$ 2,978,624</u>	<u>\$ 10,082,584</u>	<u>\$ 576</u>	<u>\$ 965</u>

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CITY OF HILSHIRE VILLAGE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2020

	General	Debt Service	METRO	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 1,261,887	\$ 9,520	\$ 214,527	\$ 1,485,934
Receivables	44,627	8,240	-	52,867
Due from other funds	14,530	-	-	14,530
Total Assets	\$ 1,321,539	\$ 17,760	\$ 214,527	\$ 1,553,826
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,105	\$ -	\$ -	\$ 1,105
Due to other funds	-	-	-	-
Total Liabilities	1,105	-	-	1,105
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	29,402	8,240	-	37,642
<u>Fund Balances</u>				
Restricted for METRO	-	-	214,527	214,527
Restricted for debt service	-	9,520	-	9,520
Unassigned	1,291,032	-	-	1,291,032
Total Fund Balances	1,291,032	9,520	214,527	1,515,079
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,321,539	\$ 17,760	\$ 214,527	

Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

Nondepreciable capital assets	115,896
Depreciable capital assets	10,369,799
Accumulated depreciation	(3,376,948)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Deferred revenue	37,642
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable	(214)
Deferred outflows - pensions	14,200
Deferred inflows - pensions	(3,572)
Deferred outflows - OPEB	1,003
Deferred inflows - OPEB	(260)
Noncurrent liabilities due within one year	(310,000)
Noncurrent liabilities due in more than one year	(1,258,665)

Net Position of Governmental Activities **\$ 7,103,960**

See Notes to Financial Statements.

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CITY OF HILSHIRE VILLAGE, TEXAS

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

For the Year Ended September 30, 2020

	General	Debt Service	METRO	Total Governmental Funds
Revenues				
Property taxes	\$ 1,072,227	\$ 352,624	\$ -	\$ 1,424,851
Sales taxes	70,127	-	-	70,127
Franchise fees	56,957	-	-	56,957
Licenses and permits	106,528	-	-	106,528
Investment income	8,461	1,460	566	10,487
Intergovernmental revenue	-	-	103,000	103,000
Charges for services	85,349	-	-	85,349
Total Revenues	1,399,649	354,084	103,566	1,857,299
Expenditures				
Current:				
General government	354,253	-	-	354,253
Police protection	501,845	-	-	501,845
Fire protection	246,425	-	-	246,425
Public works	194,005	-	55,072	249,077
Debt Service:				
Principal	-	310,000	-	310,000
Interest	-	43,662	-	43,662
Total Expenditures	1,296,528	353,662	55,072	1,705,262
Excess of Revenues Over Expenditures	103,121	422	48,494	152,037
Other Financing Sources (Uses)				
Transfers in	-	-	846	846
Transfers (out)	(846)	-	-	(846)
Total Other Financing Sources (Uses)	(846)	-	846	-
Net Change in Fund Balances	102,275	422	49,340	152,037
Beginning fund balances	1,188,757	9,098	165,187	1,363,042
Ending Fund Balances	\$ 1,291,032	\$ 9,520	\$ 214,527	\$ 1,515,079

See Notes to Financial Statements.

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CITY OF HILSHIRE VILLAGE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Net change in fund balances - governmental funds	\$	152,037
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(281,178)
Revenues that do not provide current financial resources are not reported as revenues in the funds.		
		3,809
Net pension and total other postemployment benefit (OPEB) liability and related deferred outflows/inflows are reported in the governmental funds.		
Net pension liability		12,553
Total OPEB liability		(1,593)
Deferred outflows - pensions		(3,297)
Deferred inflows - pensions		(3,443)
Deferred outflows - OPEB		963
Deferred inflows - OPEB		(12)
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		
Principal payment		310,000
Accrued interest		(3,293)
Change in Net Position of Governmental Activities	\$	<u>186,546</u>

See Notes to Financial Statements.

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CITY OF HILSHIRE VILLAGE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2020

	<u>Business-Type Activities Enterprise</u>
Assets:	
Cash and cash equivalents	\$ 336,213
Accounts receivable, net	103,297
Total Current Assets	<u>439,510</u>
Capital assets:	
Water	2,580,570
Sewer	1,655,413
Less: accumulated depreciation	<u>(1,601,869)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,634,114</u>
Total Noncurrent Assets	<u>2,634,114</u>
Total Assets	<u>3,073,624</u>
Liabilities:	
Accounts payable and accrued liabilities	370
Due to other funds	14,530
Customer deposits	80,100
Total Current Liabilities	<u>95,000</u>
Total Liabilities	<u>95,000</u>
Net Position:	
Net investment in capital assets	2,634,114
Unrestricted	344,510
Total Net Position	<u>\$ 2,978,624</u>

See Notes to Financial Statements.

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CITY OF HILSHIRE VILLAGE, TEXAS

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

For the Year Ended September 30, 2020

	<u>Business-Type Activities</u>
	<u>Enterprise Fund</u>
<u>Operating Revenues</u>	
Water and sewer charges	\$ 484,282
Total Operating Revenues	<u>484,282</u>
<u>Operating Expenses</u>	
Water services	283,322
Sewer services	105,782
Administrative	6,999
Depreciation	130,938
Total Operating Expenses	<u>527,041</u>
Operating (Loss)	<u>(42,759)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	2,818
Total Nonoperating Revenues	<u>2,818</u>
Change in Net Position	(39,941)
Beginning net position	3,018,565
Ending Net Position	<u>\$ 2,978,624</u>

See Notes to Financial Statements.

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CITY OF HILSHIRE VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2020

	Business-Type Activities
	Enterprise
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 497,686
Payments to suppliers	(395,987)
Net Cash Provided by Operating Activities	101,699
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital purchases	(6,298)
Net Cash (Used) by Capital and Related Financing Activities	(6,298)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	2,818
Net Cash Provided by Investing Activities	2,818
Net Increase in Cash and Cash Equivalents	98,219
Beginning cash and cash equivalents	237,994
Ending Cash and Cash Equivalents	\$ 336,213
 Reconciliation of Operating Income (Loss)	
to Net Cash Provided (Used) by Operating Activities	
Operating (loss)	\$ (42,759)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	130,938
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	3,654
Increase (Decrease) in:	
Accounts payable	368
Due to other funds	(252)
Customer deposits	9,750
Net Cash Provided by Operating Activities	\$ 101,699

See Notes to Financial Statements.

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CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Hilshire Village, Texas (the “City”) was organized as the Town of Hilshire Village, Texas, and incorporated in 1955 as a General Law Village under Chapter 11, Title 28, Acts of the Texas Legislature, 1925 as amended (the “Act”). The incorporation papers were amended in 1973 to permit operation as a Type A General Law City under the authority of chapters one through ten of the above Act and the name changed to its present name.

The City’s primary activities include general administration, police protection, fire protection, and public works including water, sewer, and solid waste disposal services.

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

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

Discretely Presented Component Units

Hilshire Village Cultural Education Facilities Finance Corporation

The Hilshire Village Cultural Education Facilities Finance Corporation (HVCEFFC) has been included in the reporting entity as a discretely presented component unit.

The HVCEFFC was created by the City in 2006 under the Cultural Education Facilities Finance Corporation Act, Article 1528m, Vernon’s Texas Civil Statutes, for the purpose of benefiting and accomplishing public purposes on behalf of the City. The Board of Directors is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position shall be conveyed to the City.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Hilshire Village Higher Education Finance Corporation

The Hilshire Village Higher Education Finance Corporation (HVHEFC) has been included in the reporting entity as a discretely presented component unit.

The HVHEFC was created by the City in 2015 under Section 53.35(b) of the Texas Education Code for the purpose of benefiting and accomplishing public purposes on behalf of the City. The Board of Directors is appointed by and serves at the discretion of the City Council.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

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

The *special revenue fund* is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The METRO fund is considered a major fund for reporting purposes.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the City's water and wastewater operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments, except for certain investment pools, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost.

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

- Direct obligations of the U.S. government
- Repurchase agreements
- Fully collateralized certificates of deposit
- Savings and loan association deposits backed by FSLIC
- Mutual funds of a specific type
- Statewide investment pools

3. Prepaid Items

Certain payments to vendors reflect costs applicable to a future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

4. Capital Assets

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

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

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

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

Asset Description	Estimated Useful Life
Water and sewer system	10 to 45 years
Buildings and improvements	10 to 45 years
Furniture and equipment	3 to 20 years
Vehicles	3 to 10 years
Infrastructure	20 years

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

At the fund level, the City only has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

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

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

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

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

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

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

10. Estimates

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

11. Pensions

For the 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.

12. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

2. Property Taxes

Property taxes are levied during September of each year and are due upon receipt of the City's tax bill and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid. The procedure for collection on delinquent taxes is to send delinquent notices and a letter and then refer the delinquent accounts to the tax attorney for legal action. A penalty of seven percent is added to delinquent taxes on February 1 and increases two percent each month through September. An additional penalty of 15 percent is added in July for attorney costs. There are no discounts allowed on taxes.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2020, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 57,051	0.10
Total Value	<u>\$ 57,051</u>	
Portfolio weighted average maturity		0.10

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities and/or FDIC insurance. As of September 30, 2020, the City's bank balances were covered by FDIC insurance and market values of pledged securities.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

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

B. Receivables

The following comprises receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Enterprise</u>
Property taxes	\$ 29,402	\$ 8,240	\$ -
Other taxes	11,586	-	-
Other receivables	3,639	-	-
Accounts	-	-	103,297
Total Receivables	<u>\$ 44,627</u>	<u>\$ 8,240</u>	<u>\$ 103,297</u>

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

C. Capital Assets

A summary of changes in capital assets at year end is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 115,896	\$ -	\$ -	\$ 115,896
Construction in progress	1,596,631	-	(1,596,631)	-
Total capital assets not being depreciated	1,712,527	-	(1,596,631)	115,896
Other capital assets:				
Buildings and improvements	276,379	-	-	276,379
Infrastructure	8,496,789	1,596,631	-	10,093,420
Total other capital assets	8,773,168	1,596,631	-	10,369,799
Less accumulated depreciation for:				
Buildings and improvements	(151,282)	(10,722)	-	(162,004)
Infrastructure	(2,944,488)	(270,456)	-	(3,214,944)
Total accumulated depreciation	(3,095,770)	(281,178)	-	(3,376,948)
Other capital assets, net	5,677,398	1,315,453	-	6,992,851
Governmental Activities Capital Assets, Net	\$ 7,389,925	\$ 1,315,453	\$ (1,596,631)	7,108,747
			Less related debt	(1,550,000)
			Net Investment in Capital Assets	\$ 5,558,747

Depreciation was charged to governmental functions as follows:

General government	\$ 10,722
Public works	270,456
Total Governmental Activities Depreciation Expense	\$ 281,178

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 155,201	\$ 6,300	\$ (161,501)	\$ -
Total capital assets not being depreciated	155,201	6,300	(161,501)	-
Other capital assets:				
Water system	2,577,484	3,086	-	2,580,570
Sewer system	1,496,998	158,415	-	1,655,413
Total other capital assets	4,074,482	161,501	-	4,235,983
Less accumulated depreciation for:				
Water system	(841,413)	(80,320)	-	(921,733)
Sewer system	(629,518)	(50,618)	-	(680,136)
Total accumulated depreciation	(1,470,931)	(130,938)	-	(1,601,869)
Other capital assets, net	2,603,551	30,563	-	2,634,114
Business-Type Activities Capital Assets, Net	\$ 2,758,752	\$ 36,863	\$ (161,501)	\$ 2,634,114

Depreciation was charged to business-type functions as follows:

Water	\$ 80,320
Sewer	50,618
Total Business-Type Activities Depreciation Expense	\$ 130,938

D. Long-Term Debt

In general, the City uses the debt service fund to liquidate governmental long-term liabilities. The following is a summary of changes in the City's long-term liabilities for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental Activities					
Bonds, notes, and other payables:					
Certificates of obligation, series 2014	\$ 685,000	\$ -	\$ 130,000	\$ 555,000	* \$ 130,000
Tax anticipation note, series 2018	1,175,000	-	180,000	995,000	*
Other liabilities:					
Net pension liability	23,407	-	12,553	10,854	-
Total OPEB liability	6,218	1,593	-	7,811	-
Total Governmental Activities	\$ 1,889,625	\$ 1,593	\$ 322,553	\$ 1,568,665	\$ 310,000
Long-term liabilities due in more than one year				\$ 1,258,665	
* Debt associated with capitals assets				\$ 1,550,000	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

	Amounts Outstanding	Interest Rate	Maturity Interest Pmt. Dates
Certificates of obligation, series 2014	\$ 555,000	2.19%	Mar 1, Sep 1
Tax anticipation note, series 2018	995,000	2.91%	Mar 1, Sep 1
	\$ 1,550,000		

As of September 30, 2020, the debt service requirements on the debt outstanding is as follows:

Fiscal Year Ending Sept. 30	Principal Due	Interest Due	Total Due
2021	\$ 320,000	\$ 36,939	\$ 356,939
2022	330,000	28,453	358,453
2023	340,000	19,695	359,695
2024	350,000	10,682	360,682
2025	210,000	3,055	213,055
Total	\$ 1,550,000	\$ 98,825	\$ 1,648,825

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

Federal Arbitrage

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

E. Interfund Transactions

The composition of interfund balances was as follows:

Receivable Fund	Payable Fund	Amount
General fund	Enterprise fund	\$ 14,530

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

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

Transfer Out	Transfer In	Amount
General fund	METRO fund	\$ 846

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

F. Fund Equity

The City entered into an interlocal street maintenance agreement with the Metropolitan Transit Authority of Harris County, Texas (METRO) in 1992 for the purpose of improving the street network throughout the METRO region of the City. Additional expanded sales tax funding was also dedicated for street maintenance and improvement. Money received from METRO is recognized as intergovernmental revenue. The City's METRO fund has a restricted fund balance of \$214,527.

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 866 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 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. The TMRS Act places the general administration and

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

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

	2020	2019
Employee deposit rate	5.00%	5.00%
Matching ratio (City to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 20/0	60/5, 20/0
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to, but not yet receiving, benefits	1
Active employees	2
Total	4

Contributions

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

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Employees for the City were required to contribute five percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.21 percent and 11.22 percent in 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$16,736, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109 percent and female rates multiplied by 103 percent with a 3-year set-forward for both males and females. In additions, a three percent minimum mortality rate is applied to reflect the impairment for younger members who becomes disables. The rates are projects on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7.00 percent to 6.75 percent. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

TMRS Board approved a new portfolio target allocation. 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%	5.30%
Core Fixed Income	10%	1.25%
Non-core Fixed Income	20%	4.14%
Real Return	10%	3.85%
Real Estate	10%	4.00%
Absolute Return	10%	3.48%
Private Equity	10%	7.75%
Total	100%	

Discount Rate

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

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 14,352	\$ -	\$ 14,352
Interest	7,864	-	7,864
Changes in current period benefits	-	-	-
Difference between expected and actual experience	785	-	785
Changes in assumptions	2,169	-	2,169
Contributions - employer	-	17,554	(17,554)
Contributions - employee	-	6,757	(6,757)
Net investment income	-	13,490	(13,490)
Benefit payments, including refunds of employee contributions	(1,184)	(1,184)	-
Administrative expense	-	(76)	76
Other changes	-	(2)	2
Net Changes	23,986	36,539	(12,553)
Balance at December 31, 2018	109,927	86,520	23,407
Balance at December 31, 2019	\$ 133,913	\$ 123,059	\$ 10,854

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 25,960	\$ 10,854	\$ 1,914

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$10,854.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

At September 30, 2020, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 878	\$ 86
Changes in actuarial assumptions	1,571	-
Net difference between projected and actual investment earnings	-	3,486
Contributions subsequent to the measurement date	11,751	-
Total	\$ 14,200	\$ 3,572

\$11,751 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2021	\$ 159
2022	35
2023	213
2024	(1,530)
Total	\$ (1,123)

D. Other Postemployment Benefits

TMRS Supplemental Death Benefit

Plan Description

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

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

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Benefits

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

Inactive employees or beneficiaries currently receiving benefits	1	
Active employees	2	
Total	3	

Total OPEB Liability

The City's total OPEB liability of \$6,218 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	2.75%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 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 discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	270
Interest		235
Difference between expected and actual experience		(148)
Changes of assumptions		1,290
Benefit payments*		(54)
	Net Changes	<u>1,593</u>
Beginning balance		6,218
	Ending Balance	<u>\$ 7,811</u>

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

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

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

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
City's Total OPEB Liability	\$ 9,279	\$ 7,811	\$ 6,624

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$645. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 960	\$ -
Difference between expected and actual experience	-	260
Contributions subsequent to the measurement date	43	-
	Total	Total
	<u>\$ 1,003</u>	<u>\$ 260</u>

\$43 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2021.

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

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

<u>Year Ended</u> <u>September 30</u>	<u>OPEB</u> <u>Expense</u>
2021	\$ 194
2022	153
2023	155
2024	198
Total	\$ 700

E. Related Organizations and Joint Ventures

Police Protection

Police protection is provided to the City through the City of Spring Valley Village, Texas for a fixed amount due in monthly installments.

Fire Protection

On December 20, 1978, the City entered into an interlocal cooperation agreement (the "Agreement") with the cities of Bunker Hill Village, Hedwig Village, Hunters Creek Village, Piney Point Village, and Spring Valley Village, Texas, creating the Village Fire Department (VFD). The Agreement ran for a period of 12 years beginning January 1, 1979 and ended December 31, 1990. Effective January 1, 1991, the Agreement automatically renewed for a period of five years and will continue to renew on each expiration date unless terminated by at least one of the contracting cities. Under the terms of this Agreement, the City is liable for three percent of VFD's approved budget.

Consolidated financial information extracted from the VFD's audited financial statements for the year ended December 31, 2019, on which the VFD's auditors expressed an unqualified opinion, is as follows:

	<u>VFD Total</u>		<u>City's Portion (3%)</u>	
	<u>Net Position</u>	<u>Balance Sheet</u>	<u>Net Position</u>	<u>Balance Sheet</u>
Total assets and deferred outflows	\$ 7,846,275	\$ 4,678,816	\$ 235,388	\$ 140,364
Total liabilities and deferred inflows	3,540,075	757,492	106,202	22,725
Total Participants' Equity	\$ 4,306,200	\$ 3,921,324	\$ 129,186	\$ 117,639
	<u>Change in</u> <u>Net Position</u>	<u>Revenues and</u> <u>Expenditures</u>	<u>Change in</u> <u>Net Position</u>	<u>Revenues and</u> <u>Expenditures</u>
Total revenues	\$ 9,881,052	\$ 9,875,507	\$ 296,432	\$ 296,265
Total expenditures/expenses	7,391,422	6,771,119	221,743	203,134
Revenues over/(under) expenditures	2,489,630	3,104,388	74,689	93,132
Other financing sources	-	5,545	-	166
Beginning participants' equity	1,816,570	811,391	54,497	24,342
Ending Participants' Equity	\$ 4,306,200	\$ 3,921,324	\$ 129,186	\$ 117,640

CITY OF HILSHIRE VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

G. Conduit Debt

To accomplish its purposes, the HVCEFFC, with the approval of the City, is empowered to issue bonds for financing or refinancing of “cultural facilities” as defined by the act under which the HVCEFFC was created for the benefit of separate legal entities. The bonds are secured by a pledge of the monies to be received from the entities pursuant to the agreements. The bonds are payable solely for revenues pledged to their payment and shall not be considered as general obligations of HVCEFFC or the City. This debt, referred to as conduit debt, is not included in the City’s or HVCEFFC’s financial statements.

Two conduit debt instruments of HVCEFFC have been issued. The total amount of conduit debt outstanding at year end was \$6,356,818, which was issued on behalf of South Texas College of Law and St. Francis Episcopal Day School.

To accomplish its purposes, the HVHEFC is empowered to issue revenue bonds on behalf of authorized open-enrollment charter schools for the acquisition, construction, repair, or renovation of educational facilities of those schools as defined by the act under which the HVHEFC was created for the benefit of separate legal entities. The bonds are secured by a pledge of the monies to be received from the entities pursuant to the agreements. The bonds are payable solely for revenues pledged to their payment and shall not be considered as general obligations of HVHEFC or the City. This debt, referred to as conduit debt, is not included in the City’s or HVHEFC’s financial statements.

One conduit debt instrument of HVHEFC has been issued. The total amount of conduit debt outstanding at year end was \$3,388,000, which was issued on behalf of Kipp Austin Public Schools, Inc.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 1,037,686	\$ 1,037,686	\$ 1,072,227	\$ 34,541
Sales taxes	51,202	51,202	70,127	18,925
Franchise fees	55,000	55,000	56,957	1,957
Licenses and permits	100,600	100,600	106,528	5,928
Investment income	15,288	15,288	8,461	(6,827)
Charges for services	92,680	92,680	85,349	(7,331)
Total Revenues	<u>1,367,744</u>	<u>1,367,744</u>	<u>1,399,649</u>	<u>31,905</u>
<u>Expenditures</u>				
Current:				
General government	409,613	406,300	354,253	52,047
Police protection	501,845	501,845	501,845	-
Fire protection	256,800	256,800	246,425	10,375
Public works				
Sanitation	84,035	80,824	80,824	-
Street (Non METRO projects)	49,887	83,778	73,748	10,030
Street (METRO projects)	4,000	4,000	-	4,000
Inspections	46,000	39,433	39,433	-
Total Public Works	<u>183,922</u>	<u>208,035</u>	<u>194,005</u>	<u>14,030</u>
Total Expenditures	<u>1,352,180</u>	<u>1,372,980</u>	<u>1,296,528</u>	<u>76,452</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,564</u>	<u>(5,236)</u>	<u>103,121</u>	<u>108,357</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	(846)	(846)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(846)</u>	<u>(846)</u>
Net Change in Fund Balance	<u>\$ 15,564</u>	<u>\$ (5,236)</u>	<u>102,275</u>	<u>\$ 107,511</u>
Beginning fund balance			<u>1,188,757</u>	
Ending Fund Balance			<u>\$ 1,291,032</u>	

Notes to Required Supplementary Information:

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

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

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Investment income	\$ -	\$ -	\$ 566	\$ 566
Intergovernmental	103,000	103,000	103,000	-
Total Revenues	<u>103,000</u>	<u>103,000</u>	<u>103,566</u>	<u>566</u>
Expenditures				
Current:				
Public works				
Street (METRO projects)	92,000	92,000	55,072	36,928
Total Expenditures	<u>92,000</u>	<u>92,000</u>	<u>55,072</u>	<u>36,928</u>
Excess of Revenue Over Expenditures	<u>11,000</u>	<u>11,000</u>	<u>48,494</u>	<u>37,494</u>
Other Financing Sources (Uses)				
Transfers in	-	-	846	846
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>846</u>	<u>846</u>
Net Change in Fund Balance	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 49,340</u>	<u>\$ 38,340</u>
Beginning fund balance			<u>165,187</u>	
Ending Fund Balance			<u>\$ 214,527</u>	

Notes to Required Supplementary Information:

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

CITY OF HILSHIRE VILLAGE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 978	\$ 6,151	\$ 8,675	\$ 9,597
Interest (on the total pension liability)	3,077	3,542	4,416	5,471
Changes of benefit terms	43,472	-	-	2,641
Difference between expected and actual experience	-	961	124	(215)
Change of assumptions	-	3,004	-	-
Benefit payments, including refunds of employee contributions	-	-	(197)	(1,184)
Net Change in Total Pension Liability	<u>47,527</u>	<u>13,658</u>	<u>13,018</u>	<u>16,310</u>
Beginning total pension liability	-	47,527	61,185	74,203
Ending Total Pension Liability	<u>\$ 47,527</u>	<u>\$ 61,185</u>	<u>\$ 74,203</u>	<u>\$ 90,513</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,638	\$ 10,630	\$ 13,721	\$ 16,193
Contributions - employee	628	3,948	5,395	6,051
Net investment income	-	3	1,144	5,138
Benefit payments, including refunds of employee contributions	-	-	(197)	(1,184)
Administrative expense	-	(2)	(13)	(27)
Other	-	-	(1)	(1)
Net Change in Plan Fiduciary Net Position	<u>2,266</u>	<u>14,580</u>	<u>20,049</u>	<u>26,171</u>
Beginning plan fiduciary net position	-	2,266	16,846	36,895
Ending Plan Fiduciary Net Position	<u>\$ 2,266</u>	<u>\$ 16,846</u>	<u>\$ 36,895</u>	<u>\$ 63,066</u>
Net Pension Liability	<u>\$ 45,261</u>	<u>\$ 44,339</u>	<u>\$ 37,308</u>	<u>\$ 27,447</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	4.77%	27.53%	49.72%	69.68%
Covered Payroll	\$ 12,551	\$ 78,961	\$ 107,899	\$ 121,027
Net Pension Liability as a Percentage of Covered Payroll	360.62%	56.15%	34.58%	22.68%

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

Measurement Year*

	<u>2018</u>		<u>2019</u>
\$	13,355	\$	14,352
	6,520		7,864
	-		-
	723		785
	-		2,169
	<u>(1,184)</u>		<u>(1,184)</u>
	19,414		23,986
	<u>90,513</u>		<u>109,927</u>
\$	<u><u>109,927</u></u>	\$	<u><u>133,913</u></u>
\$	20,373	\$	17,554
	6,206		6,757
	(1,902)		13,490
	(1,184)		(1,184)
	(37)		(76)
	<u>(2)</u>		<u>(2)</u>
	23,454		36,539
	<u>63,066</u>		<u>86,520</u>
\$	<u><u>86,520</u></u>	\$	<u><u>123,059</u></u>
\$	<u><u>23,407</u></u>	\$	<u><u>10,854</u></u>
	78.71%		91.89%
\$	124,114	\$	135,137
	18.86%		8.03%

CITY OF HILSHIRE VILLAGE, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2020

	Fiscal Year*			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 9,754	\$ 12,666	\$ 15,584	\$ 18,677
Contributions in relation to the actuarially determined contribution	9,754	12,666	15,584	18,677
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 72,248	\$ 99,079	\$ 117,679	\$ 122,619
Contributions as a percentage of covered payroll	13.50%	12.78%	13.24%	15.23%

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7 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 Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*	
2019	2020
\$ 18,130	\$ 16,400
<u>18,130</u>	<u>16,400</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 132,270	\$ 142,815
13.71%	11.48%

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CITY OF HILSHIRE VILLAGE, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Measurement Year*		
	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 254	\$ 298	\$ 270
Interest (on the total OPEB liability)	211	216	235
Difference between expected and actual experience	-	(255)	(148)
Change of assumptions	464	(398)	1,290
Benefit payments**	-	(37)	(54)
Net Change in Total OPEB Liability	<u>929</u>	<u>(176)</u>	<u>1,593</u>
Beginning total OPEB liability	<u>5,465</u>	<u>6,394</u>	<u>6,218</u>
Ending Total OPEB Liability	<u>\$ 6,394</u>	<u>\$ 6,218</u>	<u>\$ 7,811</u>
Covered Payroll	\$ 121,027	\$ 124,114	\$ 135,137
Total OPEB Liability as a Percentage of Covered Payroll	5.28%	5.01%	5.78%

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

Notes to Required Supplementary Information:

Changes in Assumptions:

There were no changes in assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

Changes in Benefits:

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

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SCHEDULE

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CITY OF HILSHIRE VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 355,150	\$ 355,150	\$ 352,624	\$ (2,526)
Investment income	-	-	1,460	1,460
Total Revenues	<u>355,150</u>	<u>355,150</u>	<u>354,084</u>	<u>(1,066)</u>
<u>Expenditures</u>				
Principal	310,000	310,000	310,000	-
Interest and fiscal charges	45,152	45,152	43,662	1,490
Total Expenditures	<u>355,152</u>	<u>355,152</u>	<u>353,662</u>	<u>1,490</u>
Net Change in Fund Balance	<u>\$ (2)</u>	<u>\$ (2)</u>	422	<u>\$ 424</u>
Beginning fund balance			<u>9,098</u>	
Ending Fund Balance			<u>\$ 9,520</u>	

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March 12, 2021

Mayor and City Council
City of Hilshire Village
8301 Westview Drive
Houston, Texas 77055

Re: Engineer's Report for March 16, 2021 Council Meeting
HDR Job No. 10281855

Dear Mayor and Council Members:

HDR Engineering, Inc. (HDR) is pleased to submit this report on engineering related issues from February 13, 2021 to March 12, 2021.

1. On-Going Services (10281855):

a. 1257 Archley Drive –

- The fire hydrant located at 1257 Archley Drive has been placed out of service due to a leak. This fire hydrant was installed as part of the Ridgeley Drive Reconstruction Project back in 2008.
- InfraMark is currently investigating the source of the leak and will coordinate with the City and HDR to determine if the fire hydrant should be repaired or replaced.

b. 1306 Bridle Spur Lane –

- On March 2, 2021, HDR coordinated with the City and Ms. Myriam Martinez (Contractor) regarding the as-built drainage plan resubmittal corrections and requirements for 1306 Bridle Spur Lane.

c. 1317 Bridle Spur Lane –

- HDR has been coordinating with the City and Mr. Jeffrey Klam (Property Owner) on the permitting and inspection requirements, as well as, the 1315 and 1317 Bridle Spur Lane residents acknowledgement letter (to maintain drainage flow patterns across 1315 Bridle Spur Lane) for the proposed patio improvements (i.e. wood decking replacement, flagstone relocation, crushed granite installation and artificial turf installation instead of initially proposed putting green) at 1317 Bridle Spur Lane.

hdrinc.com 4828 Loop Central Drive, Suite 800
Houston, Texas 77081
T 713-622-9264 F 713-622-9265
Texas Registered Engineering Firm F-754

- d. 1331 Friarcreek Lane –
- On February 25, 2021, HDR received the Patio As-Built Drainage Plan for 1331 Friarcreek Lane. The as-built submittal is incomplete, therefore, HDR is coordinating with the Contractor (Mr. Brian Weatherall – Oden Design & Contracting) on the additional as-built submittal information (i.e. certification letter and impervious coverage calculations), as well as minor corrections to the as-built survey, required to complete the review.
- e. 1301 Glourie Drive –
- On February 26, 2021, HDR reviewed and returned to the City the As-Built Secondary Drainage Plan for 1301 Glourie Drive. The as-built drainage plan was approved with exceptions noted.
- f. 1330 Glourie Drive (Lot 3) –
- On March 8, 2021, HDR met in the field with Mr. Scott Magnuson (Contractor – studioMET architects) to discuss the sewer service tap for 1330 Glourie Drive (Lot 3).
 - The new sewer service installed by the City back in November 2020 to service this lot is approximately 4-ft below ground; however, the private plumbing installation is deeper (approximately 5.5-ft). The plumber appears to have used a steeper slope than necessary; however, this work was completed back in October 2020 when the new dwelling concrete slab was poured, therefore, adjustments to the private sewer lines are not possible at this time.
 - HDR is coordinating with T Construction (Contractor that performed the water and sewer tap services for the four (4) Holy Cross Church Lots) to provide a quote to re-auger the service line across Glory Drive approximately 6 to 7-ft below ground to enable the sewer service connection at 1330 Glourie Drive.
- g. 1334 Glourie Drive (Lot 2) –
- On March 2, 2021, HDR received the 1334 Glourie Drive (Lot 2) Drainage Plans from the City.
 - HDR is currently reviewing the drainage plan.

- h. 24 Hickory Shadows Drive –
 - HDR has completed the inspection and reviewed the As-Built Pool Drainage Plan for 24 Hickory Shadows Drive. The only outstanding item is the restoration (i.e. sodding) of a small area disturbed during construction. HDR is awaiting confirmation from Mrs. Melissa Blakeslee (Property Owner) and the City that this restoration work has been completed in order to approve the as-built pool drainage plan.

- i. 5 Pine Creek Lane –
 - On March 4, 2021, HDR coordinated with the City regarding previous correspondence on the proposed deck and retaining wall improvements along the ravine at 5 Pine Creek Lane, as well as, contact information for Harris County Flood Control District (HCFCD).
 - Mrs. Janis Hooker (Property Owner) has reached out to HCFCD and has been informed that the proposed improvements will not be permissible and that she would only be allowed to construct stairs down the ravine. Mrs. Hooker will need to contact HCFCD to determine what submittal requirements they have to approve the construction of the stairs and submit this information to the City as well for concurrent review.

- j. 1027 Ridgeley Drive –
 - On February 27, 2021, a water line leak was reported at 1027 Ridgeley Drive. InfraMark located and repaired the water line leak located in front of the house and immediately adjacent to the driveway (west side).

- k. Verizon Small Cell Nodes & MCImetro Conduit Plans and Permits –
 - HDR has reviewed the plans for the proposed Verizon Small Cell Nodes and associated conduits to be installed by MCImetro. In general, the submitted plans lack information on existing City and private utility infrastructure along the proposed conduit alignments. HDR will forward copies of existing record drawings for MCImetro to update the City’s water and sanitary sewer facilities in their drawings. MCImetro will need to perform a record research with private utilities to identify these facilities in their drawings.
 - On March 8, 2021, HDR met in the field with the City, Residents (Mr. Leroy Hermes and Mr. Michael Woodruff) and Verizon Representatives to discuss the relocation of the proposed Small Cell Nodes Pole at 1205 Archley Drive.

- During this meeting, an existing CenterPoint Energy pole was identified at the southwest corner of the Ridgeley Drive and Archley Drive intersection (1201 Archley Drive), as a potential pole to collocate Verizon's Small Cell Nodes. The pole appeared to be within the right-of-way (i.e. corner clip) and would require a cabinet to be installed at ground level, similar to the other three (3) locations throughout the City. This is the preferred option (Option 1). Verizon is going to check with CenterPoint Energy on the feasibility to collocate to this pole.
- Option 2 was to locate the new Small Cell Nodes Pole between the pine tree and ravine crossing at 1201 Archley Drive, approximately 5-ft to 6-ft from the edge of pavement.
- On March 9, 2021, Verizon confirmed that CenterPoint Energy approved the use of the existing pole at 1201 Archley Drive (Option 1) to collocate Verizon's Small Cell Nodes, as long as it is in the right-of-way. Verizon has requested a survey to confirm the pole location is in the right-of-way. Verizon will update the City accordingly.

l. TCEQ MS4 Permit and Annual Report Update –

- As previously reported, on February 9, 2021, the City received an e-mail correspondence from the Texas Commission on Environmental Quality (TCEQ) requesting additional information for the City's Year 1 (2020) Annual Report to be submitted using the latest version of the TCEQ reporting form. The requested information was submitted to TCEQ on February 22, 2021 and accepted/approved by TCEQ on February 23, 2021.
- Also, as previously reported, although the City of Hilshire Village's MS4 Permit Application submitted in 2019 has not been officially approved by TCEQ to date, the City must continue to prepare the Annual Reports. The City's Year 2 (2021) Annual Report is due on March 31, 2021. HDR will coordinate with the City and prepare the Year 2 Annual Report to be submitted by or before the deadline.

m. SECO Preliminary Energy Assessment Program –

- On March 4, 2021, the City received an e-mail from Mr. Jacob Hodges (TEESI Engineering) on behalf of the State Energy Conservation Office (SECO) regarding the Local Government Energy Program.
- TEESI Engineering is under contract with the Texas SECO to provide free engineering technical assistance to cities as part of the SECO Preliminary Energy Assessment Program to evaluate and identify energy saving opportunities.

- HDR recommends that the City take advantage of this free offer from SECO to potentially identify energy saving opportunities that may help the City reduce energy consumption and thus reduce cost on the long run.
- The City will reach out to TEESI Engineering to schedule the assessment.

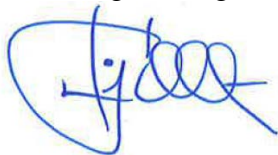
n. Lift Station Generator –

- On March 8, 2021, HDR met with the City (Council Member Gordy and City Administrator Susan Blevins) at the lift station site to evaluate the space available to install a natural gas emergency generator. There appears to be room to install an emergency generator on site. HDR will confirm generator size and footprint to confirm feasibility of generator installation at the lift station site.
- HDR has performed a cursory load analysis and preliminary sizing of a Generac Industrial Natural Gas Generator (25kW – Model QTO25A). This model with a level 1 acoustic enclosure has an overall dimension of 77-inches (L) x 34-inches (W) x 46-inches (H).
- HDR is evaluating the option of a Generac Residential Natural Gas Generator to potentially reduce the size and required footprint of the generator; however, after the severe winter weather, local Generac vendors have been inundated with sales and information requests. HDR is currently waiting on Generator Supercenter (Generac Vendor/Representative) to contact us back and evaluate the Residential Generator option.

If there are any questions concerning the information contained in this report, we will be glad to discuss them with you.

Sincerely,

HDR Engineering, Inc.



Efrain A. Him, P.E.
Project Manager

cc: Files (10281855)



Engagement Letter

March 9, 2021

The Honorable Russell Herron, Mayor
City of Hilshire Village, Texas
8301 Westview
Houston, Texas 77055

We are pleased to confirm our understanding of the services we are to provide for the City of Hilshire Village, Texas (the "City") for the years ended September 30, 2021, 2022, and 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the disclosures, which collectively comprise the basic financial statements of the City as of and for the years ended September 30, 2021, 2022, and 2023.

The component units will be audited as part of the audit of the financial statements of the City as noted below:

1. Hilshire Village Cultural Education Facilities Finance Corporation (HVCEFFC): Discretely Presented, No Separate Financial Statements
2. Hilshire Village Higher Education Finance Corporation (HVHEFC): Discretely Presented, No Separate Financial Statements

Accounting standards generally accepted in the United States of America (GAAS) provide for certain Required Supplementary Information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule(s)
3. Pension Schedule(s) as applicable

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditors' report on the financial statements:

1. Combining Statement(s) and Schedule(s)

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions.

Auditors' Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an avoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

Audit Procedures-Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the

audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements of the City in conformity with GAAP based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Nonaudit Services

In connection with the engagement, we will perform services unrelated to our attest function. The additional services we will provide include:

1. **Preparation of Documents**
We will assist in preparing the financial statements and related notes of the City in conformity with GAAP based on information provided by the City.
2. **Advisory Services**
We will provide routine advisory services through phone calls, conferences, or otherwise, in connection with incidental matters arising during the year. We encourage open lines of communication throughout the year as part of our services.
3. **Correspondence**
We will handle all normal correspondence from grantor, regulatory, or oversight agencies related to the audit.
4. **Professional Proofing**
To ensure documents issued in connection with the audit engagement are professional in appearance, we will submit both client-prepared information, as well as documents created entirely by the auditor, to an independent professional proofreader for a cover-to-cover inspection. This review will include consistent formatting, grammar, logic, and any other items that may detract from the document. This process is over and above technical reviews performed.
5. **Printing and Binding**
All final hard copy documents will be printed on a 1200 dpi or better resolution copier and bright white report paper. Reports will be bound with GBC-brand plastic combs with 30 mil oversized covers. We will manually inspect each page from one document and spot check remaining reports for printing errors. Our reports will be centered, properly aligned, and free of smudges and other detracting elements.
6. **Electronic Adobe Searchable PDF**
In addition to providing hard copy documents, we will also provide all final documents in electronic image files in Adobe PDF format, suitable for posting in electronic agenda packages, posting on websites, or transmitting by email to regulatory agencies.

7. Client Portal - Auditbox

We will provide the City access to our proprietary AuditBox online site to provide a central repository where both the City's personnel and audit team members can see documents being exchanged during the process to eliminate duplicate requests from audit team members. Both the City's documents, as well as final audit documents, will be hosted on the site providing an archive of information that new personnel may access in subsequent years, if information is needed regarding what was provided for a prior year audit or a copy of audit documents issued.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining effective internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP.

Management is also responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information, on which we have been engaged to report, in conformity with GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statements preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

Fees for our services are based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, word processing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Items that likely will increase the fee estimate include:

1. Assistance with addressing matters that were designated as management responsibility, which include closing schedules and closing entries.
2. Submission of audit data within 60 days of a client requested completion date or filing deadline, requiring overtime hours to meet the deadline.
3. Changes to accounting pronouncements, professional standards, laws, and regulations not known to us as of the date of this letter that have a significant impact on time requirements.
4. Changes in the operations and significant matters that materially change the audit scope such as evaluation of the impact of joint ventures, debt issuance/refunding/advance extinguishment, forbearance agreements, notice of material events, enforcement actions, required corrective actions, self-insurance, environmental liabilities, going concern, and/or other postemployment benefits.
5. Significant increases in State or Federal funding requiring State and/or Federal Single Audits and/or increases to the number of grants classified as major programs by the Office of Management and Budget (OMB) or state requirements.
6. Follow up on allegations or discovery of a) noncompliance with laws, regulations, and policies; b) fraud, waste, and abuse; c) significant deficiencies in internal control; d) nepotism; and e) related party transactions.

As customary in the industry, the price quoted is an estimate. In accordance with rules of the State Board of Public Accountancy, we cannot be bound to provide the audit for the amount estimated. However, in practice, we honor our fee quotes unless adverse conditions such as those described above are encountered.

Fee Estimates

	<u>2021</u>	<u>2022</u>	<u>2023</u>
City Audit	\$ 19,350	\$ 19,880	\$ 20,425
HVCEFFC	550	565	580
HVHEFC	550	565	580
Multi-Year Discount	(1,500)	(1,500)	(1,500)
Total	\$ 18,950	\$ 19,510	\$ 20,085

The proposed fee does not include any additional time related to COVID-19. The impact of COVID-19 is presently unknown and may result in additional compliance procedures, funding, or organizational problems, which may require additional time to address. Any additional time would be billed at our standard hourly rates.

Non-Single Audit Engagement

A federal single audit is required by the OMB's Uniform Guidance when federal funds over \$750,000 are expended. Federal single audit fees vary based on the number of major programs as defined by OMB. The additional technical verbiage that is necessary when a federal single audit is required is not included within this engagement letter, nor does the proposed engagement fee include additional fees related to a federal single audit.

A state single audit is required when grant funds that originated from the State of Texas (this does not include federal monies passed through the State) over \$750,000 are expended. State single audit fees vary based on the number of major programs as defined by the *State of Texas Single Audit Circular*. The additional technical verbiage that is necessary when a state single audit is required is not included within this engagement letter, nor does the proposed engagement fee include additional fees related to a state single audit.

Should you exceed the federal and/or state single audit thresholds, a new engagement letter will be required.

Billing Protocol

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Generally, 40 percent will be billed and payable upon completion of interim audit procedures (normally one to four months before year end) and 60 percent after a draft of the financial statements is issued. Accordingly, the fee will be split 40/60 between budget years. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to those charged with governance of the City. Circumstances may arise in which our report may differ from its expected form and content based on the results of the audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add an emphasis of matter or other matter paragraph to our auditors' report or, if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from the engagement.

Foreign Terrorists Organizations

Pursuant to Chapter 2252, Texas Government Code, we represent and certify that, at the time of execution of this letter, neither we nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code or Subchapter F of Chapter 2252 of the Texas Government Code or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. The term 'foreign terrorist organization' in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Vendor Representation Regarding Israel

Pursuant to Chapter 2270, Texas Government Code, we represent that we do not boycott Israel and will not boycott Israel during the term of the contract. The term 'boycott Israel' shall have the meaning ascribed to this term in Section 808.001 of the Texas Government Code.

Required Non-Appropriation Clause

Notwithstanding anything contained in this engagement to the contrary, in the event no funds or insufficient funds are appropriated and budgeted or are otherwise unavailable in any fiscal period for fees due under this engagement agreement, the City will immediately notify us in writing of such occurrence and this agreement shall terminate on the last day of the fiscal period for which appropriations have been received or made.

Authorization of CPA's Disclosure

Any client certified public accountant involved with assisting us shall not be prohibited from disclosure of information required to be made available by the standards of the public accounting profession in reporting on the examination of financial statements. Management understands and provides permission to staff certificate or registration holders as required under the Rules of Professional Conduct, Texas Administrative Code, Title 22, Part 22, Chapter 501, Subchapter C, Section 501.75.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Belt Harris Pechacek, LLLP
Certified Public Accountants

Authorized by:



Robert Belt, CPA, CGMA
Managing Partner

RESPONSE:

This letter correctly sets forth the understanding of City of Hilshire Village, Texas.

The Honorable Russell Herron, Mayor

Date



CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Report on the Firm's System of Quality Control

To the Partners of Belt Harris Pechacek, LLLP
And the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Belt Harris Pechacek, LLLP (the firm) in effect for the year ended June 30, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act;

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Belt Harris Pechacek, LLLP in effect for the year ended June 30, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Belt Harris Pechacek, LLLP has received a peer review rating of pass.

Bumgardner, Morrison & Company, LLP

BUMGARDNER, MORRISON & COMPANY, LLP
December 14, 2018

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

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Website: BMCcpa.com

Members: American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Private Companies Practice Section
AICPA Employee Benefit Plan Audit Quality Center
AICPA Government Audit Quality Center

Item 4.B.

Wirt Road Sidewalk Discussion (3/16/2019)

In council meetings held during 2020, the concept of improving “walkability” along Wirt Rd has been discussed. This topic has been discussed numerous time over the years without resolution. The most recent efforts occurred between 2014 and 2017 involving discussions with the City Council member for Houston District A and the Houston Public Works Department.

In early August of 2017, verbal commitments had been made by Houston Public Works, Hilshire Village, and property owners on the West side of Wirt Road to support a plan for improvement of the Wirt Road traffic and safety issues.

On August 23, 2017 engineers from Houston Public Works, a representative from the District A Office, and the Mayor of Hilshire Village walked though the area to get a first hand view of the situation. HPW personnel left with the promise of a preliminary improvement plan. The plan would address:

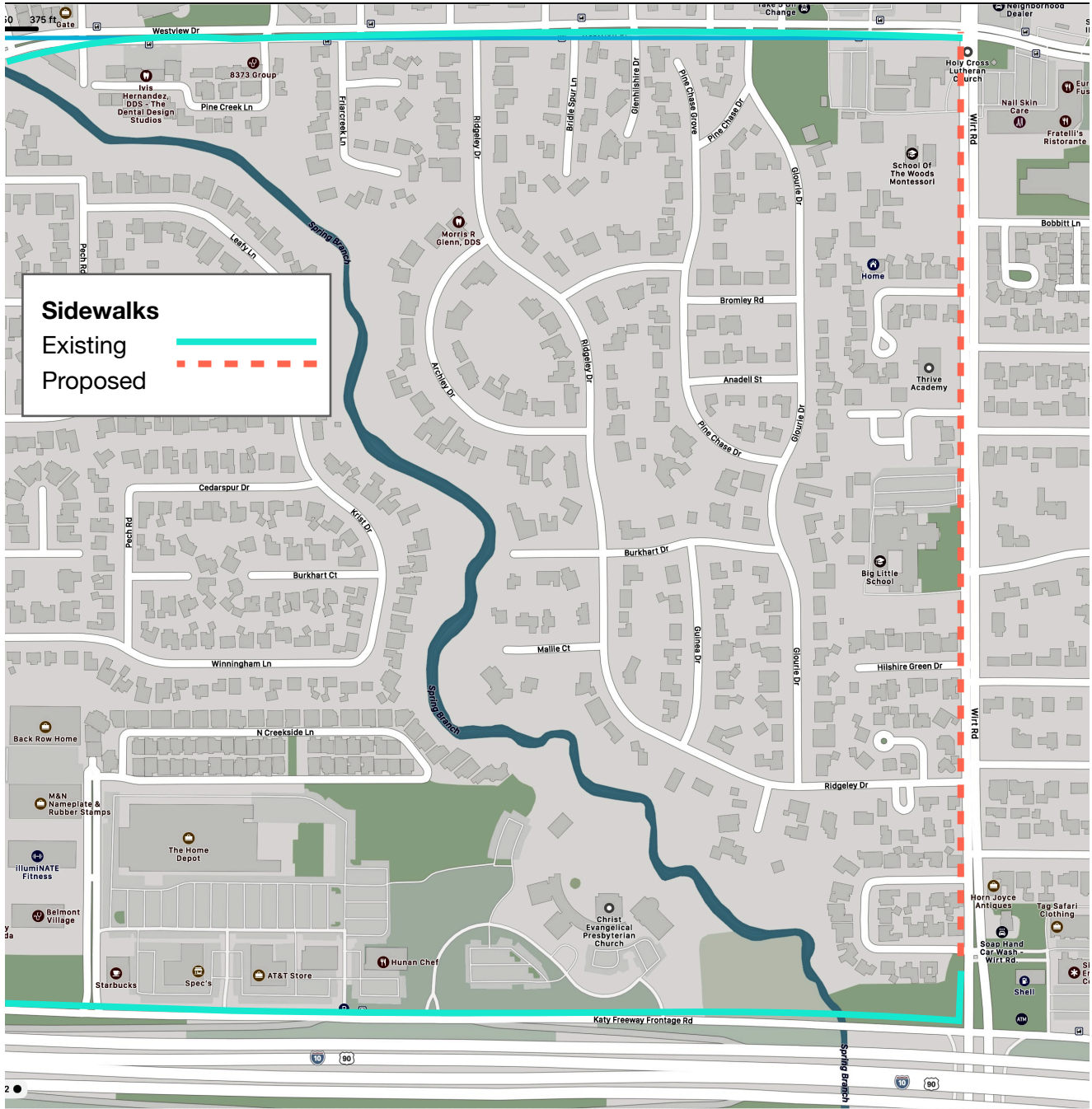
1. Construction of a sidewalk between Westview and I-10 to facility pedestrian access to the park, churches, and schools which border the west side of Wirt. It would also improve access to the businesses in the Kroger Center, the Trini Mendenhall Community Center, and the Westview bus stops.
2. Addition of the left turn holding lanes on the north bound side of Wirt at Bellewood Dr., Wedgewood Ln., Brykerwoods Dr., and Bobbit Ln.. These holding lanes would be located across from the main entrances to the schools and churches as well as Hilshire Green and Hilshire Villas Dr. (Through some quirk in the past, Hilshire Grove Ln had a left turn holding lane installed when it was built.
3. Reducing the speed limit on Wirt from 35 MPH to 30 MPH in an effort to slow down the traffic in both directions and prevent accidents. A traffic study done through the courtesy of the Spring Valley Police Department found that the average speed on Wirt Road was approximately 47 MPH and the maximum speeds recorded were greater than 65 MPH.

Unfortunately, Hurricane Harvey arrived on the following day and public works projects were put on indefinite hold.

Background and Facts - Hickory Shadows Park

History	Facts
The park is an outgrowth of the most recent Katy Freeway expansion completed in 2010	The park offers aesthetic relief at the crowded intersection.
The area of the current frontage road and the park was occupied by a high rise office building which produced significant tax revenue for Hilshire Village	It is worth noting that the Katy Freeway is 23 lines wide at this location, making it one of the widest freeway in the country. <i>(Note there is some dispute over how freeway lanes are counted)</i>
The grounds of the park are well maintained by the Harris County Parks Department	The average decibel level in the park is 81 with higher peaks occurring periodically.
The property is owned by the Texas Department of Transportation (TXDOT) and does not produce any revenue to the City.	Medical experts consider 70 decibels as the safe level to avoid hearing loss. OSHA requires employers to implement a hearing conservation program when noise exposure is at or above 85 decibels.

Overview map of Hilshire Village showing possible sidewalk from Westview to I-10 along the west side of Wirt Road.





Recent sidewalk proposal from
Hilshire Green to the Park







Preliminary Energy Assessment Service Request Form

Form# 50-852



City of Hilshire Village

Public Entity Name

Susan Blevins

Contact Person

susan.blevins@hilshirevillagetexas.com

Email Address

8301 Westview

Street Address

same

Mailing Address

Houston

City

City

713 973 1779

Telephone

713 252 7652

Title

City Administrator

County

Texas

State

State

77055

ZIP Code

ZIP Code

Preliminary Energy Assessment Service Eligibility

The State Energy Conservation Office (SECO) provides free preliminary energy assessments (PEAs) for existing public facilities and infrastructure. Eligible entities include municipal and county governments, public school districts, county hospitals, port authorities, major airports, public water authorities and municipally owned utilities. Leased or rented facilities and infrastructure are not eligible for this service.

Principles of Agreement

By submitting this request form, the entity listed above must agree to:

- select a contact person to work with SECO and its designated contractor to establish an energy policy and set realistic energy efficiency goals;
- allow SECO's designated contractor to provide walk-through assessments of selected facilities;
- schedule a time for SECO's designated contractor to make a presentation on the assessment findings to key decision-makers;
- consider implementing the PEA's energy savings recommendations; and
- allow SECO to post portions of this report on its website

Additional Questions

Has this organization used SECO's technical assistance or PEA services in the past?

Yes No

Is the primary contact for this PEA familiar with SECO's LoanSTAR revolving loan program?

Yes No

Has this organization used SECO's LoanSTAR revolving loan program in the past?

Yes No

Signature

This agreement must be signed by your organization's chief executive officer or other signing authority.

Signature

Date

Print Name

Title

Submit completed forms to SECO at Margaret.Garcia@cpa.texas.gov

or by mail to: State Energy Conservation Office

Attn: Margaret Garcia

111 E. 17th Street

Austin, TX 78711-1440



TEXAS ENERGY ENGINEERING SERVICES, INC.
(d/b/a TEESI Engineering)

Austin, San Antonio, Laredo

March 4, 2021

Susan Blevins
City Administrator
City of Hilshire Village
8301 Westview Drive
Houston, Texas 77055-6737

RE: **State Energy Conservation Office (SECO) “Local Government & Schools Energy Program”**

Dear Susan Blevins,

Texas Energy Engineering Services Inc. (TEESI) is **contracted by** the Texas Comptroller’s **State Energy Conservation Office (SECO)** to provide **free engineering technical assistance** services to cities across Texas. This program is designed to help Texas cities establish and/or further develop energy management programs. TEESI has been assigned to offer the following **no cost** services, which may be of interest to you.

- Facility surveys and preliminary energy assessments identifying **energy savings opportunities**
- Technical Assistance with energy savings in the age of COVID-19
- Develop city specific integrated energy and sustainability program
- Identify low cost/no cost energy savings
- Review and/or development of city facilities Energy & Water Management Plan/Policy
- Evaluation of heating, ventilation, air-conditioning, and controls
- ENERGY STAR Portfolio Manager training
- Facility specific Energy Technical Assistance and benchmarking
- Water conservation and renewable energy evaluation
- Provide budget and payback for recommended energy projects
- Identification of possible funding options to implement energy cost reduction measures

Additional information regarding SECO “Energy Assessment & Technical Assistance Program” can be obtained by referring to the attached letter, visiting SECO’s website at <https://comptroller.texas.gov/programs/seco/> or by contacting SECO program manager at:

Margaret Garcia, Program Manager, State Energy Conservation Office (SECO)
Texas Comptroller of Public Accounts, LBJ State Office Building
111 East 17th Street, Room 314, Austin, Texas 78774
Office: 512-463-1947 Fax: 512-475-2569
Email: Margaret.Garcia@cpa.texas.gov

To help you start achieving your energy objectives please call (512) 328-2533 or email me at saleem@teesi.com to set up a free consultation meeting and to answer any questions you or your staff might have. Please complete the attached “**Technical Assistance Service Request Form**” and return it to TEESI to begin the process. Thank you for your interest in SECO energy program and we look forward to your response.

Sincerely,

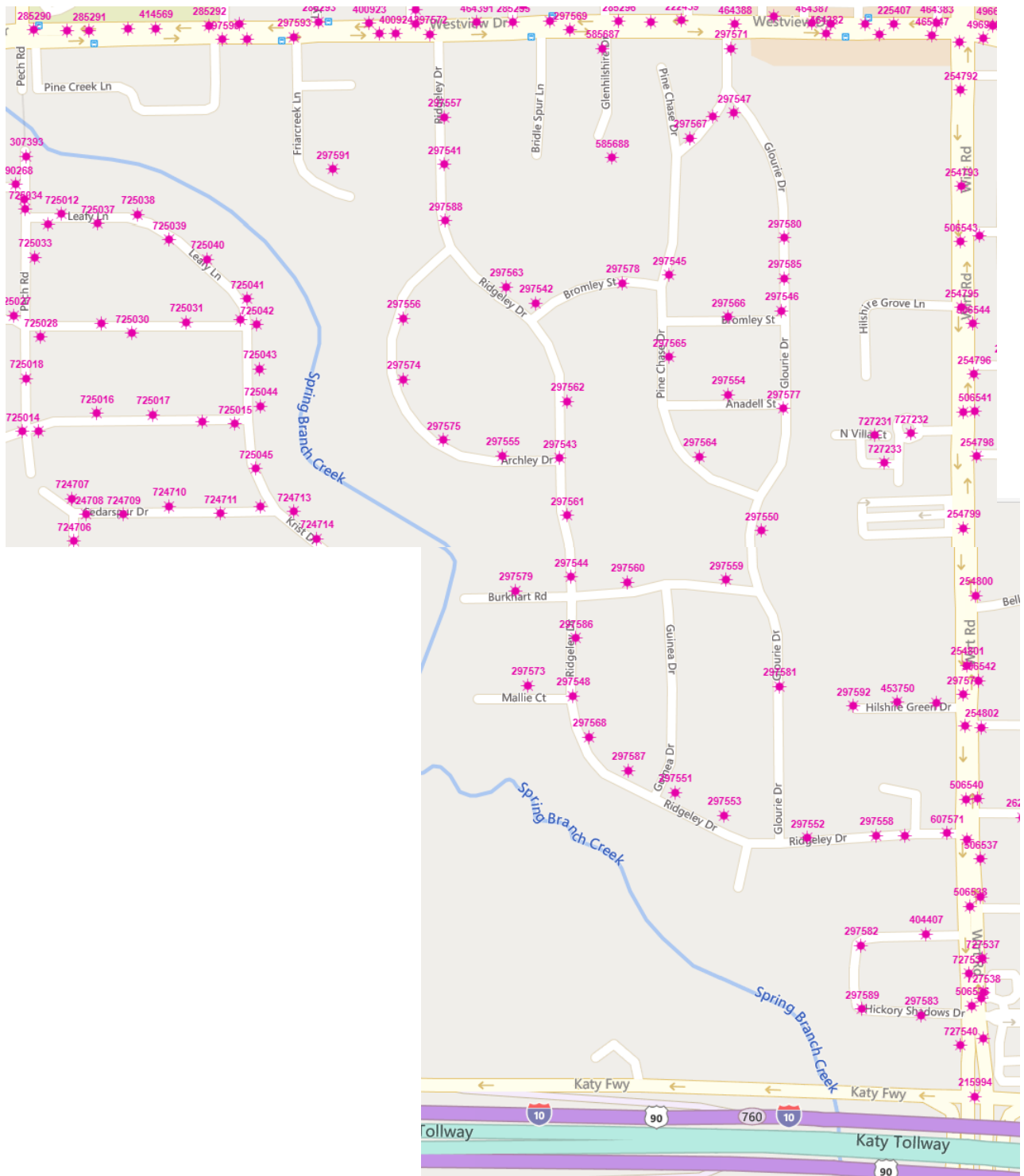
Saleem Khan, P.E.
President – TEESI

Enclosures – Technical Assistance Service Request Form

1301 S. Capital of Texas Hwy
Capital View Center – B325
Austin, Texas 78746
Phone: (512) 328-2533
Fax: (512) 328-2544

www.teesi.com
TBPE#F-3502

5918 McPherson Road,
Suite # 7C
Laredo, TX 78041
Phone: (956) 724-1600
Fax: (956) 724-1605







[SUGGESTED CHANGES TO HABITABILITY SECTIONS OF ORDINANCE]

02:A-03 Attic: Attic shall mean that unfinished portion of a building, not a story, that is directly under the roof.

02:C-03 Carport: "Carport" shall mean a roofed structure that is open on at least two (2) sides and designed for the primary purpose of sheltering the residents' vehicles.

Carport, attached: "Attached carport" shall mean a carport any part of which is less than three (3) feet from an outside wall of the dwelling.

Carport, detached: "Detached carport" shall mean a carport which is not an attached carport. No part of a detached carport shall be less than three (3) feet from an outside wall of the dwelling.

02:D-01 Dwelling: "Dwelling" shall mean a building which contains one "Dwelling Unit".

02:D-02 Dwelling unit: "Dwelling unit" shall mean a single unit providing complete independent living facilities for a family including permanent provisions for living, sleeping, eating, cooking and sanitation.

02:F-01 Family: A "family" shall mean one (1) or more persons occupying a dwelling unit and living there as a single housekeeping unit, as distinguished from a group occupying a boarding house, lodging house, club, fraternity or sorority house, motel, hotel, apartment, duplex or multi-family dwelling.

02:G-01 Garage: "Garage" shall mean a building or portion of a building that has 3 walls and a door and is designed for the main purpose of storing the residents' vehicles.

02:G-02 Garage, attached: "Attached garage" shall mean a garage with an outside wall that is less than three (3) feet from an outside wall of the main building.

02:G-03 Garage, detached: "Detached garage" shall mean a garage which is not an attached garage. If a wall of a detached garage is less than three (3) feet from an outside wall of the main building, the garage shall be deemed an attached garage.

02:H-01 Habitable space: "Habitable space" shall mean a space that meets the requirements of the City Building Codes for some living purpose such as sleeping, cooking, or dining but does not constitute a dwelling unit. Such places as closets, pantries, bath or toilet rooms, hallways, laundries, storage spaces, utility rooms and similar places shall not be considered habitable spaces for purposes of these ordinances.

02:S-08 Story: "Story" shall mean that portion of a building between the surface of any floor and the surface of the floor next above, except that the topmost story shall be that portion of a building between the surface of the topmost finished floor and the ceiling above. If the finished floor level directly above a usable or unused under-floor space is more than six (6) feet above finished grade for more than fifty (50) percent of the total perimeter or is more than twelve (12) feet above finished grade at any point, such usable or unused under-floor space shall be considered a story.

Notwithstanding the foregoing:

- a. An attic space that is not a habitable space but that has a finished floor shall not be considered a story, and
- b. A habitable space in the attic that constitutes 35% or less of the square footage of the story below shall not be considered a story.

11:02.04 Attic: The attic of a building may contain one or more habitable spaces within the attic volume created by the roofline. The roofline of an existing two (2) story building may not be changed to accommodate a habitable space except that dormers may be added. A habitable space in the attic of a two (2) story building may not exceed thirty-five (35) percent of the square footage of the second story or second half story of the building in which it is contained.

11:03 DWELLING UNIT

11:03.01 One dwelling unit: No more than one dwelling unit shall be constructed on any residential lot. The dwelling unit shall be contained in the main building on the lot.

11:03.02 Net building area: The net building area shall not exceed forty percent (40%) of the lot area.

11:03.03 Total floor area: The total floor area of a dwelling shall not be less than fourteen-hundred (1400) square feet.

11:03.04 Multi-story area: The net building area of the ground floor of any one and a half or two story dwelling shall be not less than one thousand (1000) square feet.

11:04 GARAGE

11:04.01 Required: Every lot with a dwelling shall have a garage.

11:04.02 Size: One garage on a lot shall be at least four hundred (400) square feet. The total combined square footage of all garages and carports on a lot shall not exceed one thousand two hundred (1,200) square feet.

11:04.03 Garage entrance: The entrance to a garage that is constructed in front of the dwelling to which the garage is attached shall be perpendicular to the street of address.

11:04.04 Attached garage: a. Doorway or hallway access to a second story above an attached garage shall be enclosed and through the dwelling to which it is attached.

b. An attached garage may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

11:04.05 Detached: a. A detached garage that does not meet the setback requirements for the dwelling shall not exceed one (1) story. The space

above the ground floor shall not have provisions for any utilities except electricity. The ground floor may have provisions for water, waste, electricity and HVAC but shall not include a habitable space. Any related occupancy permit shall so state.

b. A detached garage that does not meet the rear setback requirements for the dwelling may be connected to the dwelling by an open-sided walkway cover not more than six (6) feet in width.

c. A detached garage that meets the side and rear setback requirements for the dwelling may contain a second story. Both stories may have provisions for water, waste, electricity and HVAC. The first story shall not include any habitable space. The second story may contain a habitable space, but shall not contain kitchen facilities. Any related occupancy permit shall so state.

d. A detached garage that meets the side and rear setback requirements for the dwelling may be connected to the dwelling by an enclosed ground level walkway or an elevated bridgeway to a second floor. If the walkway or bridgeway exceeds [6 feet] in width, the garage shall be deemed part of the dwelling.

e. A detached garage that meets the rear and side setback requirements for the dwelling may contain an attic and such attic may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

f. An open air kitchen may be attached to the outside wall of a garage, so long as it is not visible to public view from the street of address.

11:06 ACCESSORY USE: An accessory use may only be conducted on a lot that has a dwelling, shall not involve the use of an assistant or employee, and the address shall not be advertised as a business.

Commented [1]:
we are looking for legal advice on what we can disallow, e.g., advertising the business with the home address

11:07 ACCESSORY BUILDING.

11:07.01 Use: a. An accessory building shall not be designed, constructed, occupied or used for (1) an industrial purpose, or (2) a rental space.

b. An accessory building that does not meet the side and rear setback requirements for the dwelling shall not contain a second story. The first story may have provisions for water, waste, electricity and HVAC, and may contain a habitable space, including open-air kitchen facilities. Any related occupancy permit shall so state.

c. An accessory building that meets the side and rear setback requirements for the dwelling may contain a second story. Each story may have provisions for water, waste, electricity and HVAC. The second story may contain a habitable space but may not contain kitchen facilities. The first story may contain a habitable space and may contain open-air kitchen facilities. Any related occupancy permit shall so state.

d. An accessory building that meets the rear and side setback requirements for the dwelling may contain an attic and such attic may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

11:07.02 Location: No wall of an accessory building or projection thereof shall be less than three (3) feet from an outside wall of the dwelling. An accessory building, including any projection thereof, that is less than three (3) feet from an outside wall of the dwelling shall be deemed to be attached to the dwelling.

11:07.03 Access:

a. External access to the second story of an accessory building shall not be visible to public view from the street of address.

b. An accessory building that meets the side and rear setback requirements for the dwelling may be connected to the dwelling by an enclosed ground level walkway or an elevated bridgeway to a second floor. If the walkway or bridgeway exceeds six (6) feet in width, the building shall be deemed part of the dwelling.

c. An accessory building that does not meet the rear setback requirements for the dwelling may be connected to the dwelling by an open-sided walkway cover not more than six (6) feet in width.

11:11.04 Removal of temporary fences: Construction site protective fencing shall be removed when the construction permit expires. A fence installed for purposes other than construction and is not intended to be permanent shall be removed in 30 days from installation or notification by City.

11:12 POOL

11:12.01 Location: No part of a pool shall be placed closer to a street than the dwelling on the lot on which it is situated, nor closer to any side property line than the side setback line, nor closer to the rear property line than ten (10) feet. All measurements shall be taken from the back of the top beam of the pool.

11:14.01 CARPORT:

a. A carport shall not be constructed in front of the dwelling.

b. If attached to the main building, a carport shall be a component part of, a continuation of, and of the same construction as the main building. If not attached to the main building, a carport shall meet the placement requirements of a detached garage.

c. Items stored in a carport (other than vehicles) may not be habitually visible to public view from the street.

11:14.02 Attached carport: a. Doorway or hallway access to a second story above an attached carport shall be enclosed and through the dwelling to which it is attached.

b. An attached carport may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

11:14.03 Detached carport: a. A detached carport that does not meet the rear setback requirements for the dwelling shall not exceed one (1) story and shall not have provisions for any utilities except electricity hose bib.

b. A detached carport that does not meet the rear setback requirements for the dwelling may be connected to the dwelling by an open-sided walkway cover not more than six (6) feet in width.

c. A detached carport that meets the side and rear setback requirements for the dwelling may contain a second story. The first story shall not have provisions for any utilities except electricity hose bib. The second story may have provisions for water, waste, electricity and HVAC, and may contain a habitable space, but shall not contain kitchen facilities. Any related occupancy permit shall so state.

d. A detached carport that meets the side and rear setback requirements for the dwelling may be connected to the dwelling by an enclosed ground level walkway or an elevated bridgeway to a second floor. If the walkway or bridgeway exceeds six (6) feet in width, the carport shall be deemed an attached carport.

e. A detached carport that meets the rear and side setback requirements for the dwelling may contain an attic and such attic may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

f. An open air kitchen may be attached to an outside wall of a carport, so long as it is not visible to the public from the street of address.

Proposed Revisions to the Habitability Ordinance Comments

Clarification Requests:

1. **A detached garage or carport can only have thirty-five (35) percent of the square-footage below of habitable space in the attic.** Based on the minimum square-footage for a garage at 400 square feet, and the maximum is 1400 square feet. At the lower end, most garages and detached carports would not be large enough to have an attic space that has enough space for living. This requirement would push most livable spaces above the garage or carport into the definition of a second story, which could have attic space (creating a taller building). The least objectionable habitable square-footage would be located in the roofline of a detached garage or carport as it would not require a complete second story.

e. A detached garage that meets the rear and side setback requirements for the dwelling may contain an attic and such attic may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

...

e. A detached carport that meets the rear and side setback requirements for the dwelling may contain an attic and such attic may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

2. **Detached garages and habitable space.** This section reads that you are not able to have habitable space on the first floor of a garage. By having all the utilities within a space by definition would make it habitable. A lot of City's use the definition of "Guest Quarters" to specifically remove kitchens from habitable spaces outside of the main dwelling (See the below example definition of guest quarters).

02:H-01 Habitable space: "Habitable space" shall mean a space that meets the requirements of the City Building Codes for some living purpose such as sleeping, cooking, or dining but does not constitute a dwelling unit. Such places as closets, pantries, bath or toilet rooms, hallways, laundries, storage spaces, utility rooms and similar places shall not be considered habitable spaces for purposes of these ordinances.

...

11:04.05 Detached: a. A detached garage that does not meet the setback requirements for the dwelling shall not exceed one (1) story. The space above the ground floor shall not have provisions for any utilities except electricity. The ground floor may have provisions for water, waste, electricity and HVAC but shall not include a habitable space. Any related occupancy permit shall so state.

...

c. A detached garage that meets the side and rear setback requirements for the dwelling may contain a second story. Both stories may have provisions for water, waste, electricity and HVAC. The first story shall not include any habitable space. The second story may contain a habitable space, but shall not contain kitchen facilities. Any related occupancy permit shall so state.

Example of Guest Quarters Definition:

Guest quarters means an attached or detached building or secondary living area of residential use that provides living quarters for guests of the occupants of the principal residence, and:

- (1) Contains no kitchen or cooking facility;
- (2) Is clearly subordinate and incidental to the principal residence on the same building site; and
- (3) Is not rented or leased, whether compensation be direct or indirect.

3. **As mentioned, an “enclosed walkway” is permitted for connection to an accessory building and carport with compliant setbacks as long as it is six foot in width or under. Can this enclosed walkway be conditioned space?**

b. An accessory building that meets the side and rear setback requirements for the dwelling may be connected to the dwelling by an enclosed ground level walkway or an elevated bridgeway to a second floor. If the walkway or bridgeway exceeds six (6) feet in width, the building shall be deemed part of the dwelling.

...

d. A detached carport that meets the side and rear setback requirements for the dwelling may be connected to the dwelling by an enclosed ground level walkway or an elevated bridgeway to a second floor. If the walkway or bridgeway exceeds six (6) feet in width, the carport shall be deemed an attached carport.

4. **Habitable space can be above an attached carport can be up to 35% of the roofline. Does this mean the square-footage of the first story, including the home and carport can be as much as 35% of this roofline space?**

b. An attached carport may contain one (1) or more habitable spaces within the attic volume created by the roofline. The habitable space thus created may not exceed thirty-five (35) percent of the square footage of the story below.

- 5. Open-air kitchens are usually under patio covers in the backyard, not under a carport. I would suggest moving this as a general comment in the zoning ordinance. “An open air kitchen may be located within a single-family residential property as long as it is not visible from the front yard of a dwelling”.**

f. An open air kitchen may be attached to an outside wall of a carport, so long as it is not visible to the public from the street of address.

Minor Corrections:

- 1) **Add the spelled out three in the definition of “garage” to be consistent with other definitions.**


02:G-01 Garage: “Garage” shall mean a building or portion of a building that has **three (3)** walls and a door and is designed for the main purpose of storing the residents’ vehicles.

- 2) **Remove the word some from the definition of habitable space and add a ‘s’ to purpose.**

02:H-01 Habitable space: “Habitable space” shall mean a space that meets the requirements of the City Building Codes for **some** living purposes, such as sleeping, cooking, or dining but does not constitute a dwelling unit. Such places as closets, pantries, bath or toilet rooms, hallways, laundries, storage spaces, utility rooms and similar places shall not be considered habitable spaces for purposes of these ordinances.

- 1. Modify detached carport to have utilities except for electricity and a hose bib.**

11:14.03 Detached carport: a. A detached carport that does not meet the rear setback requirements for the dwelling shall not exceed one (1) story and shall not have provisions for any utilities except electricity **and a** hose bib.

A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Total Number of YTD Incidents 2021			Life Threatening (LT) EMS Incidents				Life Threatening (LT) Fire Incidents						
		Fire	EMS	Total	# LT EMS	Natl Stand. 6:30 1st Resp. Time	of 90%	Natl. Stand 10:30 ALS Resp Time	of 90%	# LT Fire	Natl Stand. 6:50 Response Time	of 90%	% of 2021 Calls are:		Fire Alarms
Bunker Hill Village	70	25	95	11	3:04	100%	7:13	100%	1	3:25	100%	74%	26%	27	39%
Hedwig Village	38	36	74	18	3:21	100%	3:21	100%	6	3:26	100%	51%	49%	6	16%
Hilshire Village	9	11	20	5	3:13	100%	2:59	100%	0		100%	45%	55%	3	0%
Hunters Creek Village	88	43	131	18	3:14	100%	5:33	100%	9	4:18	100%	67%	33%	43	49%
Piney Point Village	67	38	105	15	3:59	100%	5:06	100%	5	5:46	100%	64%	36%	29	43%
Spring Valley Village	57	27	84	12	2:29	100%	4:18	100%	3	2:03	100%	68%	32%	15	26%
Houston	24	0	24												
Totals	353	180	533	79	3:13	100%	4:45	100%	24	3:47	100%	66%	34%	123	29%

Notes: ALL Response Time categories include from the receipt of the call at the Primary Dispatch to arrival on location of the responding units.

Column 1: Reflects the cities listed within the chart.

Column 2: Reflects the year to date number of "fire" type calls within each jurisdiction. Includes: fires, vehicle collisions, gas leaks, rescues, tree in roadways, and others.

Column 3: Reflects the year to date number of "EMS" calls within each jurisdiction.

Column 4: Reflects the year to date, total number of all calls within each jurisdiction.

Column 5: Reflects the year to date, number of "life threatening EMS" calls within each jurisdiction. Includes: heart attacks, strokes, seizures, cardiac arrest, seizures and others.

Column 6, Row A: Reflects the "National Standard for total response time for life threatening EMS Calls of 6 minutes 30 seconds.

Column 6: Reflects the year to date, first responder's response times for each jurisdiction.

Column 7, Row A, Reflects the National Standard of the percentage of calls which the national standard should be met: 90%

Column 7: Reflects the year to date, percentage of calls which the national standard is met during life threatening EMS calls.

Column 8 Row A: Reflects the National Standard for total response time for life threatening EMS calls for arrival of Advanced Life Support Equipment and Personnel: 10 minutes 30 seconds.

Column 8: Reflects the year to date, Advanced Life Support equipment and personnel response time for life threatening calls within each jurisdiction.

Column 9 Row A, Reflects the National Standard of the percentage of calls which the ALS standard should be met: 90%

Column 9: Reflects the year to date, percentage of calls, which the national standards is met of ALS response for each jurisdiction.

Column 10: Reflects the year to date, number of life threatening "Fire Type" calls within each jurisdiction.

Column 11: Reflects the year to date, average total response time to fire type calls within each jurisdiction.

Column 12: Reflects the year to date, percentage of life threatening fire type calls which meet or exceed the National Standard.

Column 13: Reflects the year to date, percentage of calls which our "fire type" calls.

Column 14: Reflects the year to date, percentage of call which our "EMS" calls.

Column 15: Reflects the year to date number of Fire Alarms within each jurisdiction.

Column 16: Reflects the percentage of fire type calls which are fire alarms.

CITY OF HILSHIRE VILLAGE
COMPLAINT FORM

Date Notified	Person Taking Call	Resident Reporting Problem	Complaint/Issue	Address of Concern	Action	Results	Date Resolved
3/8/19	Susan Blevins	Alan Wolfe	The street sign at the intersection of Pine Chase Dr. and Pine Chase Grove on the West side of the street has been damaged.	Pine Chase Dr & Pine Chase Grove intersection	We will need to order a new pole.	Contractor will weld extension on to existing pole underground. Purchase order has been issued. Sent contractor email asking for work to be done ASAP. Contractor has started scheduling jobs again and we are on their list. Contractor was unresponsive, HDR Engineering is taking over the project.	
12/12/19	Cassie Stephens	Ana Short	The yield and street sign have not been replaced at the intersection yet. There is jagged metal sticking out of the ground and two holes that someone almost fell into this weekend. She said they have been putting boards and plywood over the area but the trash crew keeps collecting it. She is worried because she is liable for injuries on her property and is asking for the holes to be filled and remaining metal sticking up from the ground be removed.	Pine Chase Grove Intersection	Contractor will weld extension on to existing pole underground. Susan placed a City cone over the metal and holes. Placed an order with the vendor to install.	Purchase order has been issued. Requested contractor to start as soon as possible. Contractor has started scheduling jobs again and we are on their list. Contractor was unresponsive, HDR Engineering is taking over the project.	
2/11/20	Cassie Stephens	Javier - HDR Engineering	Illegal parking pad installed without permit.	8210 Burkhart	Emailed property owner with sections of ordinance in violation. Asked for plan to achieve compliance.	Property owner said he would have the rocks removed from the ditch but wants to seek a variance for the parking pad considering the existing terrain and material choices. Susan will discuss with council.	
9/23/20	Susan Blevins	Yvonne Andrews	Guardrail on Westview was damaged by a vehicle a while back.	Westview, in front of 8399	Cassie submitted a 311 request to Houston, service request number is 101004293652	Received response that they do not operate in Hilshire Village, Cassie sent back that it is Houston's right-of-way. Case was escalated after email response from Cassie that Houston is responsible for the area. Case was closed stating no safety hazard found, did not find any type of damage to the permanent barricade over the crosswalk sidewalk at the location. Susan requested that a supervisor call her to discuss. Houston is unresponsive, Cassie will re-submit the request and try to get a supervisor.	

CITY OF HILSHIRE VILLAGE
COMPLAINT FORM

Date Notified	Person Taking Call	Resident Reporting Problem	Complaint/Issue	Address of Concern	Action	Results	Date Resolved
2/2/21	Cassie Stephens	Deborah Luik	Rear neighbors were having a party in the backyard with loud music and yelling profanities. She measured the volume level through an app on her phone but found no ordinance for Hilshire Village defining what level was acceptable. She is suggesting that a basic ordinance be adopted before it becomes a problem.	1 Pine Creek Ln	Cassie said she would research the two ordinances that the homeowner had found, City of Houston and recently City of Bunker Hill and present to Council.		
2/15/21	Cassie Stephens	Sushanta Ghosh	(voicemail) electricity is out, asking when it will be restored.	7922 Hilshire Green	Susan was unable to get a response on utility reconnections.	Electricity was restored.	2/22/2021
2/16/21	Cassie Stephens	Kevin Madden	(voicemail) electricity is out, asking when it will be restored.	1209 Pine Chase	Susan was unable to get a response on utility reconnections.	Electricity was restored.	2/22/2021
2/16/21	Cassie Stephens	Ann Baumgartner	(voicemail) Electricity has been restored, asking about water status.	1015 Ridgeley	Susan was unable to get a response on utility reconnections.	Water service was restored.	2/22/2021
2/17/21	Cassie Stephens	Lamar McCorkle	Asking for his water to be shut off at the street.	1321 Glourie	Susan sent Inframark technician.	Line was closed.	2/17/2021
2/18/21	Cassie Stephens	Hal Green	He is disappointed with the water service disruption. Inframark is not answering customer service number.	1249 Archley Dr	Susan was unable to get a response on utility reconnections.	Water service was restored.	2/22/2021
2/18/21	Cassie Stephens	Judy Buchanan	Has been calling Inframark to turn off the water but gets no answer.	2 Hickory Shadows	Susan was unable to get a response on utility reconnections.	Water service was restored.	2/22/2021
2/21/21	Cassie Stephens	Joe Carrabba	Checking on water status.	20 Hickory Shadows	Susan was unable to get a response on utility reconnections.	Water service was restored.	2/22/2021
2/21/21	Cassie Stephens	Jaehne	Sewage is backing up in their lines and commodes aren't working.	17 Hickory Shadows	Inframark had line jetted	blockage was cleared	2/21/2021
2/22/21	Susan Blevins	Stuber	They still have low water pressure.	7 Hickory Shadows	Inframark technician Mickayla was asked to investigate 2/23.	problems was not city's	2/22/2021
2/22/21	Susan Blevins	Sushanta Ghosh	After trash pickup there were two piles of debris with glass pieces and nails. She picked it all up.	7922 Hilshire Green	Susan notified WCA.	asked WCA to be careful	2/22/2021
2/22/21	Cassie Stephens	Alex Martinez	Two mattresses were dumped in the creek and he is worried about the upcoming rain and water flow blockage.	Spring Branch Creek near Pech bridge	Susan asked Spring Valley to see if they can take the mattresses out.	Spring Valley public works removed	2/23/2021
2/22/21	Cassie Stephens	Tommy Chmores	Water leak @ Mennonite Church	1231 Wirt	Houston 311 Tickets 101004565960 & 101004575364 have been opened.	Repairs have been made by City of Houston	3/8/2021
2/22/21	Susan Blevins	Tommy Chmores	Meter boxes have two meters in them, he was trying to cut off the meter for #6 and couldn't find it.	7 Hilshire Grove	Susan called Inframark out. He told the Inframark tech that he couldn't find it, the tech said it was turned sideways.	Inframark addressed	2/23/2021
2/22/21	Cassie Stephens	Cynthia Essmyer	She is only getting water from some of her taps and believes there are no more leaks in the house.	1122 Glourie Drive	Cassie asked Inframark to investigate the meter and city side.	City side was working	2/23/2021
2/22/21	Cassie Stephens	Russ Bourquein	Wanted to know if he increases the pressure at the street is it ok to run the dishwasher or washing machine.	1327 Glourie Dr	I advised we are still under boil notice but he should have pressure.	Water service was restored.	2/23/2021

CITY OF HILSHIRE VILLAGE
COMPLAINT FORM

Date Notified	Person Taking Call	Resident Reporting Problem	Complaint/Issue	Address of Concern	Action	Results	Date Resolved
2/22/21	Cassie Stephens	Lisa Ferchau	Asked if they are pulling diapers from the lift station again. She said another letter needs to be sent to the residents not to flush their adult diapers.	Ridgeley Lift Station	Cassie said she was unsure but Inframark would inform of the issue.	Inframark did not see an abundance of diapers	2/23/2021
2/23/21	Cassie Stephens	Nancy Friedman	Garbage was not collected yesterday	1313 Pine Chase	Cassie sent an email to WCA asking to make sure they pick up this address on Thursday.	called	2/23/2021
2/23/21	Susan Blevins	Mike Gordy	Plumbers parked their trucks blocking the road and intersection access.	Ridgeley & Wirt	Cassie sent an email to the homeowner.	Susan call SVPD and the addressed	2/24/2021
2/24/21	Cassie Stephens	Tom Steffen	Meter box lid is missing.	1233 Ridgeley Dr	Cassie asked Inframark technician Mickayla to check it out.	new lid installed	2/26/2021
2/24/21	Susan Blevins	Christy Naponic	Strong sewage smells coming from the bathroom, asked for Inframark to check their sewer line.	22 Hickory Shadows	Susan scheduled Inframark technician for 2/25 morning.	Technician suggested flushing and cleaning with disinfectant to clear out residual backup. 2/26 Homeowner called again, smell is no better and is in half the house now. Inframark technician Mickayla responded and discovered a dead animal smell, not sewage. Homeowner is locating a pest control company to remove it.	2/26/2021
2/24/21	Cassie Stephens	Cassie Stephens	Pile of debris and trash bags in front of the house from the effects of the recent winter storm.	1003 Ridgeley	Cassie sent an email to the owner advising of the bulk trash rules and that not all of it will be removed at one time because of the volume. WCA indicated that they were having a meeting to discuss bulk trash pickup. Also informed that a plumbing repair permit will be needed if significant repairs needed.	Owner's father responded that they are working on getting all of the wet things out of the house and currently the water is shut off. He said they will bundle the items as requested. They have not had a plumber make repairs yet but will contact the office when they do. Garbage was removed by WCA.	2/25/2021
2/25/21	Cassie Stephens	David Hay	Worried that his garbage was skipped, he saw the truck come through.	13 Hilshire Grove	Cassie advised he may have seen the recycling truck, but will send a message regardless.	Cassie sent an email to Luis asking him to make sure the garbage bags get picked up.	2/25/2021
2/26/21	Cassie Stephens	Dwight Riley	His neighbor's generator has been cycling on and off disturbing his sleep. He called SVPD who said they can ask the neighbor about reducing the noise but there is no ordinance against it.	1118 Glourie Dr	Mr. Riley also sent a certified letter to the Mayor received at City Hall 3/3/21.	Susan spoke to the Building Official he said it would be too costly to do the things Mr. Riley suggested. It would be up to council.	
2/27/21	Susan Blevins	Ann Arp	Water line broke	Between 1027 Ridgeley and Hickory Shadows	Inframark scheduled to make emergency repair	Repairs made.	2/27/2021
3/3/21	Cassie Stephens	Sandra Parker	They still have low water pressure.	1302 Pine Chase	Cassie asked Inframark technician to investigate shut off valve and meter.	City's side is normal	3/3/2021
3/3/21	Cassie Stephens	Cynthia Essmyer	Asked if the water is potable, she still has some repairs to make but wasn't sure of the status.	1122 Glourie Drive	Advised she can drink the water but should clean out her faucets first.	boil water notice was lifted	3/3/2021

CITY OF HILSHIRE VILLAGE
COMPLAINT FORM

Date Notified	Person Taking Call	Resident Reporting Problem	Complaint/Issue	Address of Concern	Action	Results	Date Resolved
3/8/21	Cassie Stephens	Suzanne Tacconnelly	Street light is out on Pine Chase.	8013 Anadell	Cassie reported pole #297564 to CenterPoint for repairs. Tracking number 1405240362	CenterPoint completed the repairs and closed the service ticket.	3/11/2021
3/9/21	Susan Blevins	Inframark	Fire hydant at 1257 Archley was leaking	1257 Archley Dr.	Inframarn decomissioned fire hydrant Susan called Fire Department	Inframark supervisor is checking the fire hydrant since this is the second time leaks have been reported	
3/10/21	Cassie Stephens	Cheryl Wolfe	Construction site has standing water in the temporary ditch and the connection to the fire hydrant is leaking.	1330 Glourie	Cassie asked Mickayla with Inframark to investigate.	Mickayla found a small leak either underground or at a valve. In order to repair she would have to shut the hydrant off but that would terminate service to the construction site. Cassie advised that the permanent meter should be installed next week and we will have the repairs made.	



Regular Council Meeting **AMENDED**

Minutes

Thursday, February 25, 2021 at 6:30 PM

Rescheduled from February 16, 2021

8301 Westview Drive, Houston, Texas 77055

In accordance with the order of the Office of the Governor issued on March 16, 2020, as amended, this meeting was conducted via telephonic conference.

1. **CALL TO ORDER**

Mayor Herron called the City of Hilshire Village Regular Council Meeting to order at 6:32 P.M.

1.A. **Pledge of Allegiance**

1.B. **Invocation** was given by Council Member Maddock.

1.C. **Present were:** Mayor Herron, Mayor Pro Tem Maddock, Council Member Byrne, Council Member Carey, Council Member Schwarz. Also present were Captain Schulze, City Engineer Him, Building Official Taylor, Deputy City Building Official DuVall, City Attorney Bounds and Katie Rutherford with Olson & Olson. Council Member Gordy was tardy.

2. **CITIZEN'S COMMENTS:** None

3. **REPORTS TO COUNCIL**

3.A. **Police Report:** Captain Schulze said there were 211 calls for service in the month of January, and of those two (2) were traffic violations.

Captain Schulze stated there was an aggravated robbery in the 1200 block of Wirt Road. He said that the incident is currently under investigation and the suspects have been identified. Captain Schulze stated that the suspects are involved in a juvenile gang and have been charged with the robbery among other charges from multiple enforcement agencies. He said the juveniles were released to their parents until their court trial and currently live in the Spring Branch neighborhood. Council Member Carey asked if the suspects have committed any acts of violence or just property damage. Captain Schulze said they have multiple charges with multiple enforcement agencies.

Captain Schulze said in the month of January, 14 parking violation tickets were written with three (3) of those being in the 1000 block of Ridgeley. He stated that so far this month there have been three (3) warnings issued but no tickets at this time.

Captain Schulze said the winter storm caused 41 calls for service in Hilshire Village alone. He said most of the calls were welfare checks on elderly and disabled citizens and for help with shutting off individual water systems. City Administrator

Blevins thanked Captain Schulze and the department for responding to calls while Inframark was unable to access the area due to road conditions.

Captain Schulze announced that officer Justin Lane was promoted from Lieutenant to Captain and will take over reporting during city council meetings. He also said there was a new officer on patrol.

- 3.B. Building Official's Report:** Deputy Building Official DuVall said emergency minor plumbing repairs due to the winter storm can be made without a permit. He said if an entire system re-pipe is needed then a permit will be required.
- 3.C. Engineer's Report:** Engineer Him stated that drainage plan reviews continue for several construction projects. He said there were two (2) properties on Mallie Court where the owners are requesting information for erosion control improvements. Engineer Him stated that the City and Harris County Flood Control will review the plans and coordinate inspections if approved.

Engineer Him said he has reviewed the agreement for the Verizon Small Cell Nodes & MCIMetro Conduit Plans and Permits. He stated that a field meeting has been scheduled.

Amended Item – Possible need for an emergency generator at the lift station on Ridgeley Drive.

Administrator Blevins said the power to the lift station was interrupted during the recent winter storm and the level became high enough to warrant the need for a sump truck. She said the charges for the truck is substantial and recurring every time power is lost for a lengthy amount of time. Administrator Blevins proposed an emergency backup generator or quick-connection to allow for a portable generator to power the lift station during outages.

Engineer Him said the lift station's power was able to be restored before the situation became too serious. He said there is not enough room in the area of the lift station for a generator. Engineer Him said there are two (2) options for temporary power: purchase, store and maintain a portable generator at City Hall or contract with a company to deliver and connect a generator to the lift station prior to possible outages.

Council Member Carey raised concerns about the logistics to tow the generator to the lift station. Engineer Him said Inframark could tow it to the lift station using a service truck.

Council Member Gordy asked how much power the lift station needs from the generator. Engineer Him responded that it would be similar to the generator size installed at the city office. Council Member Gordy said a small generator might fit in the area, possibly on a stand with footings. He said a portable generator would require someone to pick it up from city hall, fuel it, tow it and connect it which may present problems during significant natural disaster events. Engineer Him said there was enough of a warning notice on the freeze where Inframark could have prepared the generator in place a few days beforehand. Council Member Gordy said he would like to explore options for a small generator to be installed in the lift station area as opposed to a portable option.

Engineer Him said he would suggest natural gas for a permanent generator instead of using diesel fuel. Council Member Gordy said natural gas was a better option for

reliability. He said even though there was a shortage during the winter storm he did not run out at his house.

4. DISCUSSION AND POSSIBLE ACTION

4.A. Resolution Number 2021-211

Mayor Pro Tem Maddock made a motion to approve the City of Hilshire Village Resolution 2021-211 authorizing the Mayor to execute, and the City Secretary to attest respectively, a Concealed Network Node Deployment Agreement with GTE Mobilnet of South Texas, LP D.B.A. Verizon Wireless for the installation of certain network nodes and related equipment subject to the city's Right-of-Way Management Ordinance, seconded by Council Member Gordy.

Katie Rutherford, Olson & Olson, said a couple years ago the FCC and Federal Regulations were revised in an effort to provide better service coverage and make way for new technology. She said this gave telecommunications providers unbridled access to city's rights-of-way. She said the agreement presented to the Council is to work with those providers to get an idea of where the 5G network nodes will be located, and to facilitate approval and authorization of the design and location of new poles.

Jackie Parker, Manager, RE/Regulatory Network with Verizon Wireless, said the plan for Hilshire Village includes four (4) cell nodes. She stated that three (3) of those locations are existing CenterPoint Energy poles, and the remaining will be a new concealed pole. Ms. Parker said at this time all locations will be installed to densify the 5G network.

Mayor Herron asked if the term "ground furniture" means the box and equipment installed on the ground near the poles. Ms. Parker confirmed and further stated that the three (3) co-locations that require ground furniture will have shrubbery installed to help hide the equipment. The ground furniture stands 43.5 inches tall, 24 inches wide and 14 inches deep and can be painted. Council Member Byrne asked if the homeowner will be responsible for maintaining the shrubbery hiding the ground furniture. Ms. Parker said they will provide the shrubbery but maintenance would be either the City or homeowner's responsibility.

Council Member Gordy said the proposed location of the concealed pole should be place in a location that would avoid being near large trees and nearby parking areas. He said other poles are installed further back near the property line. Council Member Byrne said the pole is too close to the roadway and asked if any barrier will be installed to protect the pole. Ms. Parker said they have not had issues in the past but will review the location for better placement options. Council Member Gordy said Mr. Hermes, the homeowner of 1205 Archley Drive, should also be consulted on the location. Engineer Him said he suggests that the pole be placed at least three (3) feet from the edge of the pavement to avoid vehicle accidents. He said there have been incidents with knocked over street signs in the city. Ms. Parker said they will revisit the site and coordinate with Administrator Blevins. **Sean Jackson, Verizon Wireless**, said they only have access to the public right-of-way and asked how far from the edge of the pavement does the right-of-way extend? Engineer Him was able to share his screen virtually and reviewed record drawings of the section of Archley Drive in question. He stated that he would send this information to the Verizon representatives.

Mayor Herron questioned if a city as small as Hilshire Village needs four (4) cell locations. Ms. Parker said that 5G doesn't travel very far so trees and homes affect the signal strength. She said some areas need more cells than others depending on the topography.

Council Member Byrne asked if other telecommunication carriers will benefit from these Verizon cells. Ms. Parker said that other providers will install their own equipment and poles under separate agreements. She said included in the agreement is language about spacing requirements to prevent poles from crowding an area. Mayor Herron said co-locations would mitigate the need for a lot of new pole installations. Ms. Parker said Verizon targets co-locations as a priority over installing new poles.

Mayor Herron said the streets on the east side of the city have a right-of-way that is built out. He asked if a pole might be installed there in the future and said it might be more complicated. Ms. Parker said at this time they only have plans for the four (4) proposed locations based on the need of extra capacity. She said the agreement is that they will continue to consult with the city for future projects.

Bill Bristow, 1233 Pine Chase Drive, said he sent the city an email expressing his concerns about attaching equipment to the top of the pole near his property. He said the pole has an electrical and telephone line that services his house and there is a gas meter that is near the base of the pole. Mr. Bristow stated that he is concerned that a lightning strike would cause his house to catch on fire and suggested a different location on Ridgeley Drive. He said he had a Pine tree that was struck by lightning and it arced to his house causing damage to appliances and the tree caught on fire.

Council Member Gordy asked if a ground rod is going to be installed for the ground wires that run up the pole. Ms. Parker said she is not familiar with the construction engineering but she will find out. City Administrator Blevins stated the City had the specs on the installation and Council Member Gordy said he but would like to make sure appropriate grounded was included.

A roll call vote was taken to approve the motion to approving the City of Hilshire Village Resolution 2021-211 authorizing the Mayor to execute, and the City Secretary to attest respectively, a Concealed Network Node Deployment Agreement with GTE Mobilnet of South Texas, LP D.B.A. Verizon Wireless for the installation of certain network nodes and related equipment subject to the city's Right-of-Way Management Ordinance.

Council Member Gordy – Aye

Council Member Byrne – Nay

Council Member Carey – Aye

Mayor Pro Tem Maddock – Aye

Council Member Schwarz – Aye

The motion passed 4-1.

4.B. Ordinance 806-2021

Mayor Pro Tem Maddock made a motion to approve the City of Hilshire Village Ordinance 806-2021 regarding Right of Way Fees, seconded by Council Member Gordy.

Katie Rutherford, Olson & Olson, said this ordinance updates the permit requirements and fees for all telecommunication providers should they choose not to form an agreement with the city. She said providers can choose to make an agreement or go through a permit process and pay the standard fees outlined in the Ordinance. Mayor Herron asked when the state law was implemented. Ms. Rutherford said the law was revised in 2017 in response to federal regulations and the Ordinance represents the state fees allowed per that revision.

A roll call vote was taken to approve the motion approving the City of Hilshire Village Ordinance 806-2021 regarding Right of Way Fees.

Council Member Gordy – Aye

Council Member Byrne – Abstained

Council Member Carey – Aye

Mayor Pro Tem Maddock – Aye

Council Member Schwarz – Aye

The motion passed 4-1.

4.C. Ordinance 805-2021

Mayor Pro Tem Maddock made a motion to approve the City of Hilshire Village Ordinance 805-2021 approving Budget Amendment # 1 for FYE 2020, seconded by David Schwarz.

Administrator Blevins said this Ordinance balances the budget in order to close out the most recent fiscal year audit. She said the transfers were between general fund accounts and no additional funds were needed.

Administrator Blevins said the largest overage is the ledger account for engineering services. She said the City Hall repairs have been put on hold and there was no Village Independence Day Festival last year. Administrator Blevins said there was no election and contingency funds were not used. Additionally, she stated that insurance and education costs were down.

A vote was taken to approve the motion approving the City of Hilshire Village Ordinance 805-2021 approving Budget Amendment # 1 for FYE 2020.

The motion passed unanimously.

4.D. Alternate Board of Adjustment Member

Council Member Gordy made a motion to discuss the Alternate Board of Adjustment position, seconded by Council Member Carey.

Administrator Blevins said the Council appointed one (1) of the previous applicants to Board of Adjustment positions and had considered two other applicants, Justin Crawford and Cali Schwarz. She said Cali Schwarz confirmed she was interested in the open alternate position.

Council Member Carey said he spoke with applicant Justin Crawford who was appointed to the Hilshire Village Cultural Education and Finance Facilities Corporation and therefore supported Cali Schwarz to fill the position.

Council Member Gordy amended his motion to approve Cali Schwarz as the Alternate Board of Adjustment Member.

A vote was taken to approve the amended motion approving Cali Schwarz as the Alternate Board of Adjustment Member.

The motion passed 4-1. Council Member Schwarz abstained from voting.

4.F. OUT OF ORDER Amended Item - Resolution Number 2021-212

Mayor Pro Tem Maddock made a motion to approve the Board of Directors for the HVCEFFC and HVHEFFC for a two (2) year term, seconded by Council Member Byrne.

Administrator Blevins stated that the Council recently voted in members Marcus Dotson and Justin Crawford and now needs to vote for the remaining committee members, Wes Shields, Mike Appling and David Schwarz, for a two-year term.

A vote was taken to approve the motion approving the Board of Directors for the HVCEFFC and HVHEFFC for a two (2) year term.

The motion passed unanimously.

4.E. Amended Item - Ordinance 807-2021

Administrator Blevins asked for a motion to include correction of Council Member Schwarz's position from position two (2) to position five (5).

Mayor Pro Tem Maddock made a motion to approve the City of Hilshire Village Ordinance 807-2021 cancelling the May 1, 2021 Election, with the correction of Council Member Schwarz's position to be position five, seconded by Council Member Byrne.

A vote was taken to approve the motion approving the City of Hilshire Village Ordinance 807-2021 cancelling the May 1, 2021 Election with the correction of Council Member Schwarz's position.

The motion passed unanimously.

5. CLOSED EXECUTIVE SESSION: Council did not convene into executive session.

6. DISCUSSION: None

7. REPORTS TO COUNCIL

7.A. Zoning Committee Report: Mayor Herron said the Planning and Zoning Committee has been working on recommendations for changes to the Habitability Ordinance. He stated that the Committee is also working on reconciling the language to distinguish between restoration and renovation. Mayor Herron said he believes that what has been prepared is in line with the conversations that the Council has had.

7.B. Fire Commissioner's Report: Commissioner Byrne stated that the Fire Station Renovation Project is dealing with discovery issues with plumbing and slab work. He said the north wall suffered water damage and needs replacement. He stated

that there is a plumbing issue with the way water drains from the remodeled bathroom and is affecting the dispatch office. Commissioner Byrne said the contingency fund will be used for repair items.

Commissioner Byrne said the housing and office trailers were without water and power for several days and the ladder truck was damaged during the winter storm. He said a replacement ladder truck is on its way from Alabama and the damaged truck is being used as a pumper until it can go for repairs. Commissioner Byrne said some of the other vehicles had damages to valves.

Council Member Gordy asked if the Fire Department has a plan for supply of food and water for future events that may last a week or more. Commissioner Byrne said that topic was brought up in the commission meeting last night and the Fire Chief is going to develop a plan with the department staff.

Commissioner Byrne said that he and Mayor Pro Tem Maddock have a candidate for the Alternate Fire Commissioner position but are waiting on confirmation from the candidate about their time availability.

- 7.C. Mayor Herron's Report:** Mayor Herron thanked Council Member Byrne for his time helping the Village Fire Department during the winter storm. He also thanked Council Member Gordy for preparing the pipes at City Hall prior to the freeze. Mayor Herron acknowledged City Administrator Blevins for being vigilant and keeping citizens updated while she was dealing with her own power and water outage.

Council Member Gordy said he went to the four (4) backflow preventers and found that one (1) of the valves did not have water or pressure. Engineer Him asked if this was observed during the freeze or after the ice melted and which location was not working. Council Member Gordy stated that when the water pressure started coming back, he checked them and only one (1) did not release water when he opened the valve. He said the backflow preventer at the end of Pine Chase is the one that did not have water pressure. Engineer Him said the backflow preventers are tested annually, but the City can call the company to check for issues. He also said that the source of water for that location is different from the rest of the city's distribution system and may have been affected by City of Houston losing surface water pressure.

Mayor Herron said he has heard from citizens that when water service was restored after the freeze their pressure was better than it has ever been. He said this may be in part due to the fact that there are still homes in the City with the water service turned off. Administrator Blevins said she spoke with the City of Houston Public Works who said they cannot guarantee that the increased pressure will continue but will bring it up with other department officials.

Council Member Gordy said while he was preparing City Hall before the freeze, he noticed that the exterior lights stay on all day and said we need to find out why. Mayor Herron said the lights should be on a photocell trigger. Council Member Byrne said the light to the flag pole has been on for over a year. Administrator Blevins said both lights will be investigated.

- 7.D. City Administrator's Report:** Administrator Blevins stated that there were a lot of calls regarding power and water outages from the winter storm on the Complaint & Issues Report. She said she had trouble working with the City of Houston Public Works Department because they did not recognize Hilshire Village as a customer.

Administrator Blevins stated that she escalated her calls for assistance to upper management and was able to get in contact with someone to help. She said they are now aware that management needs to assist with contracted entities when public works is busy with City of Houston problems. She also stated that Hilshire Village has been added to contact groups for future events.

Administrator Blevins said Hickory Shadows experienced sewer problems after the storm. She said Inframark had the lines pressure cleaned but there is still a smell and it is being investigated.

Administrator Blevins said the computers for the Council are waiting on Microsoft to correct the City's accounts. The City was placed in a commercial cloud instead of the government cloud.

Administrator Blevins said the Fiscal Year End 2020 Audit is almost complete. She said the Ordinance passed earlier in this meeting is one of the last steps.

Council Member Byrne asked if the homeowner of a tree in question on Anadell Street was informed of the City Arborist's findings. Administrator Blevins answered yes, the report was given to them. Council Member Byrne also asked about the complaint regarding a Noise Ordinance for the city and asked for comparisons of the other cities.

Administrator Blevins said the Portable Storage Container Ordinance provides that the City Administrator can allow the permit to extend up to thirty days in the case of an emergency or disaster. She said she anticipates that a lot of these containers will be needed.

7.E. Treasurer's Report: Report was provided to the Council. There were no comments or questions.

8. CONSENT AGENDA

8.A. Disbursements

8.B. Minutes from the Regular Council Meeting, January 19, 2021

8.C. Check Register for January 2021

8.D. FYE 2021 1st Quarter Investment Report

Mayor Pro Tem Maddock made a motion to approve the Consent Agenda as presented to Council, seconded by Council Member Byrne.

A vote was taken to approve the motion to approve the Consent Agenda as presented to Council.

The motion passed unanimously.

9. ADDITIONAL COUNCIL COMMENTS: Council Member Schwarz said he is interested in increasing the street lighting in the City. He stated that it would benefit the safety of citizens and help to reduce petty crimes. Mayor Pro Tem Maddock said more lighting could be used particularly at the north end of Glourie and the south curve of Ridgeley Drive. Mayor Herron asked if there is an existing power pole in those areas that CenterPoint can add a light to. Council Member Schwarz said he would also like to discuss changing the bulbs to LED. Mayor Herron said Spring Valley did a big project of installing antique style LED lights. He said he asked citizens of their opinions and has received mixed results. Council Member Byrne stated that he would like to see a questionnaire go out to Hilshire

Village citizens to gauge their preferences and opinions. Council Member Gordy said citizen cooperation is important but safety should be considered first. He said public safety is more important than a homeowner being offended about lighting in their area. Council Member Gordy also suggested seeking a grant or incentive to update the lighting to LED. He said if decorative poles with lights are installed then the City will have to pay those bills and maintain the equipment. City Administrator Blevins said she would research funding opportunities and Council Member Schwarz offered to assist. Mayor Herron stated that congruent research can be done to determine the dangerous areas that need additional lighting as well as conducting a survey of citizen interest for a more comprehensive street lighting plan.

Council Member Schwarz said he was reviewing other city websites and noticed that they have posted photos of the Councilmembers and Mayor and suggested that Hilshire Village do the same. Council agreed that a uniform photo style would be better.

10. **FUTURE AGENDA TOPICS: Sidewalk on Wirt Road:** Mayor Herron suggested that Council Members walk the west side of Wirt Road where the previously requested sidewalk would be installed in order to experience what it would feel like near the traffic. Mayor Pro Tem Maddock said it would be even worse walking a dog.

11. **ANNOUNCEMENTS:**

12. **ADJOURNMENT:**

Mayor Pro Tem Maddock made a motion to adjourn the meeting, seconded by Council Member Byrne.

A vote was taken to approve the motion to adjourn the meeting.

The motion passed unanimously.

The meeting was adjourned at 8:43 P.M.

Russell Herron, Mayor

ATTEST:

Susan Blevins, City Secretary

CITY OF HILSHIRE VILLAGE
Check Register
 For the Period From Feb 1, 2021 to Feb 28, 2021

Filter Criteria includes: Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
8426	2/1/21	Waste Corporation of Tex	11114	6,799.59
8427	2/1/21	Villages Mutual Insurance	11114	4,841.87
8428	2/1/21	Village Fire Department	11114	17,403.29
8429	2/5/21	Salt Grass Chapter	11114	140.00
8430	2/24/21	Hudson Energy Services L	11114	479.92
8431	2/24/21	Sanchez Landscaping	11114	350.00
8432	2/26/21	HDR	11114	5,112.88
8433	2/26/21	Olson & Olson, Attys at L	11114	1,973.50
8434	2/26/21	BBG Consulting	11114	2,750.00
8435	2/26/21	Municipal Code Corporati	11114	1,195.00
8436	2/26/21	Amegy Bank	11114	526.60
ACH 02-01-21	2/1/21	Sprg.Valley GenFund- Pol	11114	43,502.50
ACH 02-15-21	2/15/21	Susan N. Blevins	11114	3,013.07
ACH 02-24-21	2/24/21	Centerpoint-Energy	11114	48.35
ACH 02-24-21-1	2/24/21	A T & T	11114	87.95
ACH 02-25-21	2/25/21	Harris County Appraisal	11114	2,753.00
ACH 02-26-21	2/25/21	Susan N. Blevins	11114	3,013.07
ACH 02-26-21	2/26/21	Texas Municipal Retireme	11114	1,847.64
ACH 02-28-21	2/26/21	Cassandra L. Stephens	11114	1,476.42
ACH 02-28-21	2/28/21	Texas Municipal Retireme	11114	1,847.64
ACH1 02-15-21	2/15/21	Cassandra L. Stephens	11114	1,617.50
ANT NOTE 1047	2/24/21	The Independent Bankers	11117	141,077.25
ANT NOTE 1048	2/24/21	Amegy Bank	11117	199,396.82
ELECTRONIC 02-	2/26/21	Internal Revenue Service	11114	1,749.86
ELECTRONIC1 02	2/26/21	State Comptroller	11114	1,116.56
Total				<u>444,120.28</u>

CITY OF HILSHIRE VILLAGE - UTILITY FUND

Check Register

For the Period From Feb 1, 2021 to Feb 28, 2021

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
3965	2/1/21	Cityof Houston#7099-300	11012	11,351.46
3966	2/2/21	Brock Griffiths	11012	2,394.50
3967	2/9/21	Hudson Energy Services L	11012	20.94
3968	2/9/21	A T & T	11012	265.02
3969	2/9/21	Inframark, LLC	11012	1,777.84
3970	2/9/21	Finial Development & Con	11012	153.50
3971	2/9/21	Kathie Ong	11012	500.00
3972	2/24/21	City of Houston, Public W	11012	7,799.52
3973	2/26/21	HDR	11012	5,772.86
3974	2/26/21	Inframark, LLC	11012	7,353.58
3975	2/26/21	Texas Excavation Safety S	11012	17.10
3976	2/26/21	USIC Locating Services	11012	278.10
Total				<u>37,684.42</u>