

City of Hurst, Texas

Comprehensive Annual Financial Report

Year Ended September 30, 2020

Prepared by:

**City of Hurst, Texas
Finance Department**



City of Hurst, Texas
Table of Contents
Year Ended September 30, 2020

	<u>Page</u>
Introductory Section	
Letter of Transmittal.....	i
Organization Chart	vii
List of Principal Officials	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	ix
Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of Changes in Fund Balances of Governmental Funds to Change in Net Position in the Statement of Activities.....	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position – Fiduciary Fund	23
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	24
Notes to Basic Financial Statements.....	25

City of Hurst, Texas
Table of Contents
Year Ended September 30, 2020

	<u>Page</u>
<u>Required Supplementary Information</u>	
Schedule of Changes in The City’s Net Pension Liability and Related Ratios – TMRS	64
Schedule of City Contributions – TMRS.....	65
Schedule of Changes in The City’s Net OPEB Liability and Related Ratios.....	66
Schedule of City Contributions – OPEB	67
Schedule of Investment Returns – OPEB.....	68
Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual – GAAP Basis – General Fund.....	69
Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual – GAAP Basis – Major Special Revenue Funds	72
<u>Combining Statements and Individual Fund Schedules</u>	
Fund Descriptions.....	74
Comparative Balance Sheets – General Fund	76
Combining Balance Sheet – Nonmajor Governmental Funds.....	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	78
Combining Balance Sheet – Debt Service Funds	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds	80
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Funds	81
Combining Statement of Net Position – Internal Service Funds	84
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	85
Combining Statement of Cash Flows – Internal Service Funds	86

City of Hurst, Texas
Table of Contents
Year Ended September 30, 2020

Statistical Section

<u>Table</u>	<u>Page</u>
Table Descriptions.....	88
A-1 Net Position by Component.....	89
A-2 Changes in Net Position	90
A-3 Fund Balances – Governmental Funds	91
A-4 Changes in Fund Balances – Governmental Funds	92
A-5 Tax Revenues by Source – Governmental Funds.....	93
B-1 Appraised Value of Property	94
B-2 Direct and Overlapping Property Tax Rates – All Governments	95
B-3 Principal Property Tax Payers	96
B-4 Property Tax Levies and Collections.....	97
B-5 Sales Tax Sources by NAICS Code.....	98
B-6 Sales Tax Rate and Sales Tax Revenue	99
B-7 Principal Water Customers	100
C-1 Ratios of Outstanding Debt by Type	101
C-2 Ratios of Net General Bonded Debt to Assessed Value and Net Value Bonded Debt Per Capita	102
C-3 Direct and Overlapping Governmental Activities Debt	103
C-4 Legal Debt Margin Information.....	104
C-5 Pledged Revenue Coverage	105
D-1 Demographic and Economic Statistics	106
D-2 Principal Employers	107
E-1 Full-Time Equivalents City Government Employees by Function/Program.....	108
E-2 Operating Indicators by Function/Program	109
E-3 Capital Asset Statistics by Function/Program	110



Introductory Section





March 8, 2021

Honorable Mayor and City Council Members
City of Hurst
Hurst, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Hurst, Texas (City) for the fiscal year ended September 30, 2020 is attached. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in the report.

This document is organized as prescribed by Governmental Accounting Standards Board pronouncement #34 (GASB 34). Accounting standards require the inclusion of a narrative introduction and an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which is located immediately following the independent auditor's report.

The CAFR is presented in three parts comprised of the Introductory, Financial, and Statistical sections. The Introduction includes the transmittal letter, the City's organizational chart, and a list of principal officials. The Financial section includes the independent auditor's report, MD&A, basic financial statements, required supplementary information, and combining statements and individual fund schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In the future, the City will implement and incorporate new GASB pronouncements in the financial statements and notes according to their effective dates.

REPORTING ENTITY AND ITS SERVICES

The City of Hurst is located in north central Texas, in northeast Tarrant County, approximately nine miles from downtown Fort Worth and eighteen miles from downtown Dallas on SH-121, Airport Freeway (also known as the North Tarrant Express). Hurst's centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is fifteen minutes away from one of the World's busiest airports, D/FW International. The City has a total land area of 10 square miles and is 97% developed.

Voters adopted the City of Hurst Home Rule Charter on December 29, 1956. The City operates under a Council-Manager form of government with the City Council consisting of a Mayor and six Council members elected at-large. Henry Wilson, a long-tenured Council Member, was elected Mayor in 2018. Four of the six at-large Council members are newly elected since 2018 and they have provided a fresh perspective to the Council's deliberations. The Council is very supportive of staff, and they are open to receiving input from the public through surveys, town hall meetings and public hearings. The City's management team, in turn, executes the Council's policy directives to achieve their strategic vision. In 2013, Hurst's Council was named the Council of the Year by the Texas City Management Association. The values and professionalism that helped Council earn the award in 2013 are consistently practiced by the current-day City Council.

The City provides a full range of services, including public safety (police, fire, emergency medical services, and animal services), public works (engineering, streets/drainage, and water/sewer), planning and community development (planning, building inspections, code enforcement, and neighborhood services), community services (parks, recreation, library, aquatics, and senior center), conference center, and other general administrative services. The Hurst-Eules-Bedford, Birdville, and Grapevine-Colleyville Independent School Districts provide elementary and secondary education services within the City. The Tarrant County College Northeast Campus is also located within city limits.

ECONOMIC CONDITION AND OUTLOOK

In many ways, 2020 was a year like no other. A global pandemic impacted the world's economy, and calls for social justice reforms were sparked by several highly publicized incidents. The City of Hurst was not immune to the economic impact of the Covid-19 virus. However, our fiscal condition was stabilized by rising property values, decisive actions taken by Council and the City's management team, and long-established conservative fiscal management policies, including a budgeted sales tax contingency. In addition, the City received supplemental financial support from Tarrant County through the federal government's Coronavirus Aid, Relief, and Economic Security (CARES) Act. To ensure the health and safety of the public, the City modified service delivery where necessary and cancelled certain activities, such as the aquatics season, in accordance with guidance from federal, state and county health authorities.

Property taxes are a primary revenue source for General Fund operations, representing approximately 42% of total General Fund revenues in Fiscal Year 2019-2020. Appraised values increased 10% in Tax Year 2019, reflecting continued strength in the housing market. Accordingly, we budgeted a 10% increase in property tax revenues in fiscal year 2019-2020, holding the Maintenance & Operations component of our tax rate essentially flat. Although we did increase the debt service component of our tax rate by one penny in Fiscal Year 2019-2020 to satisfy voter-approved debt issued for a new animal services and adoption center, the City has refinanced outstanding debt in six out of the last ten fiscal years. In fiscal year 2020-2021, the City will implement Senate Bill 2, which places a 3.5% cap on property tax revenue growth, excluding new construction. Additionally, we believe the state legislature plans to introduce legislation that will require cities to maintain funding for public safety departments. Going forward, the City will monitor the financial impacts of this bill and other matters, such as the lingering effects of the Covid-19 virus, and we will incorporate both optimistic and worst-case property value projections in our strategic planning process.

Sales taxes are also a key revenue source for General Fund operations, representing approximately 28% of total General Fund revenues in Fiscal Year 2019-2020. The North East Mall and other quality shopping centers throughout the City have established Hurst as a major retail destination in Tarrant County, and the City is committed to pursuing economic development opportunities to sustain and enhance our sales tax base. In addition to the 1% General Fund sales tax, the City assesses a half percent (half-cent) sales tax for crime control and prevention purposes, and a half percent (half-cent) sales tax for Community Services projects. Sales taxes decreased by 4.6% in fiscal year 2019-2020, the most challenging year since the 7.4% decrease of the great recession in fiscal year 2008-2009. Although sales taxes have decreased 5.7% in the first four months of fiscal year 2020-2021, the rollout of Covid-19 vaccines and pent-up consumer demand offer the potential for increased sales tax revenues over the coming months. However, because sales taxes can be volatile, our budget is set at an amount equal to prior year returns minus a budgeted contingency, usually between \$500,000 to \$1,000,000. In fiscal year 2019-2020, sales tax revenues for the General Fund were \$990,000 above the low seen in fiscal year 2009-2010 during the Great Recession and \$796,000 over budget. The benefits of this conservative approach are reflected in the strength of the included financial statements and the City's bond ratings.

General Fund revenues, other than property and sales taxes, were also negatively impacted by the Covid-19 virus, falling by \$2.8 million, or 18.8% in Fiscal Year 2019-2020. Among the hardest hit areas were Community Services fees, down by \$806,000, franchise fees, down by \$267,000, and inspection fees, down by \$249,000. As aforementioned, losses in user fees were largely offset by the suspension of select programs. Telephone and Cable Franchise Fees were also impacted by the recent passage of Senate Bill 1152, which allows telecom providers who offer both phone and cable service to only pay the higher of the two associated franchise fees to the City.

Over the past several years, as part of its "Transforming Hurst" redevelopment initiative, the City has constructed a new fire station, senior center, and conference center. The City also completely remodeled its Justice Center and two Aquatics Centers, and is currently building a new animal services and adoption center and dog park. Further, in 2016-2017, the City drafted a Redevelopment Plan that identified thirteen areas across the City to consider for development/redevelopment in the coming years. These initiatives have spurred surrounding private sector development, including the opening of two new hotels, Hilton Garden Inn and Candlewood Suites, and The Provision at North Valentine apartment community. Two additional apartment communities are under development, including one aimed at the City's growing Senior population. Overall, the City welcomed 127 new businesses to town in 2019-2020, including national retailers Hobby Lobby and Tuesday Morning, and restaurants Pho One and Egg Haven Café. Citywide, retail space was 94.6% occupied. The North East Mall has been impacted by the Covid-19 virus as well as other factors, such as new shopping options available in surrounding cities. The City is working with the owners of the North East Mall, Simon Property Group, to ensure that it remains an integral part of our community going forward.

The General Fund budget for fiscal year 2020-2021 decreased by 3.1% over the previous year's adopted budget. The City's Executive team was initially instructed to cut their budgets by 5%. However, in Fiscal Year 2019-2020, sales taxes did not decline as much as anticipated and the City received supplemental CARES Act funds from the Federal Government through Tarrant County. Therefore, the Council approved a 3.1% cut to the Fiscal Year 2020-2021 budget. The General Fund budget for fiscal year 2020-2021 is balanced through increased property tax revenues and the use of \$150,000 in reserves and takes into consideration both Covid and non-Covid related revenue challenges, including declining sales tax revenues, declining municipal court revenues and the impacts of state mandates.

The City has developed a proactive, multi-level Fiscal Management Plan that has been utilized during times of financial instability, such as the Great Recession and the current Covid-19 Pandemic. The City Manager and Fiscal Services' staff monitor revenues/expenditures daily and take appropriate actions as economic conditions change. This conservative and proactive approach provides financial stability and allows the City to maintain quality services and programs.

MAJOR INITIATIVES

FISCAL YEAR 2019-2020 - During the past fiscal year, the City of Hurst implemented and completed several major projects and programs. Departmental missions and programs are highlighted as follows:

The Legislative and Judicial Services Department includes the Legislative, Public Information and Judicial Divisions. In 2019-2020, the Legislative Division worked to effectively represent the residents of Hurst and improve the quality of life throughout the City. The Public Information Division administers elections, prepares agendas for and minutes of City Council meetings, and oversees public records. In 2019-2020, the Public Information Division administered the City's general and special elections, completed a legal review and updated the City's electronic code of ordinances, and managed the board, commission and committee appointment process. The Judicial Division provides just and impartial disposition of all cases filed in the Hurst Municipal Court. In 2019-2020, the Judicial Division continued its efforts to improve operational effectiveness and efficiency, including establishing a new undue hardship program, updating its policies and procedures manual and implementing online customer service initiatives.

The Administration Department effectively executes City Council policies, programs and directives, conducts City operations in an efficient and effective manner and responds promptly to citizen inquiries and requests. In 2019-2020, Administration managed the operational and budget impacts of the Covid-19 virus, and enhanced its communications with the public, City Council and staff by implementing virtual Council meetings allowing citizens to continue to participate during the pandemic, and producing an annual budget video.

The Economic Development Division seeks to expand the local economy by retaining existing businesses and attracting new businesses to Hurst. As evidence of their efforts, in 2019-2020 the Sprouts Crossing shopping center redevelopment and the JCPenney remodel were completed, three national retailers leased retail space at the Pipeline Village shopping center following the Toys "R" Us closure, and nine new restaurants opened. Also, Economic Development informed local businesses impacted by the Covid-19 virus about federal stimulus funding opportunities.

The Hurst Conference Center (<https://hurstcc.com/>), which opened in September 2010, is a state of the art facility with over 50,000 square feet of event space. The Conference Center offers technologically advanced audio/visual services and exceptional on-site catering and is an ideal location for meetings, trade shows and events welcoming up to 900 guests. In addition, a new 140-room hotel that connects to the Conference Center, Hilton Garden Inn, opened in the summer of 2018. Although bookings at the Conference Center were significantly impacted by the Covid-19 virus, staff mitigated the financial impacts by lowering operational expenses, implementing janitorial and food safety protocols to help keep staff and guests safe, and promoting unique offerings such as Mother's Day dinners-to-go and an outdoor movie series.

The Public Works Department provides quality services to citizens through water, wastewater, drainage and traffic systems, while maintaining a safe and efficient working environment. In 2019-2020, the Engineering Division oversaw the ongoing Pipeline Road expansion project, completed construction of the 44th year Community Development Block Grant (CDBG) project on Sheri Lane, began design of the 46th year CDBG project on Livingston Drive, and reviewed numerous private development projects. To maintain the City's 148 miles of paved concrete and asphalt streets, the Streets/Drainage Division overlaid 4.4 lane miles of road surface and crack sealed 17.1 lane miles of road surface. To maintain the City's 207 miles of water mains and related distribution infrastructure, the Water Division replaced SCADA System equipment to ensure accurate communications with the City's pump stations,

elevated storage facilities and the City of Fort Worth supply vaults. The Water Division also cleaned and inspected one ground and two elevated storage tanks. As a result of its efforts, the City continues to be recognized by the Texas Commission on Environmental Quality as a "Superior Public Water System." To maintain the City's 155 miles of sanitary sewer lines, the Wastewater Division managed the City's Sanitary Sewer Overflow Initiative program by cleaning 57 miles of sewer main, root treating 3.3 miles of sewer main, and completing 15 main repairs.

The Fiscal Services Department provides fiscally responsible control and guidance over all financial matters of the City. In 2019-2020, the City maintained its strong credit ratings and managed a private placement debt issuance of \$575,000 for a new fire engine. Fiscal Services received its forty-sixth Certificate of Achievement for Excellence in Financial Reporting Award and its thirty-second consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association.

The Utility Billing Division manages billing/collections for water, wastewater, sanitation and recycling services offered by the City. Staff reads over 12,000 meters each month. In 2019-2020, Utility Billing implemented temporary policies to suspend late fees and disconnects for delinquent accounts, offered payment plans to help customers bring their accounts current, began offering online service applications, and adapted to changing customer service needs associated with the pandemic.

The Information Technology Division maintains the City's technology infrastructure, and in 2019-2020, they continued the Building Inspections/Planning software conversion, upgraded the City's Active Directory Infrastructure, upgraded all desktop computers to Windows 10, and implemented state mandated cybersecurity training.

The Planning and Community Development Division coordinates the review of zoning, site plan and plat proposals, and is responsible for Code Enforcement activities. In 2019-2020, the Division reviewed/approved a new 90-unit apartment community in Southeast Hurst, initiated the City's Property Pride Award program to acknowledge outstanding property maintenance, and, prior to the pandemic, coordinated a bigger National Night Out Event to enhance relations between Hurst residents and law enforcement.

The Equipment Services Division supports all City Departments by maintaining, repairing and replacing City equipment. Equipment Services is responsible for 276 pieces of equipment, and in 2019-2020, they performed preventive maintenance on 550 pieces of equipment and completed 1,400 equipment repairs.

The Human Resources Department partners with management and staff to serve all employees with excellence in such areas as employee relations, strategic planning, policy administration, and pay and benefits administration. In 2019-2020, Human Resources administered the City's compensation and benefit plans, including the bi-weekly payroll, and enhanced the features of the mobile app used for time and attendance reporting. Additionally, Human Resources continues its strategic efforts to manage our self-insurance fund for health care, including researching and evaluating plan design changes to modernize our health care offerings. Human Resources was particularly active during the pandemic as they worked to implement pandemic related policies, manage leaves of absences, furloughs, lay-offs, and supporting departments that changed various employees' job duties to help respond to and mitigate the effects of the pandemic.

The Police Department is dedicated to providing exceptional service to its citizens and employees through a problem solving approach emphasizing a commitment to "Excellence through Teamwork." The Department's budget is supplemented by a .5% (half-cent) anti-crime sales tax that generated approximately \$4.9 million in 2019-2020. In 2019-2020, the Police Department expanded the multi-agency Victim Assistance Program by adding a second grant funded Victim Assistance Coordinator, and fully transitioned to the National Incident Based Reporting System (NIBRS), which is used for collecting and reporting data on crimes. The Police Department also responded to various social justice calls by highlighting our departments commitment to community based policing and high standards for our officers including formal education requirements and mental health training.

The Fire Department is committed to excellence through ongoing training and provides aggressive fire prevention, professional fire protection, rescue, emergency medical service, hazardous material response and emergency management. In 2019-2020, while Covid-19 preparedness and response was the major focus for much of the year, Fire also responded to approximately 1,929 fire related calls, approximately 3,030 EMS related calls, and completed approximately 800 fire inspections. The Fire Department also continued its annual ambulance subscription service for Hurst families that covers EMS costs not covered by insurance, and it continued to participate in the Northeast Fire Department Association, which was created to combine/share the resources of local participating fire departments.

The Community Services Department offers recreational and educational opportunities to residents and non-residents alike at the City's 23 parks, 2 recently remodeled aquatics centers, a senior center, recreation center and library. The Community Services Budget is supplemented by a .5% (half-cent) sales tax that generated approximately \$5.1 million in 2019-2020. In 2019-2020, Covid-19 significantly impacted Community Services. The Aquatics season and special events such as the Hurst Stars & Stripes Fourth of July celebration were cancelled, the Senior Center was closed, and other facilities modified their operations to ensure the safety of their patrons. Despite these set-backs in 2019-2020, Community Services oversaw the design and start of construction of the new animal services and adoption center, the design of the new dog park, and the completion of the City Hall roof replacement. In 2019-2020, Community Services also transitioned its Tennis Center operations to a one hundred percent cost recovery model.

FISCAL YEAR 2020-2021 – The following section highlights a few of the initiatives planned for next fiscal year:

- At the close of the calendar year 2020, Tarrant County asked for the support from the City to allow the Hurst Conference Center to operate as a mass vaccination site. Initially, the County has committed to provide operational funding for Conference Center through the end of April 2021; however, there are discussions about extending the time commitment beyond April 2021. Staff is committed to the County's vaccination efforts and supportive of the operations. Particularly, the Fire Chief, Human Resources Director, and the City Manager's Office are heavily invested in managing the operations of the site in concert with Tarrant County Public Health staff.
- Economic Development will work with local businesses on re-opening post pandemic, work with landlords, real estate developers and retailers to backfill vacated retail space, and continue working with Simon Property Group on determining the highest and best use for the North East Mall.
- The Hurst Conference Center will develop alternative events, including hybrid events that offer options for in-person or virtual attendance, and continue to enhance its sanitizing procedures.
- Engineering will begin construction of its 46th Year Community Development Block Grant project, and continue its work on the Pipeline Road expansion project. Additionally, Engineering is working on plans for targeted improvements to roadways and storm drainage infrastructure eligible for funding through our 2019 Streets and Drainage CO.
- Finance will monitor the city-wide financial impacts of the Covid-19 virus, debt refunding opportunities and the need for new debt issuance, and new accounting standards.
- Information Technology will oversee the upgrade of the City's financial system and virtual server infrastructure, and continually assess cyber-security threats and the adequacy of the City's defenses against them.
- Planning and Community Development will implement the enhanced services and features of its new permitting and code enforcement software, and publish a new interactive zoning tool that will allow users to better understand allowable land uses and the related regulations.
- Human Resources will offer quarterly training to supervisors, and implement changes to the City's wellness program.
- Police will continue to provide excellent and responsive services, and create strategies that address financial challenges.
- Fire will continue to evaluate its firefighter health and safety programs, and look for expanded training opportunities.
- Community Services will implement the recommendations of the Cost Recovery Study, including adjusting Recreation, Aquatics and Senior Center fees. Community Services will also be involved with the ongoing construction of the new Animal Services and Adoption Center and the City's first dog park.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from loss, theft, or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control system should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

RISK MANAGEMENT

The City remains committed to leadership and cultural management programs that promote ethical and professional behavior. The City's executive management team and City Council are fully committed to The Hurst Way.

The City maintains budgetary controls, including an encumbrance accounting system, to insure that actual expenditures do not exceed budgeted (appropriated) amounts. These budgetary controls are established at the fund level.

To assist with ongoing oversight, key members of the City Manager's Office and Fiscal Services meet monthly to review the City's financial statements. The City has also engaged an outside consultant who employs various techniques, including data analysis, to identify potential control weaknesses.

To insure that the financial statements are fairly presented in accordance with generally accepted accounting principles, the City Council engaged BKD CPAs and Advisors to conduct an independent audit of our financial statements for the fiscal year ending 9/30/2020.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hurst for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2019. This was the 46th year that the government has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the CAFR on a timely basis could not be accomplished without the efficient and dedicated services of the Fiscal Services Department staff. Appreciation is expressed to all members of the department who contributed to its preparation. I would like to especially thank Paul Brown, Managing Director of Finance, for overseeing the year-end audit process. The Mayor and members of the City Council are thanked for their strong leadership and support, especially during these challenging times, in planning and providing the resources necessary to conduct the financial operation of the City in a responsible and progressive manner.

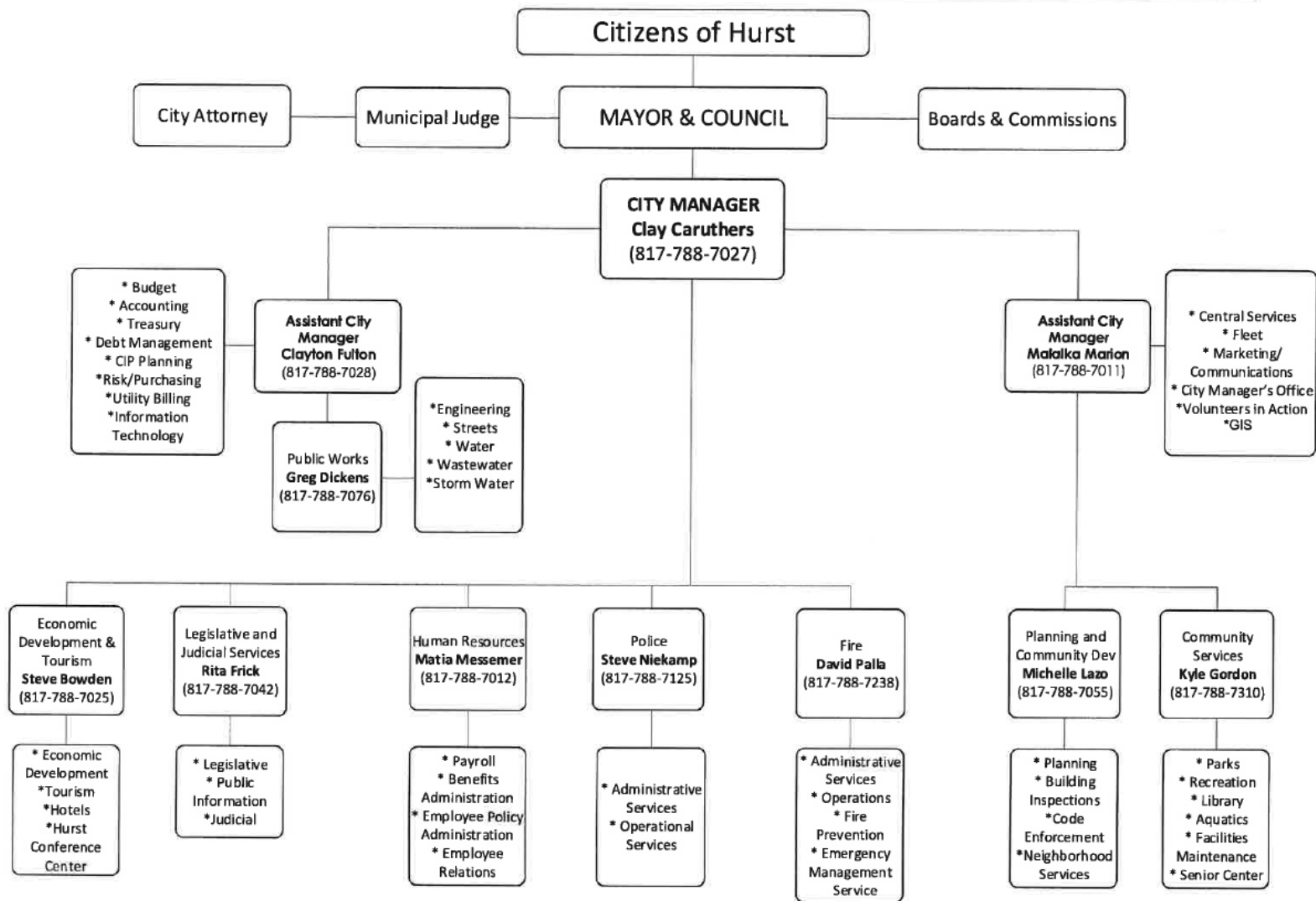
Respectfully submitted,



Clay Caruthers
CITY MANAGER

CITY OF HURST

Rev. 09/19





CITY OF HURST
LIST OF PRINCIPAL OFFICIALS
September 30, 2020

CITY COUNCIL

Henry Wilson	<i>Mayor</i>
Jon McKenzie	<i>Mayor Pro Tem</i>
David Booe	<i>Councilmember</i>
Cathy Thompson	<i>Councilmember</i>
Gary Waldron	<i>Councilmember</i>
Larry Kitchens	<i>Councilmember</i>
Cindy Shepard	<i>Councilmember</i>

MANAGEMENT TEAM

Clay Caruthers	<i>City Manager</i>
Clayton Fulton	<i>Assistant City Manager</i>
Malaika Farmer	<i>Assistant City Manager</i>
David Palla	<i>Fire Chief</i>
Steve Niekamp	<i>Police Chief</i>
Rita Frick	<i>City Secretary</i>
Gregory Dickens	<i>Executive Director Public Works</i>
Steve Bowden	<i>Executive Director Economic Development</i>
Matia Messemer	<i>Executive Director of Human Resources</i>
Michele Lazo	<i>Executive Director Planning & Community Development</i>
Kyle Gordon	<i>Executive Director of Community Services</i>
Paul Brown	<i>Managing Director Finance</i>

Matthew Boyle	<i>City Attorney</i>
BKD CPAs & Advisors	<i>Auditors</i>





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hurst
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



Financial Section



Independent Auditor's Report

To the Honorable Mayor,
City Council and City Manager
City of Hurst, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hurst, Texas (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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information 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, general fund and major special revenue fund budgetary comparison information, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

To the Honorable Mayor,
City Council and City Manager
Page 3

Prior-Year Comparative Information

The 2020 financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2019, from which such summarized information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated March 8, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
March 8, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Hurst's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read this in conjunction with the transmittal letter and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources for the City of Hurst exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2020, by \$188,887,413. Of this amount, \$18,043,781 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased \$1,706,111, an increase of .91%. The net position of business-type activities increased by \$921,736 or 1.75%, primarily due to operating revenues exceeding operating expenses. Net position of the City's governmental activities increased by \$784,375 or .58%. Growth in property taxes and intergovernmental revenues, specifically CARES Act proceeds received from Tarrant County, positively impacted net position. However, the City's net position was negatively impacted by Covid-19, including decreased sales, hotel/motel, and mixed beverage taxes, interest earnings, and charges for services, especially for Community Services activities. Further, changes in state law led to the termination of our traffic signal safety (red light camera) program, and the reduction of cable/telecomm franchise fee revenues.

The City's business-type activities are made up of water and sewer delivery, storm water management and Hurst Conference Center (HCC) operations. The Water and Sewer Fund ended the year with an operating income of \$1,436,805 and after transfers and contributions achieved an ending increase in net position of \$1,730,390. The Storm Water Management Fund provides for annual infrastructure maintenance and continues to accumulate reserves for large-scale projects identified in the City's Capital Improvements Plan (CIP). The Storm Water Management Fund contributed \$344,659 to the change in net position of business-type activities. HCC experienced a net decrease in net position of \$346,883. The City's objective is for the HCC to remain around "break-even" operationally with economic development sales tax and hotel/motel occupancy tax supporting the center's debt. However, the primary business activity for the HCC is special events and meetings which were severely limited by executive orders from the Governor and the County Judge in FY20 due to Covid-19. Therefore, we focused on retaining key personnel essential to the HCC's success during FY 20 and will continue that focus into FY 21. Recently, Tarrant County chose the HCC as a Covid-19 vaccination hub, which should help supplement the HCC's revenue until the limitations on gatherings and events are lifted. Going forward, as operations return to normal, the City will strategically reinvest net operating proceeds back into the facility to ensure that it remains a vibrant component of the Hurst Town Center.

Total cost of all of the City's programs was \$73,853,923 in 2020 compared to \$81,011,692 in 2019.

During the year, the City had governmental program expenses of \$49,374,995, which is less than program and general revenues, contributions and transfers of \$50,159,370. To mitigate the impact of lost revenues caused by Covid-19, the City reduced expenditures by freezing all non-essential capital projects and vacant positions, and by suspending major community services activities, including our two aquatics centers.

The business-type activities had program expenses of \$24,478,928, which were covered by operating revenues, contributions and transfers of \$25,400,664. Much like the general government activities, the business-type activities also froze non-essential capital projects and vacant positions. Additionally, water revenues recovered from the prior year to help support the strong financial performance of the business-type activities. With households being quarantined, isolated, or under stay at home orders, we saw a corresponding increase in utility usage and revenue.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 14) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of its *financial health*. You will need to consider other non-financial factors, however, such as changes in the City's tax base, and the condition of the City's capital assets (roads, buildings and water and sewer lines) to assess the *overall health* of the City.

For the governmental funds, fund balance increased by \$732,750. Revenues increased by \$218,838 while expenditures increased by \$308,004 and other financing sources and uses decreased by \$7,791,643. Other financing sources was inflated in FY19 due to \$7.2 million in voter approved general obligation debt that was issued for a new animal shelter, and \$2 million in certificates of obligation that was issued for street and drainage improvements. Capital expenditures increased by \$1,943,488 in FY20 and included projects such as a new animal shelter, pipeline road widening, a new fire engine, and Valley View Branch concrete channel liner repairs.

In the Statement of Net Position and the Statement of Activities we divide the City into two kinds of activities:

Governmental Activities: most of the City's basic services are reported here, including the police, fire, municipal court, street maintenance, parks and recreation, financial services and general administration. Property taxes, sales taxes, charges for services, and fines/forfeitures finance most of these activities.

Business-type Activities: the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system, storm water management activities, and conference center operations are reported here.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Our analysis of the City's major funds begins on page 15. The governmental funds financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage activity for particular purposes or to show that it is meeting legal responsibilities for using certain revenues. Understanding a fund's origin and purpose is essential for the appropriate presentation of fund balance per GASB 54, *Fund Balance Reporting and Government Fund Type Definitions*.

The City's two primary types of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary Funds: When the City charges customers for the full cost of the services it provides, whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of business-type funds) are the same as the business-type activities we report in the government-wide statements (except for any proration of net income or loss from internal service funds) but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$188,887,413, as of September 30, 2020.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 75,795,258	\$ 74,226,050	\$ 22,883,333	\$ 22,568,254	\$ 98,678,591	\$ 96,794,304
Capital assets	156,060,131	158,335,981	48,314,737	48,850,357	204,374,868	207,186,338
Total assets	<u>231,855,389</u>	<u>232,562,031</u>	<u>71,198,070</u>	<u>71,418,611</u>	<u>303,053,459</u>	<u>303,980,642</u>
Deferred outflows of resources	<u>5,791,532</u>	<u>12,551,165</u>	<u>1,275,913</u>	<u>2,424,978</u>	<u>7,067,445</u>	<u>14,976,143</u>
Long-term liabilities	83,041,126	97,663,812	12,998,469	16,476,771	96,039,595	114,140,583
Other liabilities	10,976,113	11,264,283	5,331,596	5,510,972	16,307,708	16,775,255
Total liabilities	<u>94,017,238</u>	<u>108,928,095</u>	<u>18,330,065</u>	<u>21,987,743</u>	<u>112,347,303</u>	<u>130,915,838</u>
Deferred inflows of resources	<u>7,373,012</u>	<u>712,805</u>	<u>1,513,176</u>	<u>146,840</u>	<u>8,886,188</u>	<u>859,645</u>
Net position						
Net investment in						
Capital assets	109,339,694	111,980,392	42,263,651	41,683,200	151,603,345	153,663,592
Restricted	19,240,287	15,961,153	-	-	19,240,287	15,961,153
Unrestricted	<u>7,676,690</u>	<u>7,530,751</u>	<u>10,367,091</u>	<u>10,025,806</u>	<u>18,043,781</u>	<u>17,556,557</u>
Total net position	<u>\$ 136,256,671</u>	<u>\$ 135,472,296</u>	<u>\$ 52,630,742</u>	<u>\$ 51,709,006</u>	<u>\$ 188,887,413</u>	<u>\$ 187,181,302</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
General Revenue						
Sales Taxes	\$ 19,777,236	\$ 20,661,292	\$ -	\$ -	\$ 19,777,236	\$ 20,661,292
Franchise Taxes	2,669,328	2,935,945	-	-	2,669,328	2,935,945
Property Taxes	18,389,781	16,292,473	-	-	18,389,781	16,292,473
Occupancy Taxes	660,845	905,677	-	-	660,845	905,677
Investment earnings	1,160,273	1,539,049	346,862	509,870	1,507,135	2,048,919
Miscellaneous	692,722	1,189,108	-	-	692,722	1,189,108
Program revenue						
Charges for service	3,438,987	5,106,058	24,687,038	25,636,727	28,126,025	30,742,785
Operating grants and contributions	3,270,198	1,504,425	-	-	3,270,198	1,504,425
Capital grants and contributions	-	116,567	466,764	629,288	466,764	745,855
Total revenues	<u>50,059,370</u>	<u>50,250,594</u>	<u>25,500,664</u>	<u>26,775,885</u>	<u>75,560,034</u>	<u>77,026,479</u>
Program Expenses Including Indirect Expenses						
General government	6,919,302	8,148,665	-	-	6,919,302	8,148,665
Public safety	25,752,945	27,277,634	-	-	25,752,945	27,277,634
Culture and recreation	10,637,396	12,386,690	-	-	10,637,396	12,386,690
Public works	4,929,958	5,085,774	-	-	4,929,958	5,085,774
Interest on debt	1,135,394	1,711,724	-	-	1,135,394	1,711,724
Water and sewer	-	-	21,415,506	21,842,377	21,415,506	21,842,377
Stormwater management	-	-	911,776	950,588	911,776	950,588
Conference and meeting center	-	-	2,151,646	3,608,240	2,151,646	3,608,240
Total expenses	<u>49,374,995</u>	<u>54,610,487</u>	<u>24,478,928</u>	<u>26,401,205</u>	<u>73,853,923</u>	<u>81,011,692</u>
Excess (Deficit) Before Transfers	684,375	(4,359,893)	1,021,736	374,680	1,706,111	(3,985,213)
Transfers	<u>100,000</u>	<u>238,344</u>	<u>(100,000)</u>	<u>(238,344)</u>	<u>-</u>	<u>-</u>
Change in Net Position	784,375	(4,121,549)	921,736	136,336	1,706,111	(3,985,213)
Net Position Beginning	<u>135,472,296</u>	<u>139,593,845</u>	<u>51,709,006</u>	<u>51,572,670</u>	<u>187,181,302</u>	<u>191,166,515</u>
Net Position Ending	<u>\$ 136,256,671</u>	<u>\$ 135,472,296</u>	<u>\$ 52,630,742</u>	<u>\$ 51,709,006</u>	<u>\$ 188,887,413</u>	<u>\$ 187,181,302</u>

Net position of the City's governmental activities increased, equaling \$136,256,671 at September 30, 2020 compared to \$135,472,296 at September 30, 2019.

For the net position of the City's Governmental Activities, Net Investment in Capital Assets and Restricted Net Position increased by a combined \$638,436, while Unrestricted net position increased by \$145,939. Unrestricted net position can be used to finance the day-to-day operations of the City, while the use of restricted net position is constrained by debt covenants, enabling legislation, or other legal requirements. Restricted net position is primarily used for public safety, community development, tourism, transit activities, capital projects, and debt service.

The net position of the City's business-type activities increased by \$921,463 or 1.8% in 2020 to \$52,630,469 compared to \$51,709,006 in 2019. Operating income of \$1,021,736 occurred before transfers and contributions. Water and sewer rates were increased by 2% for fiscal year 2019-2020. Water and sewer activity income is heavily influenced by weather patterns. Overall, the Water & Sewer Fund remains fiscally sound.

THE CITY'S FUNDS

The following schedule presents a summary of general, special revenue, capital projects/special projects and debt service revenues and expenditures for the fiscal year ended September 30, 2020, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FY2020 Amount	Percent of Total	Increase (Decrease) from FY2019	Percent Increase (Decrease)
Taxes	\$ 41,497,190	83.32%	\$ 699,747	1.72%
Licenses and permits	811,270	1.63%	(279,815)	-25.65%
Intergovernmental	3,270,198	6.57%	1,765,773	76.14%
Charges for services	1,454,708	2.92%	(864,340)	-57.68%
Fines and forfeitures	1,173,009	2.36%	(325,567)	-21.64%
Interest	975,831	1.96%	(314,659)	-24.38%
Miscellaneous	619,891	1.24%	(462,077)	-42.71%
Total revenues	\$ 49,802,097	100.00%	\$ 219,062	

As stated previously, Cares Act proceeds received from Tarrant County and rising property tax revenues helped to offset the negative financial impacts of Covid-19 on the City's operations. Actions taken to slow the spread of Covid-19 at the federal, state and local levels had a widespread impact on the City's operating revenues, especially our community services, inspections and municipal court divisions. Other general sources of revenue such as sales taxes, interest earnings, and hotel/motel taxes were also negatively impacted by the economic slowdown. State mandates, including the termination of our red-light camera program and the reduction of cable/telecom franchise fees, also reduced FY20 revenues.

Expenditures	FY2020 Amount	Percent of Total	Increase (Decrease) from FY2019	Percent Increase (Decrease)
General government	\$ 4,722,080	9.56%	\$ 342,047	7.81%
Public safety	23,035,269	46.64%	(4,242,365)	3.25%
Culture and recreation	8,100,441	16.40%	(1,793,515)	-18.13%
Public works	2,371,726	4.80%	54,002	2.33%
Capital outlay	5,706,338	11.55%	1,943,488	51.65%
Debt service				
Principal	3,400,000	6.88%	335,000	10.93%
Interest and fees	2,055,757	4.16%	200,153	10.79%
Total expenditures	\$ 49,391,611	100.00%	\$ (3,161,190)	

Capital Outlay and public works maintenance amounts fluctuate each year according to construction schedules and asset replacement programs.

The General Fund is the chief operating fund of the City. General Fund revenues exceeded expenditures by \$4,164,051. As a result, \$2,922,933 of this excess was transferred to the Special Projects Fund for emergency reserves, human resource investment. An additional \$252,512 of this excess was transferred to the Loss Reserve fund to offset health care costs. Following close of the fiscal year, the spendable, unassigned fund balance of the General Fund was \$9,584,839 compared to \$9,702,437 at the year ended September 30, 2019. Staff monitors fund balance to ensure that ninety days of operations are always in reserve.

The fund balance in the Half Cent Development Corporation (HCDC) Special Revenue Fund increased by \$775,325 in 2020 after increasing \$31,411 in 2019. Per executive action to address the financial impacts of Covid-19, the City reduced the indirect transfer to the general fund, personnel costs I the aquatics and library division, and capital expenditures in FY20. These actions helped offset the decline in sales tax revenue. The Fund Balance in the Anti-Crime Special Revenue Fund increased by \$788,626, after increasing \$47,717 last year. Again, to address Covid-19 and to help offset the decline in sales tax revenue, the City reduced the indirect transfer to the General Fund, and salary training cost.

The fund balance in the Special Projects Fund increased by \$2,263,503 in FY20. To address the financial uncertainties brought on by Covid-19, the City cut/froze capital and indirect project expenditures in FY20. Retirement payouts of vacation and sick leave declined in FY20, which also positively impacted the ending fund balance. Special Projects' ending fund balance is assigned for projects approved by City Council and Management.

GENERAL FUND BUDGETARY HIGHLIGHTS

The significant differences between the final budget compared to actual results are related to the impact of the Covid-19 pandemic. As stated previously, Cares Act proceeds received from Tarrant County and rising property tax revenues helped to offset the negative financial impacts of Covid-19 on the City's operations. Actions taken to slow the spread of Covid-19 at the federal, state and local levels had a widespread impact on the City's operating revenues, especially our community services, inspections and municipal court divisions. Other general sources of revenue such as sales taxes, interest earnings, and hotel/motel taxes were also negatively impacted by the economic slowdown.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2020, the City had \$204,384,594 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer and storm-water facilities. (See table below.) This represents a net decrease of \$2,801,744, or 1.4%, from last year. The decrease is primarily due to depreciation expense out pacing fixed asset and CIP additions in 2020.

	Governmental Activities		Business-type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Land	\$ 59,579,846	\$ 59,407,854	\$ 564,612	\$ 564,612	\$ 60,144,458	\$ 59,972,466
Buildings	49,798,538	51,843,986	46,060,321	44,063,531	95,858,859	95,907,517
Improvements	32,449,418	32,215,121	429,826	233,980	32,879,244	32,449,101
Machinery & equipment	6,396,739	7,348,155	1,099,153	1,202,313	7,495,892	8,550,468
CIP	7,835,590	7,520,865	160,825	2,785,921	7,996,415	10,306,786
Total	<u>\$ 156,060,131</u>	<u>\$ 158,335,981</u>	<u>\$ 48,314,737</u>	<u>\$ 48,850,357</u>	<u>\$ 204,374,868</u>	<u>\$ 207,186,338</u>

This year's major asset additions (including work in progress) are as follows:

Title	Amount
Pipeline Road Widening	\$ 4,791,813
Valley View Sewer Interceptor	1,296,418
City Hall Roof Repair	1,043,220
2020 Developer Contributions	478,267
44th Year CDBG	320,200
Precinct Line Chemical Feed	270,455
City Hall Roof Repair II	245,965

See *Note 6* to the financial statements for more detailed information on capital asset activity.

Long-term Debt: At September 30, 2020, the total debt outstanding was \$61,770,000. Of this amount, \$61,075,000 comprises debt backed by the full faith and credit of the City. The remaining \$695,000 represents bonds secured by specific revenue sources. See *Note 7* to the financial statements for more detailed information on long-term debt activity.

	Governmental Activities		Business-type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
General obligation	\$ 38,435,000	\$ 40,890,000	\$ 5,820,000	\$ 6,760,000	\$ 44,255,000	\$ 47,650,000
Certificates of obligation	13,885,000	14,665,000	2,360,000	2,670,000	\$ 16,245,000	17,335,000
Public property finance contractual obligations	575,000	-	-	-	575,000	-
Tax notes	695,000	860,000	-	-	695,000	860,000
Total	<u>\$ 53,590,000</u>	<u>\$ 56,415,000</u>	<u>\$ 8,180,000</u>	<u>\$ 9,430,000</u>	<u>\$ 61,770,000</u>	<u>\$ 65,845,000</u>

The City's total debt decreased by \$4,075,000, or 6.2%, during the current fiscal year. In fiscal year 2020, the City issued \$575,000 in public property finance contractual obligations for the purchase of a new fire engine.

The City's funds continue to have favorable credit ratings. The City's current ratings are as follows:

MOODY'S INVESTOR SERVICES STANDARD & POOR'S

GENERAL OBLIGATION BONDS	AA2	AA
ENTERPRISE FUND OBLIGATIONS	AA2	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2020-2021 budget continues to reflect the City Council's conservative fiscal policy direction. The major objectives of the budget process are to identify cost saving measures and to provide funding to implement the City Council's strategic plans. The FY 2020-2021 budget included additional priorities to maintain public safety at current levels and identify cost saving measures across the city to help mitigate the economic impacts of the COVID-19 pandemic. This process included the strategic reduction of community service functions to help mitigate potential spread of COVID-19 but still maintain an acceptable service level to the community. The budget process began with a clear goal of cutting expenditures to offset forecasted declines in revenue across several revenue streams. The pandemic accelerated our multi-year plan to reevaluate all city programs. This was necessary to balance financial stability with essential service levels through the pandemic.

Sales taxes and property taxes are the two largest revenue sources for the City's governmental funds. Sales tax revenues decreased 4.6% in fiscal year 2019-2020. We anticipate sales tax revenues will continue trending downward in FY21 due to the ongoing impacts of Covid-19. In spite of this economic uncertainty, the City is engaged in economic development activities, including partnering with the Northeast Mall ownership to ensure the mall remains an asset to our community. Estimated net taxable values increased by 1.7% in Tax Year 2020 over Tax Year 2019. The City increased its tax rate from \$0.597299 per \$100 valuation in fiscal year 2019-2020 to \$0.625159 in fiscal year 2020-2021. Because property tax revenues are impacted by property tax caps, various exemptions, and the senior and disabled-citizen tax freeze, the City will continue to practice a conservative operational approach.

The Enterprise (Water/Wastewater) Fund's operating budget decreased by 0.2%. The decrease is due to projected decreasing costs for wholesale water and wastewater treatment. It is the City's policy to pass through all, or part, of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. For 2020-2021, the City of Hurst water and sewer rates for residential and commercial customers will not change. Due to sound financial planning, the Enterprise Fund has been able to overcome variations in rainfall and finish the fiscal year in a stable financial position.

Other Enterprise funds are established to account for Storm Drainage and Hurst Conference Center operations. The Storm Drainage fee generates approximately \$1.1 million per year and all proceeds are utilized to mitigate flooding and other drainage issues throughout the City. The Hurst Conference Center completed its tenth full year of operations in 2019-2020. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. The financial opportunities for the facility are currently limited by conditions and executive orders associated with the pandemic. Currently we have partnered with Tarrant County to operate a vaccine hub at HCC and the County has committed to cover our operational costs while on site. Once the County is no longer using HCC for vaccinations, we anticipate being able to fully market the facility for special events, conferences, and other gatherings.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 1505 Precinct Line Road, Hurst, Texas, 76054 (817) 788-7067 or email pbrown@hursttx.gov. To view financial documents, you may also visit the City's Website at www.hursttx.gov.



City of Hurst, Texas
Statement of Net Position
September 30, 2020 with Summarized
Totals for September 30, 2019

	Governmental Activities	Business-type Activities	Totals	
			2020	2019
Assets				
Cash and cash equivalents	\$ 6,428,772	\$ 1,769,748	\$ 8,198,520	\$ 7,173,452
Investments	60,879,962	16,297,828	77,177,790	75,533,881
Net receivables	6,380,932	3,531,704	9,912,636	10,681,844
Internal balances	1,898,955	(1,898,955)	-	-
Inventories and prepaid expenses	206,637	244,494	451,131	427,011
Restricted assets				
Cash and cash equivalents	-	965,170	965,170	1,105,706
Investments	-	1,973,344	1,973,344	1,872,410
Total current assets	75,795,258	22,883,333	98,678,591	96,794,304
Land	59,579,846	564,612	60,144,458	59,972,466
Depreciable assets, net	88,644,695	47,589,300	136,233,995	136,907,087
Construction in progress	7,835,590	160,825	7,996,415	10,306,785
Total noncurrent assets	156,060,131	48,314,737	204,374,868	207,186,338
Total assets	231,855,389	71,198,070	303,053,459	303,980,642
Deferred Outflows of Resources				
Deferred outflows related to pensions	2,943,762	522,344	3,466,106	11,380,472
Deferred outflows related to OPEB	1,673,980	428,622	2,102,602	1,940,713
Deferred loss on bond refunding	1,173,790	324,947	1,498,737	1,654,958
Total deferred outflows of resources	5,791,532	1,275,913	7,067,445	14,976,143
Total assets and deferred outflows of resources	\$ 237,646,921	\$ 72,473,983	\$ 310,120,904	\$ 318,956,785
Liabilities				
Accounts payable and accrued liabilities	\$ 4,030,550	\$ 1,486,791	5,517,341	\$ 5,849,004
Escrow deposits and unearned revenue	76,733	417,073	493,806	632,898
Customer deposits	-	1,923,344	1,923,344	1,872,410
Current portion of net OPEB liability	548,618	139,477	688,094	848,535
Current portion of long-term liabilities	6,320,212	1,364,911	7,685,123	7,572,407
Total current liabilities	10,976,113	5,331,596	16,307,708	16,775,254
Net pension liability	15,792,232	2,802,177	18,594,409	28,927,793
Net OPEB liability, net of current portion	10,423,733	2,650,057	13,073,790	16,122,163
Long-term liabilities, net of current portion	56,825,161	7,546,235	64,371,396	69,090,628
Total noncurrent liabilities	83,041,126	12,998,469	96,039,595	114,140,584
Total liabilities	94,017,238	18,330,065	112,347,303	130,915,838
Deferred Inflows of Resources				
Deferred inflows related to pensions	4,704,791	834,819	5,539,610	750,743
Deferred inflows related to OPEB	2,668,221	678,357	3,346,578	108,902
Total deferred inflows of resources	7,373,012	1,513,176	8,886,188	859,645
Net Position				
Net investment in capital assets	109,339,694	42,263,651	151,603,345	153,663,592
Restricted for				
Debt service	1,130,217	-	1,130,217	1,178,367
Capital projects	905,633	-	905,633	3,454
Community development	4,766,894	-	4,766,894	3,977,763
Public safety	6,998,527	-	6,998,527	6,125,768
Municipal court	543,148	-	543,148	530,917
Parks	689,524	-	689,524	528,213
Traffic safety	484,574	-	484,574	503,408
Tourism, convention center, arts	1,859,780	-	1,859,780	1,769,829
Urban transit	1,739,091	-	1,739,091	1,220,895
Other	122,899	-	122,899	122,539
Unrestricted	7,676,690	10,367,091	18,043,781	17,556,557
Total net position	136,256,671	52,630,742	188,887,413	187,181,302
Total liabilities, deferred inflows of resources, and net position	\$ 237,646,921	\$ 72,473,983	\$ 310,120,904	\$ 318,956,785

City of Hurst, Texas
Statement of Activities
Year Ended September 30, 2020 with Summarized
Totals for Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 6,919,302	\$ 131,383	\$ 3,024,057	\$ -
Public safety	25,752,945	2,024,041	131,702	-
Culture and recreation	10,637,396	492,827	114,439	-
Public works	4,929,958	790,736	-	-
Interest expense	1,135,394	-	-	-
Total governmental activities	49,374,995	3,438,987	3,270,198	-
Business-type Activities				
Water and sewer services	21,415,506	21,779,611	-	339,060
Stormwater management services	911,776	1,102,664	-	127,704
Conference and meeting center	2,151,646	1,804,763	-	-
Total business-type activities	24,478,928	24,687,038	-	466,764
Total primary government	\$ 73,853,923	\$ 28,126,025	\$ 3,270,198	\$ 466,764

General Revenues

Property taxes, penalty
and interest
Sales taxes
Franchise taxes
Occupancy taxes
Investment earnings
Miscellaneous
Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Totals	
		2020	2019
\$ (3,763,862)	\$ -	\$ (3,763,862)	\$ (7,007,216)
(23,597,202)	-	(23,597,202)	(24,597,904)
(10,030,130)	-	(10,030,130)	(10,655,393)
(4,139,222)	-	(4,139,222)	(3,911,200)
(1,135,394)	-	(1,135,394)	(1,711,724)
(42,665,810)	-	(42,665,810)	(47,883,437)
-	703,165	703,165	(145,429)
-	318,592	318,592	348,695
-	(346,883)	(346,883)	(338,456)
-	674,874	674,874	(135,190)
(42,665,810)	674,874	(41,990,936)	(48,018,627)
18,389,781	-	18,389,781	16,292,473
19,777,236	-	19,777,236	20,661,292
2,669,328	-	2,669,328	2,935,945
660,845	-	660,845	905,677
1,160,273	346,862	1,507,135	2,048,919
692,722	-	692,722	1,189,108
100,000	(100,000)	-	-
43,450,185	246,862	43,697,047	44,033,414
784,375	921,736	1,706,111	(3,985,213)
135,472,296	51,709,006	187,181,302	191,166,515
\$ 136,256,671	\$ 52,630,742	\$ 188,887,413	\$ 187,181,302

City of Hurst, Texas
Governmental Funds
Balance Sheet
September 30, 2020 With Summarized
Totals for September 30, 2019

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>HCDC</u>	<u>Anti-Crime</u>
Assets			
Cash and cash equivalents	\$ 2,737,457	\$ 346,803	\$ 319,241
Investments	12,486,384	3,661,231	5,417,664
Receivables, net			
Taxes	973,040	865,501	857,814
Court	979,200	-	-
Other	1,746,715	24,050	107,829
Inventories and other	1,881	-	-
Due from other funds	31,549	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 18,956,226</u>	<u>\$ 4,897,585</u>	<u>\$ 6,702,548</u>
Liabilities			
Accounts payable and accrued items	\$ 2,313,411	\$ 154,333	\$ 131,153
Escrow deposits payable and unearned revenue	76,733	-	-
Due to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,390,144</u>	<u>154,333</u>	<u>131,153</u>
Deferred Inflows of Resources			
Unavailable revenue	1,104,999	-	-
Total deferred inflows of resources	<u>1,104,999</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable			
Inventory	1,881	-	-
Restricted	5,844,743	4,743,252	6,571,395
Assigned	29,620	-	-
Unassigned	9,584,839	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>15,461,083</u>	<u>4,743,252</u>	<u>6,571,395</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,956,226</u>	<u>\$ 4,897,585</u>	<u>\$ 6,702,548</u>

<u>Capital Projects Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Totals</u>	
<u>Special Projects</u>	<u>2019 GO Bond Fund</u>		<u>2020</u>	<u>2019</u>
\$ 1,169,772	\$ -	\$ 509,168	\$ 5,082,441	\$ 3,140,158
18,077,923	5,416,657	5,080,580	50,140,439	49,953,919
-	-	30,569	2,726,924	2,905,830
-	-	-	979,200	981,561
719,486	334	14,246	2,612,660	2,934,355
-	-	-	1,881	1,883
-	-	-	31,549	1,144,854
<u>\$ 19,967,181</u>	<u>\$ 5,416,991</u>	<u>\$ 5,634,563</u>	<u>\$ 61,575,094</u>	<u>\$ 61,062,560</u>
\$ 20,875	\$ 390,657	\$ 338,135	\$ 3,348,564	\$ 3,213,371
-	-	-	76,733	140,853
-	-	31,549	31,549	323,062
<u>20,875</u>	<u>390,657</u>	<u>369,684</u>	<u>3,456,846</u>	<u>3,677,286</u>
-	-	30,142	1,135,141	1,134,917
-	-	30,142	1,135,141	1,134,917
-	-	-	1,881	1,883
-	5,026,334	5,234,737	27,420,461	28,839,659
19,946,306	-	-	19,975,926	17,706,378
-	-	-	9,584,839	9,702,437
<u>19,946,306</u>	<u>5,026,334</u>	<u>5,234,737</u>	<u>56,983,107</u>	<u>56,250,357</u>
<u>\$ 19,967,181</u>	<u>\$ 5,416,991</u>	<u>\$ 5,634,563</u>	<u>\$ 61,575,094</u>	<u>\$ 61,062,560</u>



City of Hurst, Texas
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2020

Total governmental fund balances	\$ 56,983,107
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital assets.	153,518,480
Accrued interest on governmental activities debt is not reported in the funds until paid.	(241,764)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	1,135,141
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide financial statements.	13,410,060
Other postemployment benefits and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	(11,515,273)
Pension related liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	(17,032,430)
The portion of the internal service funds due to business activities is reported in governmental activities in the government-wide financial statements.	1,898,955
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.	(5,823,730)
Tax notes, bonds payable and contractual obligations are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities. Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows in the statement of net position.	(56,075,875)
Net position of governmental activities	<u><u>\$ 136,256,671</u></u>

City of Hurst, Texas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2020 With Summarized
Totals for Year Ended September 30, 2019

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>HCDC</u>	<u>Anti-Crime</u>
Revenues			
Taxes, penalty and interest	\$ 27,945,861	\$ 4,816,339	\$ 4,921,887
Licenses/permits	811,270	-	-
Support from governmental entities	3,024,057	-	131,702
Charges for services	1,527,628	-	-
Fines and fees	1,120,244	-	-
Interest	326,074	72,034	122,298
Miscellaneous	342,307	5,957	22,615
	<hr/>	<hr/>	<hr/>
Total revenues	35,097,441	4,894,330	5,198,502
Expenditures			
Current			
General government	4,286,689	-	-
Public safety	18,742,331	-	4,282,945
Culture and recreation	5,532,644	2,567,797	-
Public works	2,371,726	-	-
Capital outlay	-	324,268	81,213
Debt service			
Principal retirement	-	-	-
Interest and fiscal agent fees	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	30,933,390	2,892,065	4,364,158
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	4,164,051	2,002,265	834,344
Other Financing Sources (Uses)			
Proceeds from issuance of debt	-	-	-
Premium on bond issuance	-	-	-
Transfers in	50,000	-	4,282
Transfers out	(3,564,112)	(1,226,940)	(50,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(3,514,112)	(1,226,940)	(45,718)
Net Change in Fund Balances	649,939	775,325	788,626
Fund Balances, Beginning of Year	<hr/>	<hr/>	<hr/>
	14,811,144	3,967,927	5,782,769
Fund Balances, End of Year	<hr/>	<hr/>	<hr/>
	\$ 15,461,083	\$ 4,743,252	\$ 6,571,395

See Notes to Financial Statements

Capital Projects Funds		Nonmajor Governmental Funds	Totals	
Special Projects	2019 GO Bond Fund		2020	2019
\$ -	\$ -	\$ 3,792,724	\$ 41,476,811	\$ 40,797,443
-	-	-	811,270	1,091,085
114,439	-	-	3,270,198	1,504,425
-	-	-	1,527,628	2,319,048
-	-	-	1,120,244	1,498,576
301,765	63,791	89,869	975,831	1,290,490
246,292	-	2,720	619,891	1,081,968
<u>662,496</u>	<u>63,791</u>	<u>3,885,313</u>	<u>49,801,873</u>	<u>49,583,035</u>
435,391	-	-	4,722,080	4,380,033
9,993	-	-	23,035,269	23,808,440
-	-	-	8,100,441	9,893,956
-	-	-	2,371,726	2,317,724
896,327	2,562,653	1,841,877	5,706,338	3,762,850
-	-	3,400,000	3,400,000	3,065,000
-	-	2,055,757	2,055,757	1,855,604
<u>1,341,711</u>	<u>2,562,653</u>	<u>7,297,634</u>	<u>49,391,611</u>	<u>49,083,607</u>
<u>(679,215)</u>	<u>(2,498,862)</u>	<u>(3,412,321)</u>	<u>410,262</u>	<u>499,428</u>
-	-	575,000	575,000	9,175,000
-	-	-	-	453,618
2,942,718	-	1,591,565	4,588,565	3,552,517
-	-	(25)	(4,841,077)	(5,067,004)
<u>2,942,718</u>	<u>-</u>	<u>2,166,540</u>	<u>322,488</u>	<u>8,114,131</u>
2,263,503	(2,498,862)	(1,245,781)	732,750	8,613,559
17,682,803	7,525,196	6,480,518	56,250,357	47,636,798
<u>\$ 19,946,306</u>	<u>\$ 5,026,334</u>	<u>\$ 5,234,737</u>	<u>\$ 56,983,107</u>	<u>\$ 56,250,357</u>



City of Hurst, Texas
Reconciliation of Changes in Fund Balances of Governmental
Funds to Change in Net Position in the Statement of Activities
Year Ended September 30, 2020

Net change in fund balances - total governmental funds	\$ 732,750
Amounts reported for governmental funds in the statement of activities are different because:	
Change in revenues not considered available in the governmental funds.	224
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. This is the amount by which depreciation exceeded capital outlays in the current year.	
Capital Outlay	6,488,659
Depreciation	(8,844,948)
Proceeds from debt issuance are an other financing source in the funds, but a debt issuance increases long-term liabilities in the statement of net position.	(575,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,400,000
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	283,486
Governmental funds report the effect of losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	(106,001)
Current year change in accrued interest payable does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.	(12,180)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.	(2,024,335)
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.	88,434
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.	217,697
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities).	1,135,589
Change in net position of governmental activities	\$ 784,375

City of Hurst, Texas
Proprietary Funds
Statement of Net Position
September 30, 2020 with Summarized
Totals for September 30, 2019

	Business-type Activities			Totals	
	Water & Sewer	Conference & Meeting Center Fund	Nonmajor Stormwater Fund	2020	2019
Assets					
Current Assets					
Cash and cash equivalents	\$ 580,955	\$ 1,066,991	\$ 121,802	\$ 1,769,748	\$ 1,519,986
Investments	14,620,625	-	1,677,203	16,297,828	15,963,268
Accounts receivable (net of allowance for uncollectible accounts of \$93,583 in 2020 and \$84,547 in 2019)	3,089,400	16,726	143,886	3,250,012	3,452,727
Other receivables	277,565	-	4,127	281,692	347,417
Due from other funds	-	-	-	-	-
Inventory of materials and supplies, at cost	193,255	16,953	-	210,208	219,476
Prepays and other assets	-	34,286	-	34,286	1,581
Restricted assets					
Cash and cash equivalents	965,170	-	-	965,170	1,105,706
Investments	1,973,344	-	-	1,973,344	1,872,410
Total current assets	<u>21,700,314</u>	<u>1,134,956</u>	<u>1,947,018</u>	<u>24,782,288</u>	<u>24,482,571</u>
Noncurrent Assets					
Capital assets	84,695,650	81,367	4,946,647	89,723,664	88,351,136
Accumulated depreciation	<u>(40,532,767)</u>	<u>(68,412)</u>	<u>(807,748)</u>	<u>(41,408,927)</u>	<u>(39,500,779)</u>
Total noncurrent assets	<u>44,162,883</u>	<u>12,955</u>	<u>4,138,899</u>	<u>48,314,737</u>	<u>48,850,357</u>
Total assets	<u>65,863,197</u>	<u>1,147,911</u>	<u>6,085,917</u>	<u>73,097,025</u>	<u>73,332,928</u>
Deferred Outflows of Resources					
Deferred pension outflows	382,658	107,104	32,582	522,344	1,648,499
Deferred OPEB outflows	324,374	75,279	28,969	428,622	401,312
Deferred loss on bond refunding	<u>324,947</u>	<u>-</u>	<u>-</u>	<u>324,947</u>	<u>375,167</u>
Total deferred outflows of resources	<u>1,031,979</u>	<u>182,383</u>	<u>61,551</u>	<u>1,275,913</u>	<u>2,424,978</u>
Total assets and deferred outflows of resources	<u>\$ 66,895,176</u>	<u>\$ 1,330,294</u>	<u>\$ 6,147,468</u>	<u>\$ 74,372,938</u>	<u>\$ 75,757,906</u>
Liabilities					
Current Liabilities					
Accounts payable and accrued items	\$ 1,378,717	\$ 39,246	\$ 38,736	\$ 1,456,699	\$ 1,572,303
Due to other funds	-	-	-	-	821,792
Unearned revenue	-	417,073	-	417,073	492,045
Current liabilities payable from restricted assets					
Accrued bond interest	30,092	-	-	30,092	35,352
Customer deposits	1,923,344	-	-	1,923,344	1,872,410
Current portion of net OPEB liability	105,554	24,496	9,427	139,477	172,505
Current portion of long-term liabilities	<u>1,335,674</u>	<u>26,422</u>	<u>2,815</u>	<u>1,364,911</u>	<u>1,366,357</u>
Total current liabilities	<u>4,773,381</u>	<u>507,237</u>	<u>50,978</u>	<u>5,331,596</u>	<u>6,332,764</u>
Net pension liability	2,052,823	574,567	174,787	2,802,177	4,361,989
Net OPEB liability, net of current portion	2,005,519	465,427	179,111	2,650,057	3,277,582
Long-term liabilities, net of current portion	<u>7,504,225</u>	<u>37,966</u>	<u>4,044</u>	<u>7,546,235</u>	<u>8,837,200</u>
Total long-term liabilities	<u>11,562,567</u>	<u>1,077,960</u>	<u>357,942</u>	<u>12,998,469</u>	<u>16,476,771</u>
Total liabilities	<u>16,335,948</u>	<u>1,585,197</u>	<u>408,920</u>	<u>18,330,065</u>	<u>22,809,535</u>
Deferred Inflows of Resources					
Deferred pension inflows	611,573	171,174	52,072	834,819	117,929
Deferred OPEB inflows	<u>513,365</u>	<u>119,144</u>	<u>45,848</u>	<u>678,357</u>	<u>28,911</u>
Total deferred inflows of resources	<u>1,124,938</u>	<u>290,318</u>	<u>97,920</u>	<u>1,513,176</u>	<u>146,840</u>
Net Position					
Net investment in capital assets	38,111,797	12,955	4,138,899	42,263,651	41,683,200
Unrestricted (deficit)	<u>11,322,493</u>	<u>(558,176)</u>	<u>1,501,729</u>	<u>12,266,046</u>	<u>11,118,331</u>
Total net position	<u>49,434,290</u>	<u>(545,221)</u>	<u>5,640,628</u>	<u>54,529,697</u>	<u>52,801,531</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 66,895,176</u>	<u>\$ 1,330,294</u>	<u>\$ 6,147,468</u>	<u>74,372,938</u>	<u>\$ 75,757,906</u>
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,898,955)</u>	
Net position of business-type activities				<u>\$ 52,630,742</u>	

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

2020	2019
\$ 1,346,331	\$ 2,513,308
10,739,523	9,616,694
-	-
62,148	59,954
-	-
39,756	39,071
165,000	165,000
-	-
-	-
<u>12,352,758</u>	<u>12,394,027</u>
13,844,118	13,043,305
(11,302,467)	(10,582,093)
<u>2,541,651</u>	<u>2,461,212</u>
<u>14,894,409</u>	<u>14,855,239</u>
87,347	287,915
63,648	62,786
-	-
<u>150,995</u>	<u>350,701</u>
<u>\$ 15,045,404</u>	<u>\$ 15,205,940</u>
\$ 440,222	\$ 798,394
-	-
-	-
-	-
20,712	25,643
25,192	20,965
<u>486,126</u>	<u>845,002</u>
468,579	726,972
393,521	487,208
46,786	38,935
<u>908,886</u>	<u>1,253,115</u>
<u>1,395,012</u>	<u>2,098,117</u>
139,599	19,493
100,733	7,429
<u>240,332</u>	<u>26,922</u>
2,541,651	2,461,212
10,868,409	10,619,689
<u>13,410,060</u>	<u>13,080,901</u>
<u>\$ 15,045,404</u>	<u>\$ 15,205,940</u>

City of Hurst, Texas

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2020 with Summarized

Totals for Year Ended September 30, 2019

	Business-type Activities				
	Water & Sewer	Conference & Meeting Center Fund	Nonmajor Stormwater Fund	Totals	
				2020	2019
Operating Revenues					
Water and sewer services	\$ 21,516,268	\$ -	\$ -	\$ 21,516,268	\$ 20,769,729
Storm drainage utility fee	-	-	1,102,618	1,102,618	1,098,010
Service fees	-	1,804,763	-	1,804,763	3,269,784
Other	263,343	-	46	263,389	499,204
Total operating revenues	21,779,611	1,804,763	1,102,664	24,687,038	25,636,727
Operating Expenses					
Personnel services	4,470,423	1,320,475	370,370	6,161,268	6,701,293
Contractual services	8,649,308	-	-	8,649,308	9,192,894
Repairs and maintenance	477,268	38,394	131,065	646,727	1,389,856
Materials and supplies	173,122	76,162	4,313	253,597	263,017
Depreciation and amortization	1,723,710	9,550	174,888	1,908,148	1,864,274
Indirect cost/street rental fees	3,692,379	-	83,856	3,776,235	3,876,235
Other	1,156,596	707,065	147,284	2,010,945	2,551,373
Total operating expenses	20,342,806	2,151,646	911,776	23,406,228	25,838,942
Operating income (loss)	1,436,805	(346,883)	190,888	1,280,810	(202,215)
Nonoperating Revenues (Expenses)					
Interest revenue	320,795	-	26,067	346,862	509,870
Interest expense	(266,270)	-	-	(266,270)	(338,602)
Gain (loss) on sale of property and equipment	-	-	-	-	(6,565)
Total nonoperating revenues (expenses)	54,525	-	26,067	80,592	164,703
Income (loss) before contributions and transfers	1,491,330	(346,883)	216,955	1,361,402	(37,512)
Transfers In	1,603,179	-	-	1,603,179	2,986,815
Transfers Out	(1,703,179)	-	-	(1,703,179)	(3,225,159)
Contributions	339,060	-	127,704	466,764	629,288
Change in Net Position	1,730,390	(346,883)	344,659	1,728,166	353,432
Net Position, Beginning of Year	47,703,900	(198,338)	5,295,969	52,801,531	52,448,099
Net Position, End of Year	\$ 49,434,290	\$ (545,221)	\$ 5,640,628	\$ 54,529,697	\$ 52,801,531
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds				(806,430)	
Change in Net Position of Business-type Activities				\$ 921,736	

**Governmental Activities-
Internal Service Funds**

2020	2019
\$ -	\$ -
-	-
9,860,122	9,556,234
72,831	57,210
<u>9,932,953</u>	<u>9,613,444</u>
7,573,364	8,233,127
192,034	190,704
558,660	561,633
1,069,054	1,243,583
720,373	794,800
-	-
-	-
<u>10,113,485</u>	<u>11,023,847</u>
(180,532)	(1,410,403)
184,442	248,559
(27,263)	-
-	49,930
<u>157,179</u>	<u>298,489</u>
(23,353)	(1,111,914)
352,512	1,752,831
-	-
-	-
<u>329,159</u>	<u>640,917</u>
<u>13,080,901</u>	<u>12,439,984</u>
<u>\$ 13,410,060</u>	<u>\$ 13,080,901</u>

City of Hurst, Texas
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2020 with Summarized
Totals for Year Ended September 30, 2019

	Business-type Activities				
	Water & Sewer	Conference & Meeting Center Fund	Nonmajor Stormwater Fund	Totals	
				2020	2019
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 21,994,840	\$ 1,686,550	\$ 1,090,659	\$ 24,772,049	\$ 25,793,016
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers	(10,393,728)	(816,583)	(330,643)	(11,540,954)	(13,261,683)
Payments on behalf of employees	(4,268,775)	(1,289,721)	(364,446)	(5,922,942)	(6,080,801)
Payments for interfund services used	(3,692,379)	-	(83,856)	(3,776,235)	(3,960,091)
Net cash provided by (used in) operating activities	3,639,958	(419,754)	311,714	3,531,918	2,490,441
Cash Flows from Noncapital Financing Activities					
Transfers to other funds	(2,524,971)	-	-	(2,524,971)	(6,340,324)
Transfers from other funds	1,603,179	-	-	1,603,179	3,892,949
Net cash provided by (used in) noncapital financing activities	(921,792)	-	-	(921,792)	(2,447,375)
Debt principal payments	(1,250,000)	-	-	(1,250,000)	(1,315,000)
Interest paid on revenue bonds	(262,269)	-	-	(262,269)	(331,845)
Purchases of property and equipment	(666,306)	-	(239,457)	(905,763)	(1,798,158)
Proceeds from sale of property and equipment	-	-	-	-	(6,565)
Net cash used in capital and related financing activities	(2,178,575)	-	(239,457)	(2,418,032)	(3,451,568)
Cash Flows from Investing Activities					
Proceeds from sale/maturities of investments	16,087,643	-	1,159,473	17,247,116	13,571,284
Purchase of investments	(16,507,610)	-	(1,175,000)	(17,682,610)	(12,842,949)
Interest received on investments	320,795	-	31,831	352,626	503,404
Net cash provided by (used in) investing activities	(99,172)	-	16,304	(82,868)	1,231,739
Net increase in cash and cash equivalents	440,419	(419,754)	88,561	109,226	(2,176,763)
Cash and Cash Equivalents, Beginning of Year	1,105,706	1,486,745	33,241	2,625,692	4,802,455
Cash and Cash Equivalents, End of Year	1,546,125	1,066,991	121,802	2,734,918	2,625,692
Noncash Investing, Capital and Financing Activities					
Capital contributions received in-kind	339,060	-	127,704	466,764	629,288
Reconciliation to Statement of Net Position					
Cash and cash equivalents	580,955	1,066,991	121,802	1,769,748	1,519,986
Restricted cash and cash equivalents	965,170	-	-	965,170	1,105,706
	<u>\$ 1,546,125</u>	<u>\$ 1,066,991</u>	<u>\$ 121,802</u>	<u>\$ 2,734,918</u>	<u>\$ 2,625,692</u>

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

2020	2019
\$ 67,495	\$ 47,486
9,860,122	9,750,559
(2,202,403)	(1,842,114)
(7,481,383)	(8,107,098)
-	-
243,831	(151,167)
-	-
352,512	1,752,831
352,512	1,752,831
-	-
(27,263)	49,930
(800,812)	(550,879)
-	-
(828,075)	(500,949)
8,846,764	3,004,861
(9,969,593)	(6,497,707)
187,584	2,637,150
(935,245)	(855,696)
(1,166,977)	245,019
2,513,308	2,268,289
1,346,331	2,513,308
-	-
1,346,331	2,513,308
-	-
<u>\$ 1,346,331</u>	<u>\$ 2,513,308</u>

City of Hurst, Texas
Proprietary Funds
Statement of Cash Flows (Continued)
Year Ended September 30, 2020 with Summarized
Totals for Year Ended September 30, 2019

	Business-type Activities				
	Water & Sewer	Conference & Meeting Center	Nonmajor Stormwater Fund	Totals	
				2020	2019
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 1,436,805	\$ (346,883)	\$ 190,888	\$ 1,280,810	\$ (202,215)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	1,723,710	9,550	174,888	1,908,148	1,864,274
Change in assets and deferred outflows					
Accounts receivable	164,295	110,386	(12,005)	262,676	63,061
Inventory of materials and supplies	2,227	7,041	-	9,268	(8,319)
Due to/from other funds	-	-	-	-	(83,856)
Prepays and other assets	-	(32,705)	-	(32,705)	119,869
Deferred pension outflows	844,182	214,757	67,216	1,126,155	(1,045,975)
Deferred OPEB outflows	(25,802)	(1,078)	(430)	(27,310)	(115,808)
Change in liabilities and deferred inflows					
Accounts payable and other	60,339	(122,925)	(54,471)	(117,057)	(10,680)
Customer deposits and unearned revenue	50,934	(74,972)	-	(24,038)	130,183
Net pension liability	(1,142,024)	(320,225)	(97,563)	(1,559,812)	2,229,284
Net OPEB liability	(499,804)	(116,173)	(44,576)	(660,553)	162,060
Deferred pension inflows	528,485	143,109	45,296	716,890	(603,333)
Deferred OPEB inflows	496,611	110,364	42,471	649,446	(8,104)
Net cash provided by operating activities	<u>\$ 3,639,958</u>	<u>\$ (419,754)</u>	<u>\$ 311,714</u>	<u>\$ 3,531,918</u>	<u>\$ 2,490,441</u>

**Governmental Activities
Internal Service Funds**

2020	2019
\$ (180,532)	\$ (1,410,403)
720,373	794,800
(5,336)	(9,724)
(685)	3,498
-	194,325
-	-
200,568	(183,543)
(862)	(20,348)
(346,094)	175,315
-	-
(258,393)	366,506
(98,618)	24,090
120,106	(87,610)
93,304	1,927
<u>\$ 243,831</u>	<u>\$ (151,167)</u>

City of Hurst, Texas
Fiduciary Fund
Statement of Fiduciary Net Position
September 30, 2020

	OPEB Trust	
	2020	2019
Assets		
Investments – equity mutual funds	\$ 4,768,897	\$ 3,349,831
Total assets	\$ 4,768,897	\$ 3,349,831
Net Position		
Restricted for other postemployment benefits	\$ 4,768,897	\$ 3,349,831
Total net position	\$ 4,768,897	\$ 3,349,831

City of Hurst, Texas
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2020

	OPEB Trust
Additions	
Contributions	
Employer	\$ 1,433,489
Net investment income	677,555
Total additions	2,111,044
Deductions	
Benefit payments	682,789
Administrative expenses	9,189
Total deductions	691,978
Change in net position	1,419,066
Net Position, Beginning of Year	3,349,831
Net Position, Ending of Year	\$ 4,768,897



City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies

The City of Hurst, Texas (City) Home Rule Charter was adopted December 19, 1956, pursuant to Resolution No. 100, adopted November 13, 1956. The City operates under a Council-Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development and water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. Significant City policies are described below.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, in substance, are part of the City's operations.

The Hurst Community Services Development Corporation (HCDC) was incorporated in 1993 under the provisions of the *Development Corporation Act of 1979*, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended. HCDC operates under a seven member Board of Directors appointed by the City Council. The purpose of HCDC is to promote and finance projects required or suitable for athletic, entertainment, tourist, conventions, public parks and related purposes. The Board of Directors of HCDC is substantially the same as the City Council and the City will ultimately bear the benefit or burden. HCDC has been incorporated into these basic financial statements as a blended component unit, reported as the HCDC Fund. Separate financial statements for HCDC are not released.

The Hurst Crime Control and Prevention District (HCCPD) was authorized by voter referendum on September 9, 1995, for five years under the provisions of the *Crime Control and Prevention District Act*, Article 2370c-4, Section 3.01, Vernon Civil Statutes, as amended. The district was renewed by voter referendum on August 12, 2000, for ten years and again on May 8, 2010, for twenty years. The HCCPD operates under a seven-member Board of Directors appointed by the City Council. The purpose of the HCCPD is to provide relief to the General Fund for expanded crime prevention and enforcement activities. The Board of Directors of the HCCPD is substantially the same as the City Council and the City will ultimately bear the benefit or burden. The HCCPD has been incorporated into these basic financial statements as a blended component unit, reported as the Anti-crime Fund. Separate financial statements for HCCPD are not released.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. These financial statements include the financial activities of the overall government except the fiduciary fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments* (GASB 34) in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department, and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Net position should be reported as restricted when constraints placed on asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their asset use. Separate financial statements are provided for governmental funds, proprietary funds, internal service funds and fiduciary fund. Major individual governmental funds and the major enterprise funds are reported as separate columns in the fund financial statements.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues susceptible to accrual as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, fines, interest, and charges for services. Licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The major governmental funds are:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating and capital expenditures not paid through other funds are paid from the General Fund.

HCDC Fund: To account for the sales and use tax levied by the City on behalf of HCDC.

Anti-crime Fund: To account for the sales and use tax levied by the City on behalf of HCCPD.

Special Projects Fund: To account for the purchase or construction of building improvements, computer equipment, and office machinery and equipment. Financing is provided primarily by transfers from the General Fund.

2019 G.O. Bond Capital Projects Fund: To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

Internal Service Funds

The internal service funds account for the financing of goods or services provided by one department to other departments of the City on a user charge basis.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Fleet Service Fund: To account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of vehicles. Operations are financed by charges to the user departments based on vehicle usage.

The Loss Reserve Fund: To account for the City's partially self-insured health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

Information Services Fund: To account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Water & Sewer Fund: To account for providing water and sewer to residential and commercial users and is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Conference & Meeting Center Fund: To account for the operations of the City's conference and meeting center and is designated as a major fund. Fees are charged for use of the center. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Fiduciary Fund

The other postemployment benefit (OPEB) trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for OPEBs. Plan trustees must act in accordance with the specific purposes and terms of the OPEB plan. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended December 31, 2019, the Plan's year-end, in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74).

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Cash and Cash Equivalents

For purposes of reporting cash flows, the City considers cash and investments with an initial maturity of less than three months as cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

Investments

Certificates of deposit are stated at cost with interest accrued as earned for government-wide presentation. Investments in external investment pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method).

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure such as roads, bridges, drainage systems and lighting systems are reported at historical cost. Donated capital assets, donated works of art and similar items are reported at acquisition value on the date donated. The minimum capitalization threshold is any item with a total cost greater than \$5,000 and a life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Assets</u>	
Buildings	10 – 40 Years
Furniture & Fixtures	4 – 10 Years
Improvements OTB	5 – 40 Years
Machinery & Equipment	2 – 30 Years
Streets	15 – 30 Years
Vehicles	2 – 15 Years
Water System	4 – 50 Years
Sewer System	5 – 50 Years
Stormwater System	4 – 40 Years

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Compensated Absences

Vested vacation leave (unpaid to employees terminated before year-end) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The long-term portion of compensated absences for governmental funds is reflected in the statement of net position. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvested accumulating rights to receive sick pay benefits.

Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' 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.

Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68).

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

Defined Benefit Other Postemployment Benefit Plan

The City has an agent multiple-employer defined benefit other postemployment (benefit) OPEB plan (Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. There is no interest charged between funds for these advances.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable fund balance, is employed by the City. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. The City allows encumbrances to lapse leaving no reservation of fund balance at September 30, 2020.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.
- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.
- Experience difference – Pensions – These amounts represent the differences between expected and actual pension experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Assumption changes – Pensions and OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension and OPEB plan assets. These differences are deferred and amortized over a closed five-year period.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has the following items that qualify for reporting in this category.

- Unavailable revenue – This amount represents uncollected property taxes and municipal court fees. This amount is deferred and recognized once payments are received in the following fiscal year.
- Experience difference – Pensions and OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Assumption changes – OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

Minimum Fund Balance

City management must institute a plan to achieve and maintain an unassigned fund balance in the general fund equal to no less than 90 days of operating expenditures. The City considers a balance of less than 90 days of operating expenditures to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the City will enact its fiscal management plan. The fiscal management plan provides specific language to guide expenditure reduction and/or revenue enhancement actions.

Fund Balance Classifications and Uses

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2020 and 2019, follows:

	2020					2019		
	General Fund	HCDC	Anti-Crime	Special Projects	2019 GO Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds	Total Governmental Funds
Nonspendable	\$ 1,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,881	\$ 1,883
Restricted for								
Capital projects	-	-	-	-	5,026,334	4,104,520	9,130,854	12,827,347
Community development	23,642	4,743,252	-	-	-	-	4,766,894	3,991,469
Public safety	427,251	-	6,571,395	-	-	-	6,998,646	6,166,575
Debt service	-	-	-	-	-	1,130,217	1,130,217	1,178,367
Municipal court	543,148	-	-	-	-	-	543,148	530,917
Parks	689,524	-	-	-	-	-	689,524	528,213
Traffic safety	484,574	-	-	-	-	-	484,574	503,408
Tourism, convention center, arts	1,859,780	-	-	-	-	-	1,859,780	1,769,929
Urban transit	1,693,925	-	-	-	-	-	1,693,925	1,220,895
Other	122,899	-	-	-	-	-	122,899	122,539
Assigned								
Capital and special projects	-	-	-	19,946,306	-	-	19,946,306	17,682,803
Other	29,620	-	-	-	-	-	29,620	23,575
Unassigned	9,584,839	-	-	-	-	-	9,584,839	9,702,437
Total fund balance	\$ 15,461,083	\$ 4,743,252	\$ 6,571,395	\$ 19,946,306	\$ 5,026,334	\$ 5,234,737	\$ 56,983,107	\$ 56,250,357

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Prior-Year Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended September 30, 2019.

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation. The reclassifications had no effect on the changes in net position.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Future Adoption of Accounting Principles

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2020.

Statement No.	Title	Adoption Required
84	Fiduciary Activities	September 30, 2021
87	Leases	September 30, 2022
91	Conduit Debt Obligations	September 30, 2022

Note 2: Budgetary Data and Stewardship

The City is required to annually adopt budgets for the General, Special Revenue and Debt Service Funds on a basis consistent with GAAP. Budgeted amounts are originally adopted by the City Council for the 2019-2020 budget. There were no individual amendments to the original appropriations. Such appropriations lapse at year-end.

- 1) The City follows these procedures in establishing budgetary data reflected in the basic financial statements.
- 2) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 3) Public hearings are conducted to obtain taxpayer comments.
- 4) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- 5) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings.
- 6) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Debt Service Funds.
- 7) Budgetary data for the Capital Projects Funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 3: Deposits and Investments

The City's deposit and investment policies are governed by State statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions and depositories must fully collateralize all deposits in excess of FDIC insurance limits. At September 30, 2020, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

External Investment Pools: The City's pool investments as of September 30, 2020, were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

During the year, the City invested in two public fund investment pools, including TexSTAR and TexPool. Each pool's governing body is comprised of individuals who are employees, officers or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Federated Investors is the full-service provider for the TexPool program. As the provider, the responsibilities include managing the assets, providing participant services, and arranging for all custody and other functions in support of the operations under a contract with the State Comptroller of Public Accounts. JPMorgan Investment Management (JPMIM) and Hilltop Securities, Inc. (HSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMIM serves as an investment advisor to TexSTAR, while HSAM provides administrative participant support and marketing services.

TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. TexPool and TexSTAR are investment pools that have been organized in conformity with the Chapters 791, Interlocal Cooperation Act, and 2256, Public Funds Investment Act, of the Texas Government Code.

Investments in TexPool are carried at amortized cost, while TexSTAR is carried at net asset value.

Investments: The City's investments are registered or held by the City or its agent in the City's name at September 30, 2020, and are as follows:

	<u>Value</u>	<u>Weighted Average</u>
Certificates of deposit	\$ 37,000,000	1.18
Investment in Master Trust	4,768,897	-
Investment pools	18,856,763	0.09
U.S. Treasury Obligations	16,174,124	1.33
Federal Agency Securities	<u>7,120,247</u>	<u>1.10</u>
Portfolio weighted average maturity	<u>\$ 83,920,031</u>	<u>0.94</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Interest Rate Risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk: Statutes authorize the City to invest in obligations of the United States of America, its agencies and instrumentalities, in obligations of the State of Texas and related agencies, in obligations of states, agencies, counties, cities and other political subdivisions of any state rated “A” or above by Standard & Poor’s or Moody’s, repurchase agreements and designated investment pools. The City’s investment in TexPool and TexSTAR are both rated AAA by Standard & Poor’s.

Custodial Credit Risk: The City invests in certificates of deposit at a bank with initial maturities greater than three months. These certificates of deposit are collateralized by securities held in the City’s name by pledging financial institutions.

OPEB Trust Fund Investments: The City has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. PARS provides its participants a range of investment strategies, and the City has selected the PARS Balanced HighMark Plus Portfolio. The goal of the Plan’s investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay present and future obligations to the Plan. The Balanced Portfolio’s goal is to provide growth of both principal and income. The Plan’s underlying investments are allocated between equity, fixed income securities and cash. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2019, all investments are registered in the name of the OPEB Plan’s custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$4,768,897 as of December 31, 2019. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust’s funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

Fair Value of Assets: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Securities	\$ 16,174,124	\$ 16,174,124	\$ -	\$ -
U.S. Agency Securities	7,120,247	-	7,120,247	-
Investment in Master Trust	4,768,897	-	-	4,768,897
Total investments by fair value level	<u>28,063,268</u>	<u>\$ 16,174,124</u>	<u>\$ 7,120,247</u>	<u>\$ 4,768,897</u>
Investments Measured at Net Asset Value – TexSTAR	9,419,827			
Investments Measured at Amortized Cost – TexPool	9,436,936			
Non-negotiable Certificates of Deposit	<u>37,000,000</u>			
Total investments	<u>\$ 83,920,031</u>			

Certain investments that are measured using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 4: Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located in the City. The total assessed value upon which the fiscal 2020 levy is based is approximately \$4,221,189,142. Such assessed value is computed based on 100% appraised values.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by the City's Home Rule Charter to \$1.50 per \$100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2020, is \$0.597299 per \$100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Current tax collections for the year ended September 30, 2020, are approximately 99% of the tax levy.

Note 5: Net Receivables

Net receivables consist of the following at September 30, 2020 and 2019:

	2020	2019
Governmental Activities		
Taxes receivable	\$ 2,726,924	\$ 3,776,842
Contract receivables	-	600,000
Charges to users	979,200	981,561
Interest	286,751	331,664
Other	2,388,057	1,191,633
Total governmental activities net receivables	6,380,932	6,881,700
Business-type Activities		
Charges to users	3,148,180	3,325,615
Interest	101,832	134,484
Other	281,692	340,045
Total business-type activities net receivables	3,531,704	3,800,144
Total net receivables	\$ 9,912,636	\$ 10,681,844

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 6: Capital Assets

A summary of changes in governmental activities capital assets is as follows:

	Balance October 1, 2019	Additions	Disposals/ Reclassifications	Balance September 30, 2020
Capital Assets Not Being Depreciated				
Land	\$ 59,407,854	\$ 171,992	\$ -	\$ 59,579,846
Construction in progress	7,520,864	5,958,501	(5,643,775)	7,835,590
	<u>66,928,718</u>	<u>6,130,493</u>	<u>(5,643,775)</u>	<u>67,415,436</u>
Capital Assets Being Depreciated				
Buildings and improvements	92,861,482	1,043,220	-	93,904,702
Improvements other than buildings	160,159,516	4,163,595	-	164,323,111
Machinery and equipment	32,567,582	875,565	(3,640)	33,439,507
Total depreciable	<u>285,588,580</u>	<u>6,082,380</u>	<u>(3,640)</u>	<u>291,667,320</u>
Less Accumulated Depreciation for				
Buildings and improvements	(41,017,496)	(3,088,668)	-	(44,106,164)
Improvements other than buildings	(127,944,394)	(3,929,299)	-	(131,873,693)
Machinery and equipment	(25,219,427)	(1,826,981)	3,640	(27,042,768)
Total accumulated depreciation	<u>(194,181,317)</u>	<u>(8,844,948)</u>	<u>3,640</u>	<u>(203,022,625)</u>
Total depreciable - net	<u>91,407,263</u>	<u>(2,762,568)</u>	<u>-</u>	<u>88,644,695</u>
Governmental activities capital assets, net	<u>\$ 158,335,981</u>	<u>\$ 3,367,925</u>	<u>\$ (5,643,775)</u>	<u>\$ 156,060,131</u>
	Balance October 1, 2018	Additions	Disposals/ Reclassifications	Balance September 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 58,160,798	\$ 1,247,056	\$ -	\$ 59,407,854
Construction in progress	7,355,023	4,363,727	(4,197,886)	7,520,864
	<u>65,515,821</u>	<u>5,610,783</u>	<u>(4,197,886)</u>	<u>66,928,718</u>
Capital Assets Being Depreciated				
Buildings and improvements	92,440,555	420,927	-	92,861,482
Improvements other than buildings	160,035,530	116,567	7,419	160,159,516
Machinery and equipment	30,632,519	2,565,249	(630,186)	32,567,582
Total depreciable	<u>283,108,604</u>	<u>3,102,743</u>	<u>(622,767)</u>	<u>285,588,580</u>
Less Accumulated Depreciation for				
Buildings and improvements	(37,376,311)	(3,641,185)	-	(41,017,496)
Improvements other than buildings	(124,539,688)	(3,404,706)	-	(127,944,394)
Machinery and equipment	(24,018,067)	(1,824,221)	622,861	(25,219,427)
Total accumulated depreciation	<u>(185,934,066)</u>	<u>(8,870,112)</u>	<u>622,861</u>	<u>(194,181,317)</u>
Total depreciable - net	<u>97,174,538</u>	<u>(5,767,369)</u>	<u>94</u>	<u>91,407,263</u>
Governmental activities capital assets, net	<u>\$ 162,690,359</u>	<u>\$ (156,586)</u>	<u>\$ (4,197,792)</u>	<u>\$ 158,335,981</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Depreciation is charged to functions as follows:

	<u>2020</u>	<u>2019</u>
Governmental Activities		
General government	\$ 2,522,048	\$ 1,664,672
Public safety	1,598,448	2,019,755
Culture and recreation	2,335,791	2,363,274
Public works	<u>2,388,661</u>	<u>2,822,411</u>
Total governmental activities depreciation expense	<u>\$ 8,844,948</u>	<u>\$ 8,870,112</u>

Depreciation on capital assets held by the City’s Internal Service Funds, which are predominantly related to governmental activities, is charged to various functions based on their usage of the assets and included in the amounts above.

Construction in progress consists of the following at September 30, 2020:

	<u>Project Authorization</u>	<u>Expended Through September 30, 2020</u>	<u>Committed September 30, 2020</u>
Community Services Improvements	\$ 2,229,572	\$ 1,922,087	\$ 307,485
Street Improvements	1,650,112	1,506,103	144,009
Other	<u>10,634,430</u>	<u>4,407,400</u>	<u>6,227,030</u>
Total	<u>\$ 14,514,114</u>	<u>\$ 7,835,590</u>	<u>\$ 6,678,524</u>

The “project authorization” and “committed” amounts above are based on City estimates of total project costs.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

A summary of changes in business-type capital assets follows:

	Balance October 1, 2019	Additions	Disposals/ Reclassifications	Balance September 30, 2020
Capital Assets Not Being Depreciated				
Land	\$ 564,612	\$ -	\$ -	\$ 564,612
Construction in progress	2,785,921	851,398	(3,476,494)	160,825
	<u>3,350,533</u>	<u>851,398</u>	<u>(3,476,494)</u>	<u>725,437</u>
Capital Assets Being Depreciated				
Utility plant in service	80,435,782	3,605,594	-	84,041,376
Buildings and improvements	509,262	245,965	-	755,227
Machinery and equipment	4,055,559	146,065	-	4,201,624
Total depreciable	<u>85,000,603</u>	<u>3,997,624</u>	<u>-</u>	<u>88,998,227</u>
Less Accumulated Depreciation for				
Utility plant in service	(36,372,251)	(1,608,804)	-	(37,981,055)
Buildings and improvements	(275,282)	(50,392)	-	(325,674)
Machinery and equipment	(2,853,246)	(249,225)	-	(3,102,471)
Total accumulated depreciation	<u>(39,500,779)</u>	<u>(1,908,421)</u>	<u>-</u>	<u>(41,409,200)</u>
Total depreciable - net	<u>45,499,824</u>	<u>2,089,203</u>	<u>-</u>	<u>47,589,027</u>
Business-type activities capital assets, net	<u>\$ 48,850,357</u>	<u>\$ 2,940,601</u>	<u>\$ (3,476,494)</u>	<u>\$ 48,314,464</u>
	Balance October 1, 2018	Additions	Disposals/ Reclassifications	Balance September 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 564,612	\$ -	\$ -	\$ 564,612
Construction in progress	1,523,082	1,685,372	(422,533)	2,785,921
	<u>2,087,694</u>	<u>1,685,372</u>	<u>(422,533)</u>	<u>3,350,533</u>
Capital Assets Being Depreciated				
Utility plant in service	79,936,139	88,762	410,881	80,435,782
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,433,399	664,640	(42,480)	4,055,559
Total depreciable	<u>83,878,800</u>	<u>753,402</u>	<u>368,401</u>	<u>85,000,603</u>
Less Accumulated Depreciation for				
Utility plant in service	(34,778,436)	(1,594,357)	542	(36,372,251)
Buildings and improvements	(258,307)	(16,975)	-	(275,282)
Machinery and equipment	(2,642,566)	(252,942)	42,262	(2,853,246)
Total accumulated depreciation	<u>(37,679,309)</u>	<u>(1,864,274)</u>	<u>42,804</u>	<u>(39,500,779)</u>
Total depreciable - net	<u>46,199,491</u>	<u>(1,110,872)</u>	<u>411,205</u>	<u>45,499,824</u>
Business-type activities capital assets, net	<u>\$ 48,287,185</u>	<u>\$ 574,500</u>	<u>\$ (11,328)</u>	<u>\$ 48,850,357</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Construction in progress consists of the following at September 30, 2020:

	Project Authorization	Expended Through September 30, 2020	Committed as September 30, 2020
Water	\$ 509,400	\$ 90,129	\$ 419,271
Other	90,000	70,696	19,304
Total	<u>\$ 599,400</u>	<u>\$ 160,825</u>	<u>\$ 438,575</u>

Note 7: Long-term Liabilities

The following is a summary of changes in long-term liabilities of the City for the years ended September 30, 2020 and 2019:

	October 01, 2019	Additions	Reductions	September 30, 2020	Current Portion
Governmental Activities					
Bonds payable and premiums					
General obligation bonds	\$ 40,890,000	\$ -	\$ (2,455,000)	\$ 38,435,000	\$ 2,540,000
Certificates of obligation	14,665,000	-	(780,000)	13,885,000	810,000
Loan from Direct Borrowing	-	575,000	-	575,000	80,000
Tax Notes	860,000	-	(165,000)	695,000	170,000
Premium	3,947,087	-	(287,422)	3,659,665	286,052
Total long-term debt	<u>60,362,087</u>	<u>575,000</u>	<u>(3,687,422)</u>	<u>57,249,665</u>	<u>3,886,052</u>
Compensated absences	6,101,327	2,070,379	(2,275,998)	5,895,708	2,408,968
Governmental Activities	<u>\$ 66,463,414</u>	<u>\$ 2,645,379</u>	<u>\$ (5,963,420)</u>	<u>\$ 63,145,373</u>	<u>\$ 6,295,020</u>
Long-term liabilities					
	October 01, 2018	Additions	Reductions	September 30, 2019	Current Portion
Governmental Activities					
Bonds payable and premiums					
General obligation bonds	\$ 35,785,000	\$ 7,225,000	\$ (2,120,000)	\$ 40,890,000	\$ 2,455,000
Certificates of obligation	13,395,000	1,950,000	(680,000)	14,665,000	780,000
Sales tax revenue bonds	105,000	-	(105,000)	-	-
Tax Notes	1,020,000	-	(160,000)	860,000	165,000
Premium	3,741,584	453,618	(248,115)	3,947,087	287,422
Total long-term debt payable	<u>54,042,648</u>	<u>9,628,618</u>	<u>(3,313,115)</u>	<u>60,358,151</u>	<u>3,687,422</u>
Capital lease	-	-	-	-	-
Compensated absences	6,088,983	2,276,001	(2,263,657)	6,101,327	2,518,628
Governmental Activities	<u>\$ 60,131,631</u>	<u>\$ 11,904,619</u>	<u>\$ (5,576,772)</u>	<u>\$ 66,459,478</u>	<u>\$ 6,206,050</u>
Long-term liabilities					

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

	October 01, 2019	Additions	Reductions	September 30, 2020	Current Portion
Business-type Activities					
Bonds payable and premiums					
General obligation bonds	\$ 6,760,000	\$ -	\$ (940,000)	\$ 5,820,000	\$ 855,000
Certificates of obligation	2,670,000	-	(310,000)	2,360,000	320,000
Premium	493,730	-	(65,577)	428,153	65,577
Total bonds payable	<u>9,923,730</u>	<u>-</u>	<u>(1,315,577)</u>	<u>8,608,153</u>	<u>1,240,577</u>
Compensated absences	281,874	409,448	(388,329)	302,993	124,334
Business-type Activities					
Long-term liabilities	<u>\$ 10,205,604</u>	<u>\$ 409,448</u>	<u>\$ (1,703,906)</u>	<u>\$ 8,911,146</u>	<u>\$ 1,364,911</u>
	October 01, 2018	Additions	Reductions	September 30, 2019	Current Portion
Business-type Activities					
Bonds payable and premiums					
General obligation bonds	\$ 7,780,000	\$ -	\$ (1,020,000)	\$ 6,760,000	\$ 930,000
Certificates of obligation	2,965,000	-	(295,000)	2,670,000	320,000
Premium	562,777	-	(69,047)	493,730	65,577
Total bonds payable	<u>11,305,730</u>	<u>-</u>	<u>(1,384,047)</u>	<u>9,921,683</u>	<u>1,315,577</u>
Compensated absences	243,728	388,329	(350,183)	281,874	50,780
Business-type Activities					
Long-term liabilities	<u>\$ 11,549,458</u>	<u>\$ 388,329</u>	<u>\$ (1,734,230)</u>	<u>\$ 10,203,557</u>	<u>\$ 1,366,357</u>

Substantially all vacation and sick leave is paid by the General Fund and Enterprise Funds. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due at year-end. The General Fund is the governmental fund which primarily is responsible for liquidating the net pension and other postemployment liabilities for the governmental activities.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Governmental Activities

	Outstanding	Due Next Year
Tax Notes		
\$1,180,000 Series 2017 Tax Notes due in annual installments of \$160,000 to \$180,000 through August 2024, plus interest at 1.790%	<u>\$ 695,000</u>	<u>\$ 170,000</u>
Tax and Water and Sewer (Limited Pledge)		
Certificates of Obligation		
\$2,030,000 Series 2009 Certificates of Obligation due in annual installments of \$60,000 to \$145,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	\$ 105,000	\$ 105,000
\$7,355,000 Series 2014 Certificates of Obligation due in annual installments of \$265,000 to \$495,000 through August 2034, plus interest at 3.00% to 3.75%	5,585,000	325,000
\$3,750,000 Series 2015 Certificates of Obligation due in annual installments of \$95,000 to \$185,000 through August 2035, plus interest at 2.00% to 4.00%	2,130,000	110,000
\$4,905,000 Series 2016 Certificates of Obligation due in annual installments of \$175,000 to \$345,000 through August 2036, plus interest at 2.00% to 4.00%	4,185,000	195,000
\$1,950,000 Series 2019 Certificates of Obligation due in annual installments of \$70,000 to \$125,000 through August 2038, plus interest at 3.00%	<u>1,880,000</u>	<u>75,000</u>
Certificates of obligation	<u>\$ 13,885,000</u>	<u>\$ 810,000</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

	<u>Outstanding</u>	<u>Due Next Year</u>
Tax and Water and Sewer (Limited Pledge)		
General Obligation		
\$2,960,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$125,000 to \$350,000 through August 2022, plus interest at 2.00% to 4.00%	\$ 475,000	\$ 350,000
\$15,565,000 Series 2012 General Obligation Improvement Bonds due in annual installments of \$255,000 to \$870,000 through August 2042, plus interest at 2.00% to 3.375%	13,190,000	370,000
\$1,810,000 Series 2012 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$205,000 through August 2023, plus interest at 2.00% to 4.00%	585,000	185,000
\$5,705,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$290,000 to \$585,000 through August 2026, plus interest at 2.00% to 3.50%	3,230,000	520,000
\$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of \$10,000 to \$370,000 through August 2027, plus interest at 2.00% to 4.00%	2,355,000	300,000
\$1,345,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$5,000 to \$160,000 through September 2028, plus interest at 2.00% to 4.00%	1,110,000	125,000
\$4,945,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$340,000 through September 2038, plus interest at 2.00% to 4.00%	4,570,000	185,000
\$4,950,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$340,000 through September 2038, plus interest at 2.00% to 4.00%	4,570,000	185,000
\$1,500,000 Series 2017 General Obligation Refunding Bonds due in annual installments of \$15,000 to \$190,000 through August 2029, plus interest at 2.190%	1,375,000	60,000
\$7,225,000 Series 2019 General Obligation Bonds due in annual installments of \$250,000 to \$470,000 through August 2039, plus interest at 2.5% to 4.5%	<u>6,975,000</u>	<u>260,000</u>
General obligation	<u>\$ 38,435,000</u>	<u>\$ 2,540,000</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Business-type Activities

	Outstanding	Due Next Year
Certificates of Obligation		
\$4,070,000 Series 2009 Certificates of Obligation due in annual installments of \$120,000 to \$290,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	\$ 210,000	\$ 210,000
\$3,750,000 Series 2015 Certificates of Obligation due in annual installments of \$40,000 to \$80,000 through August 2035, plus interest at 2.00% to 4.00%	915,000	45,000
\$1,360,000 Series 2018 Certificates of Obligation due in annual installments of \$60,000 to \$75,000 through August 2038, plus interest at 0.13% to 1.53%	1,235,000	65,000
Total certificates of obligation	\$ 2,360,000	\$ 320,000
General Obligation Refunding Bonds		
\$2,395,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$40,000 to \$285,000 through August 2022, plus interest at 2.00% to 4.00%	\$ 415,000	\$ 285,000
\$1,215,000 Series 2012 General Obligation Refunding Bonds due in annual installments of \$100,000 to \$135,000 through August 2023, plus interest at 2.00% to 4.00%	380,000	120,000
\$2,125,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$160,000 to \$315,000 through August 2026, plus interest at 2.00% to 3.50%	940,000	180,000
\$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of \$5,000 to \$160,000 through August 2027, plus interest at 2.00% to 4.00%	980,000	130,000
\$1,070,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$90,000 to \$125,000 through September 2028, plus interest at 2.00% to 4.00%	890,000	100,000
\$2,350,000 Series 2017 General Obligation Refunding Bonds due in annual installments of \$25,000 to \$285,000 through August 2029, plus interest of 2.190%	2,215,000	40,000
Total general obligation bonds	\$ 5,820,000	\$ 855,000

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Certain bond issues contain a provision that allows the City to prepay or call the bonds at no premium.

The annual requirements including interest to amortize all long-term debt outstanding at September 30, 2020, follow:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 3,600,000	\$ 1,934,117	\$ 1,175,000	\$ 240,731
2022	3,470,000	1,822,517	1,035,000	202,339
2023	3,455,000	1,699,234	945,000	170,166
2024	3,370,000	1,569,546	815,000	138,947
2025	3,310,000	1,445,434	855,000	114,296
2026-2030	13,590,000	5,511,350	2,410,000	268,619
2031-2035	12,770,000	3,219,123	720,000	76,862
2036-2040	8,320,000	1,175,375	225,000	6,795
2041-2045	1,705,000	110,150	-	-
Total	<u>\$ 53,590,000</u>	<u>\$ 18,486,846</u>	<u>\$ 8,180,000</u>	<u>\$ 1,218,755</u>

Loan from Direct Borrowing

During 2020, the City entered into a loan agreement with First National Bank of Texas for \$575,000, Series 2020 Public Property Finance Contractual Obligation. The loan is due in annual installments of \$75,000 to \$90,000 through 2027, plus interest of 2.75%.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 8: Defined Benefit Pension Plans

Plan Description: The City participates as one of over 888 plans in the nontraditional, joint contributory, agent multiple-employer defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' 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 (CAFR) that can be obtained at www.tmr.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% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to Employee):	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees*	30% of CPI-U

*TMRS allows cities to calculate Cost of Living Adjustments (COLAs) for retirees on an annual or ad hoc basis. The City has opted for the ad hoc basis calculation.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

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	292
Inactive employees entitled to but not yet receiving benefits	202
Active employees	397
	891

Contributions: The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hurst were 11.11% and 10.85% in calendar years 2020 and 2019, respectively. The City’s contributions to TMRS for the year ended September 30, 2020, were \$2,942,083 and 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 net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Inflation	2.50%
Overall payroll growth	3.75% per year, adjusted down for population declines, if any

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

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

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

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

Asset Class	Target	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	<u>10.00%</u>	7.75%
Total	<u><u>100.00%</u></u>	

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Changes in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2019	\$ 174,356,338	\$ 145,428,544	28,927,794
Changes for the year			
Service cost	4,294,773	-	4,294,773
Interest	11,603,397	-	11,603,397
Difference between expected and actual experience	635,990	-	635,990
Changes of assumptions	286,317	-	286,317
Contributions – employer	-	2,942,019	(2,942,019)
Contributions – employee	-	1,879,028	(1,879,028)
Net investment income	-	22,463,670	(22,463,670)
Benefit payments, including refunds of employee contributions	(9,203,080)	(9,203,080)	-
Administrative expense	-	(127,039)	127,039
Other changes	-	(3,816)	3,816
Net changes	<u>7,617,397</u>	<u>17,950,782</u>	<u>(10,333,385)</u>
Balance at September 30, 2020	<u>\$ 181,973,735</u>	<u>\$ 163,379,326</u>	<u>\$ 18,594,409</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City’s net pension liability	<u>\$ 42,578,202</u>	<u>\$ 18,594,409</u>	<u>\$ (1,273,435)</u>

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 of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended September 30, 2020, the City recognized pension expense of \$5,305,971.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 930,426	\$ 484,048
Changes of assumptions	338,046	-
Net difference between projected and actual earnings on pension plan investments	-	5,055,562
Contributions subsequent to the measurement date	2,197,634	-
Total	\$ 3,466,106	\$ 5,539,610

\$2,197,634 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ (1,122,500)
2022	(1,307,910)
2023	544,729
2024	(2,385,457)
Total	\$ (4,271,138)

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 9: Interfund Balances

Interfund Due To/Due From balances are primarily used to recognize: (1) internal allocations to internal service funds from other funds receiving services, (2) services provided by the General Fund to the Water and Sewer Enterprise Fund, (3) street rental fees from the Water and Sewer Enterprise Fund due to the General Fund and (4) services provided by the General Fund to the Anti-Crime Special Revenue and HCDC Special Revenue Funds. These interfund balances are typically paid in the following fiscal year. At September 30, 2020, the respective interfund balances follow:

	Due From	Due To
General Fund	\$ 31,549	\$ -
Nonmajor Governmental funds	-	31,549
	\$ 31,549	\$ 31,549

A summary of interfund transfers for the year ended September 30, 2020, follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,195,230
Anti-Crime	4,282	50,000
Special Projects Capital Projects Fund	2,942,718	-
Water & Sewer Enterprise Fund	-	100,000
Nonmajor governmental funds	1,641,565	1,595,847
Internal service funds	352,512	-
	\$ 4,941,077	\$ 4,941,077

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The HCDC Special Revenue Fund transferred funds to the HCDC Debt Service Fund so that required debt service payments are funded.

The General Fund transferred an excess of revenues over expenditures to the Special Projects Fund for emergency reserves, Human Resources investment, redevelopment, and unfunded needs.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Note 10: Indirect Cost/Street Rental Fees

The General Fund provides certain general and administrative services and use of the City's streets to the proprietary fund types. Charges for such services totaled \$5,158,279 in 2020 and \$6,483,122 in 2019 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

Note 11: Water and Sewer Contracts

On May 9, 2018, the City entered into a 20-year contract with the City of Fort Worth for the transportation, treatment and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. Sewer charges for 2020 under this contract were approximately \$2,599,183.

On November 16, 2010, the City entered into a 20-year contract with the City of Fort Worth for the purchase of water. The City is obligated to pay varying amounts based on annual consumption and new rates established under the terms of the contract. During 2020, water purchases under the contract cost approximately \$4,180,130

In 1969, the City entered into a 30-year contract with the Trinity River Authority of Texas (Authority) for the transportation, treatment and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. The Authority wastewater transportation contracts expired January 1, 2000; however, operations have continued under the previous agreement by mutual consent pending development of a new contract.

In 1975, the City entered into another contract expiring in 2023 with the Authority for the construction of a wastewater collection point on the Authority's system. The contract enables the City to utilize the Authority's system for disposal of wastewater. Under the terms of the contract, the City is obligated to share in the cost of the operation and maintenance of the system based on sewage actually discharged. Wastewater treatment charges incurred during 2020 under the 1969 and 1975 contracts with the Authority approximates \$2,073,199.

Note 12: Contingent Liabilities

Grant Programs

The City participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position. The amount of ultimate loss, if any, could differ materially.

Note 13: 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; injuries to employees; and natural disasters. To transfer some of the financial risk that would occur from these exposures, the City carries general, law enforcement, errors and omissions, and automobile liability insurance. The City also carries real and personal, flood and earthquake, boiler and machinery, and mobile equipment property insurance. Coverage amounts and deductibles vary. Property losses are insured on an "all-risk" basis with a basic \$10,000 deductible. The City also purchased fidelity bonds and insurance to protect the City from employee dishonesty and theft by others.

The City established a Loss Reserve Fund (an internal service fund) to account for and finance its uninsured risks of loss for the City's largest uninsured category, employee health care benefits. Under this program, the fund pays for medical claims and administrative costs to the health care provider. The administrative costs include an annual amount for coverage of claims exceeding \$150,000 per covered person, a cost for potential claims after an attachment point of approximately \$6,000,000 per year and costs of administering the program, about \$1,500 per employee. During the course of the program, the attachment point for aggregate claims has never been reached.

All operating funds of the City make payments to the Loss Reserve Fund based on estimates of the amounts needed to pay prior and current year claims and to adjust a reserve for catastrophic losses. A consulting firm provides an analysis. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Accrued claims payable, including claims that are incurred but not reported, are recorded as fund liabilities. The provision for claims is determined by estimating the amount which will ultimately be paid based on the City's experience.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Changes in the Funds' claims liability amount and administrative service amounts in fiscal years 2020 and 2019 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>		<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
Loss Reserve Fund					
2018-2019	\$ 403,847	\$ 5,347,655	Claims	\$ 5,367,078	\$ 384,424
			ASO	\$ 1,461,522	
2019-2020	\$ 384,424	\$ 6,398,246	Claims	\$ 5,171,500	\$ 328,000
			ASO	\$ 1,283,170	
General Fund – General Liability					
2018-2019	\$ 100,000	\$ 173,146		\$ 176,146	\$ 100,000
2019-2020	\$ 100,000	\$ -		\$ -	\$ 100,000

Note 14: Other Postemployment Benefit (OPEB) Plan

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's plan through a single employer defined benefit OPEB plan administered by the City of Hurst Post-Retirement Health Care Plan Trust. Public Agency Retirement Services (PARS) is the Trust Administrator. The governing body of the Trust is composed of a coalition of member public agencies. Each member public agency appoints its individual plan administrator to serve as a member of the governing body. Certain provisions of the Trust may be changed by a two-thirds vote of the members of the governing body. A more detailed description of the plan is as follows:

Eligibility

The benefit is available to retirees and their spouses.

An employee must resign and satisfy the requirements for service retirement under the TMRS with at least 10 years of consecutive full-time service with the City immediately prior to retirement or, effective April 1, 2002, have a minimum of 25 years of full-time service with the City including a minimum of eight consecutive years of full-time service with the City immediately prior to retirement.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

A retiree or his/her spouse is INELIGIBLE for coverage if he or she is eligible for any other group coverage through employment and will be required to certify this information.

A retiree/spouse who is not eligible when the employee retires is not eligible to rejoin at a later date. If an eligible retiree/spouse waives coverage at any time, they are not eligible for reinstatement in the future.

Benefits Provided

AFTER AGE 65 – Enroll in Medicare Advantage Plan, currently Humana. For each qualified retiree/spouse the City will contribute to the cost of a Group Medicare Advantage Plan for the eligible retiree/spouse in lieu of coverage through the City of Hurst Retiree Health Plan (retiree/spouse must be eligible to enroll). Eligible participating retirees and spouses age 65+ have the option to select a supplementary Medigap policy or another Medicare Advantage plan of their choice, and the City will reimburse the retiree and/or spouse what the City would have contributed for the retiree and/or spouse to the currently provided Medicare Advantage plan with documentation of the retiree's and/or spouse's monthly payment for the alternative policy/plan. The retiree and/or spouse will be responsible for the remainder of the premium. Eligible retirees/spouses must enroll in Medicare once eligible and pay the Medicare premiums.

BEFORE AGE 65 – Enroll in the City's Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree's years of consecutive full-time service to the City immediately prior to TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the AFTER AGE 65 options listed above.

Surviving Dependents

If an eligible retiree and his/her eligible dependents are covered by the City of Hurst Retiree Health Plan and the retiree dies:

The surviving spouse may continue as a survivor under the plan up to age 65. He/she may continue eligible dependent coverage with the City's plan by paying the applicable retiree/dependent cost based on the retiree's years of consecutive service with the City of Hurst immediately prior to the eligible retiree's TMRS service retirement. Surviving spouses/dependents must continue to meet eligibility requirements.

At age 65, the surviving spouse may be covered by the City's Medicare Advantage plan in effect at the time by paying 100% of the Medicare Advantage premium as long as he/she continues to meet eligibility requirements. Retiree reimbursement option is not available to surviving spouses.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Life Insurance

Effective for employees retiring October 1, 1997, or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective October 1, 2011, the maximum retiree life insurance is \$75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

Dental

Eligible retirees may continue the dental coverage they had for themselves and their eligible dependents on their date of retirement by paying 100% of the premium. There is no City contribution.

IMPORTANT NOTICE: THE CITY RESERVES THE RIGHT TO AMEND, MODIFY, AND/OR TERMINATE ITS PARTICIPATION WITH RETIREE COVERAGE AT ANY TIME. NO PERSON SHALL BE VESTED IN ANY RIGHT UNDER THIS POLICY OF RETIREE COVERAGE.

A measurement date of December 31, 2019, was used for the September 30, 2020, liability and expense. The information that follows was determined as of a valuation date of December 31, 2019.

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	150
Active employees	352
Total employees	502

The City Manager has the authority to establish and amend the benefit terms of the OPEB plan. Though the City has established a trust under the OPEB plan, the City employs a pay-as-you-go method for funding annually required benefit payments.

Investments

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the Asset Class table below.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Investment Policy

The plan’s policy in regard to the allocation of invested assets is established by the City. The current asset allocation policy at the end of 2020 is as follows:

Asset Class	Target Allocation
Equity	60.00%
Fixed Income	35.00%
Cash	5.00%
Total	100.00%

Concentrations

All of the Plan’s investments are held with Public Agency Retirement Services in the Balanced Strategy Growth Fund.

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on investments, net of investment expense, was (19.90)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability: The City’s net OPEB liability of \$13,761,884 (\$10,972,350 governmental activities and \$2,789,534 business-type activities) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions: 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:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	5.05% as of December 31, 2019 (5.21% as of December 31, 2018)
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participation Rates	Participation rates vary based on years of City service. For employees with over 20 years of City service, participation rates vary from 35% to 95%.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Discount Rate: Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects: (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of developing the single discount rate, the City’s future contributions were based on a 30-year, open amortization. Based on this funding policy, the last year in the single discount rate projection period for which projected benefit payments were fully funded was 2049.

For the purpose of the December 31, 2019, valuation, the expected rate of return on OPEB plan investments is 6.75%; the municipal bond rate is 2.75% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”); and the resulting Single Discount Rate is 5.05%.

Changes in the Net OPEB Liability:

Change in the Net OPEB Liability	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2018	\$ 20,320,529	\$ 3,349,831	\$ 16,970,698
Changes for the year:			
Service cost	792,053	-	792,053
Interest	1,061,546	-	1,061,546
Difference between expected and actual experience	(3,560,217)	-	(3,560,217)
Changes of assumptions	599,659	-	599,659
Contributions – employer	-	1,433,489	(1,433,489)
Net investment income	-	677,555	(677,555)
Benefit payments	(682,789)	(682,789)	-
Administrative expense	-	(9,189)	9,189
Net changes	<u>(1,789,748)</u>	<u>1,419,066</u>	<u>(3,208,814)</u>
Balance at December 31, 2019	<u>\$ 18,530,781</u>	<u>\$ 4,768,897</u>	<u>\$ 13,761,884</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates: The net OPEB liability of the City has been calculated using a discount rate of 5.05%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease in Discount Rate (4.05%)	Current Discount Rate Assumption (5.05%)	1% Increase in Discount Rate (6.05%)
Net OPEB liability	\$ 15,997,264	\$ 13,761,884	\$ 11,831,940

The net OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.00% decreasing to 4.15%. The following presents the net OPEB liability using health care cost trend rates 1.00% higher and 1.00% lower than the current health care cost trend rates.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	\$ 12,238,014	\$ 13,761,884	\$ 15,583,397

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2020, the City recognized OPEB expense of \$1,217,406. At September 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,114,423
Changes of assumptions	894,851	42,351
Net difference between projected and actual earnings on OPEB investments	-	189,804
Contributions subsequent to the measurement date	1,207,751	-
Total	\$ 2,102,602	\$ 3,346,578

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2021.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

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

<u>Year Ended September 30,</u>	<u>Outflows/(Inflows) of Resources</u>
2021	\$ (390,522)
2022	(390,520)
2023	(344,880)
2024	(424,758)
2025	(405,449)
Thereafter	(495,598)
Total	\$ (2,451,727)

Note 15: Tax Abatement Disclosures

As of September 30, 2020, the City offers tax incentives under Chapter 380 of the Texas Local Government Code. Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services to promote state and local economic development and to stimulate business and commercial activity. There are no other economic development programs that provide for tax incentives currently offered by the City of Hurst.

In 1987, Texas voters approved a constitutional amendment allowing for public expenditures to support economic development activities. The amendment explicitly provides for programs that use public funds for the purposes of development and diversification of the state’s economy. Then in 1989, Chapter 380 of the Local Government code greatly expanded this by enabling municipalities to also engage in using public funds to support economic development. Chapter 380 agreements do not require a year limit and allows municipalities to provide monies, loans, city personnel and city services for the promotion and encouragement of economic development. Although Chapter 380 provides for broad use of city resources, the City closely evaluates each proposed 380 agreement on a case by case basis. While the City typically places a hard cap on years and financial support, whichever occurs first, we do have one agreement that does not cap the number of years and only expires when the total financial support is met. The year and financial caps are negotiated in each distinct agreement.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2020

The City has six active 380 agreements covering retail, hospitality, and entertainment. In each case a combination of tax incentives was used in the negotiations, including property, sales and hotel occupancy tax. Under the 380 agreements, tax incentives are considered a “tax sharing” agreement. This means that no taxes are actually abated, rather all taxes must be paid in full to the City and the City will provide a payment to the entity each year equal to the amount authorized in their respective contracts. Through sharing revenue under chapter 380, the City is able to verify that the entity has completed their requirements as outlined in their contract.

In FY 20, the City of Hurst rebated (abated) \$1,124,462 in property and sales taxes. The table below summarizes the tax sharing agreements in place for FY 20.

Company	% of Property Taxes Abated	% of Sales Taxes Abated	% of Hotel Occupancy Taxes Abated	Total Taxes Abated
Simon Properties	N/A	65%	N/A	\$ 744,707
Hurst One, LLC	50%	75%	N/A	\$ 129,497
Sky Group Investments	40%	0%	N/A	\$ 12,937
CN Churchill IV LLC	100%	0%	100%/90%	\$ 237,321
EREP Sprouts Crossing I, LLC	0%	0%	N/A	\$ -
Phillips Edison	0%	0%	N/A	\$ -

Of the six active 380 agreements, the City did not rebate any taxes to EREP Sprouts Crossing I, LLC or to Phillips Edison as they did not meet their performance requirements.



Required Supplementary Information



City of Hurst, Texas
Required Supplementary Information
Schedule of Changes in The City's Net Pension Liability and Related Ratios – TMRs
Last 10 Years*
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total Pension Liability						
Service cost	\$ 3,237,732	\$ 3,659,696	\$ 3,973,289	\$ 4,106,510	\$ 4,141,532	\$ 4,294,773
Interest (on the Total Pension Liability)	9,694,314	10,074,733	10,295,405	10,751,911	11,221,017	11,603,397
Difference between expected and actual experience	(1,004,246)	(346,324)	502,382	764,482	(778,214)	635,990
Change of assumptions	-	2,268,583	-	-	-	286,317
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,870,568)	(7,556,886)	(8,592,383)	(8,789,026)	(9,203,080)
Net Change in Total Pension Liability	5,389,943	8,786,120	7,214,190	7,030,520	5,795,309	7,617,397
Total Pension Liability - Beginning	140,140,256	145,530,199	154,316,319	161,530,509	168,561,029	174,356,338
Total Pension Liability - Ending (a)	145,530,199	154,316,319	161,530,509	168,561,029	174,356,338	181,973,735
Plan Fiduciary Net Position						
Contributions - employer	2,402,228	2,450,163	2,376,553	2,687,273	2,806,311	2,942,019
Contributions - employee	1,570,083	1,688,782	1,727,426	1,789,807	1,810,318	1,879,028
Net investment income	7,524,651	201,292	9,037,883	19,293,284	(4,620,014)	22,463,670
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,870,568)	(7,556,886)	(8,592,383)	(8,789,026)	(9,203,080)
Administrative expense	(78,569)	(122,612)	(102,096)	(100,013)	(89,337)	(127,039)
Other	(6,459)	(6,056)	(5,503)	(5,069)	(4,667)	(3,817)
Net Change in Plan Fiduciary Net Position	4,874,077	(2,658,999)	5,477,377	15,072,899	(8,886,415)	17,950,781
Plan Fiduciary Net Position - Beginning	131,549,606	136,423,683	133,764,684	139,242,061	154,314,960	145,428,545
Plan Fiduciary Net Position - Ending (b)	136,423,683	133,764,684	139,242,061	154,314,960	145,428,545	163,379,326
City's Net Pension Liability - Ending (a) - (b)	\$ 9,106,516	\$ 20,551,635	\$ 22,288,448	\$ 14,246,069	\$ 28,927,793	\$ 18,594,409
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.74%	86.68%	86.20%	91.55%	83.41%	89.78%
Covered Payroll	\$ 22,349,232	\$ 23,504,794	\$ 24,663,496	\$ 25,553,888	\$ 25,836,133	\$ 26,842,333
City's Net Pension Liability as a Percentage of Covered Payroll	40.75%	87.44%	90.37%	55.75%	111.97%	69.27%

Other Information:

The discount rate changed from 7.00% to 6.75% for the 2016 valuation; there were no other changes in assumptions.

*The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Hurst, Texas

Required Supplementary Information

Schedule of City Contributions – TMRS

Last 10 Years*

(Unaudited)

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 2,462,235	\$ 2,468,088	\$ 2,604,026	\$ 2,736,709	\$ 2,904,605	\$ 2,910,714
Contributions in relation to the actuarially determined contribution	<u>2,472,612</u>	<u>2,472,131</u>	<u>2,615,694</u>	<u>2,760,558</u>	<u>2,904,605</u>	<u>2,946,295</u>
Contribution Deficiency (Excess)	<u>\$ (10,377)</u>	<u>\$ (4,043)</u>	<u>\$ (11,668)</u>	<u>\$ (23,849)</u>	<u>\$ -</u>	<u>\$ (35,581)</u>
Covered Payroll	\$ 23,982,153	\$ 25,292,040	\$ 25,399,155	\$ 25,632,597	\$ 26,565,856	\$ 26,356,739
Contributions as a Percentage of Covered Payroll	10.31%	9.77%	10.30%	10.77%	10.93%	11.18%

Notes to Schedule:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	26 years
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 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.

Other Information:

Notes Granted 30% ad hoc COLA.

*The information in this schedule has been determined for the fiscal year end of the City and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Hurst, Texas
Required Supplementary Information
Schedule of Changes in The City's Net OPEB Liability and Related Ratios
Last 10 Years*
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB Liability			
Service cost	\$ 689,481	\$ 768,566	\$ 792,053
Interest (on the Total OPEB Liability)	981,235	1,004,827	1,061,546
Difference between expected and actual experience	-	(67,845)	(3,560,217)
Change of assumptions	644,834	(58,439)	599,659
Benefit payments, including refunds of employee contributions	(849,310)	(680,984)	(682,789)
Net Change in Total OPEB Liability	1,466,240	966,125	(1,789,748)
Total OPEB Liability - Beginning	17,888,164	19,354,404	20,320,529
Total OPEB Liability - Ending (a)	19,354,404	20,320,529	18,530,781
Plan Fiduciary Net Position			
Employer contributions	877,112	1,073,668	1,433,489
Net investment income	413,998	(171,374)	677,555
Benefit payments	(849,310)	(680,984)	(682,789)
Administrative expense	(7,175)	(7,904)	(9,189)
Net Change in Plan Fiduciary Net Position	434,625	213,406	1,419,066
Plan Fiduciary Net Position - Beginning	2,701,800	3,136,425	3,349,831
Plan Fiduciary Net Position - Ending (b)	3,136,425	3,349,831	4,768,897
City's Net OPEB Liability - Ending (a) - (b)	\$ 16,217,979	\$ 16,970,698	\$ 13,761,884
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	16.21%	16.48%	25.74%
Covered Employee Payroll	\$ 25,094,883	\$ 25,064,769	\$ 26,261,996
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	64.63%	67.71%	52.40%

Notes to schedule:

Changes of assumptions reflect the effect of changes in the discount rate each period. The following are the discount rates used in each period: 2019 - 5.05%, 2018 - 5.21%, 2017 - 5.18%, 2016 - 5.51%

*The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions, only periods for which such information is available are presented.

City of Hurst, Texas
Required Supplementary Information
Schedule of City Contributions – OPEB
Last 10 Years*
(Unaudited)

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 1,044,493	\$ 1,308,968	\$ 1,348,237
Contribution in relation to the actuarially determined contribution	<u>1,103,792</u>	<u>1,512,327</u>	<u>1,350,433</u>
Contribution Deficiency (Excess)	<u><u>\$ (59,299)</u></u>	<u><u>\$ (203,359)</u></u>	<u><u>\$ (2,196)</u></u>
Covered Payroll	\$ 26,669,986	\$ 27,538,631	\$ 26,767,738
Contributions as a Percentage of Covered Payroll	4.14%	5.49%	5.05%

Notes to Schedule:

Valuation Date: December 31, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay
Amortization Period	Open, 30-years
Asset Valuation Method	Market value
Inflation	2.5%
Healthcare Cost Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.00% after 15 years
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.85%, net of investment expense, including inflation
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	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

*The information in this schedule has been determined for the fiscal year end of the City and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions, only periods for which such information is available are presented.

City of Hurst, Texas
Required Supplementary Information
Schedule of Investment Returns – OPEB
Last 10 Years*
(Unaudited)

Plan Year	Annual Money- Weighted Rate of Return
2017	15.64 %
2018	(4.66) %
2019	19.90 %

*The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

City of Hurst, Texas
Required Supplementary Information
General Fund – Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget to Actual – GAAP Basis
Year Ended September 30, 2020 with Comparative Actual for Year Ended
September 30, 2019

	2020				2019
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes					
Property taxes	\$ 15,264,513	\$ 15,264,513	\$ 15,147,257	\$ (117,256)	\$ 14,149,028
Penalties and interest	65,000	65,000	90,266	25,266	82,853
City sales taxes	9,054,197	9,054,197	9,913,411	859,214	10,314,407
Mixed beverage taxes	148,000	148,000	125,599	(22,401)	155,513
Franchise taxes	2,586,091	2,586,091	2,669,328	83,237	2,935,945
	<u>27,117,801</u>	<u>27,117,801</u>	<u>27,945,861</u>	<u>828,060</u>	<u>27,637,746</u>
Licenses and Permits					
Building inspection	780,000	780,000	790,736	10,736	1,058,007
Paving inspection	5,000	5,000	1,104	(3,896)	8,858
Other	13,000	13,000	19,430	6,430	24,220
	<u>798,000</u>	<u>798,000</u>	<u>811,270</u>	<u>13,270</u>	<u>1,091,085</u>
Intergovernmental					
Grants	451,745	451,745	3,024,057	2,572,312	981,914
	<u>451,745</u>	<u>451,745</u>	<u>3,024,057</u>	<u>2,572,312</u>	<u>981,914</u>
Fines and Fees					
Municipal court	1,339,259	1,339,259	1,110,342	(228,917)	1,480,642
Library	18,416	18,416	9,902	(8,514)	17,934
	<u>1,357,675</u>	<u>1,357,675</u>	<u>1,120,244</u>	<u>(237,431)</u>	<u>1,498,576</u>
Charges for Services					
Recreational activity fees	849,288	849,288	491,416	(357,872)	842,401
Aquatic fees	397,784	397,784	1,411	(396,373)	448,484
Ambulance fees	795,000	795,000	933,854	138,854	919,640
Other	-	129,850	100,947	(28,903)	108,523
	<u>2,042,072</u>	<u>2,171,922</u>	<u>1,527,628</u>	<u>(644,294)</u>	<u>2,319,048</u>
Miscellaneous					
Interest income	190,000	190,000	326,074	136,074	438,979
Miscellaneous	265,953	265,953	342,307	76,354	610,351
	<u>455,953</u>	<u>455,953</u>	<u>668,381</u>	<u>212,428</u>	<u>1,049,330</u>
	<u>\$ 32,223,246</u>	<u>\$ 32,353,096</u>	<u>\$ 35,097,441</u>	<u>\$ 2,744,345</u>	<u>\$ 34,577,699</u>

City of Hurst, Texas
Required Supplementary Information
General Fund – Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget to Actual – GAAP Basis (Continued)
Year Ended September 30, 2020 with Comparative Actual for Year Ended
September 30, 2019

	2020				2019
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
General Government					
City Council	\$ 50,020	\$ 50,020	\$ 9,534	\$ 40,486	\$ 25,074
City Secretary	440,219	440,219	283,622	156,597	256,190
Administration (City Manager)	771,521	771,521	494,101	277,420	489,861
Judicial (municipal court)	754,195	754,195	641,159	113,036	706,011
Development	799,998	799,998	480,056	319,942	505,223
Personnel	410,118	410,118	314,501	95,617	303,042
Accounting (finance)	449,943	449,943	246,441	203,502	193,881
Nondepartmental	2,457,435	2,457,435	1,459,451	997,984	967,332
Information systems	66,698	66,698	62,438	4,260	17,925
Building maintenance	685,370	685,370	295,386	389,984	355,950
Total general government	<u>6,885,517</u>	<u>6,885,517</u>	<u>4,286,689</u>	<u>2,598,828</u>	<u>3,820,489</u>
Public Safety					
Ambulance	1,410,985	1,410,985	1,464,509	(53,524)	1,434,993
Police	11,636,440	11,591,146	10,058,083	1,533,063	9,840,691
Fire	7,242,680	7,222,895	7,219,739	3,156	7,128,232
Total public safety	<u>20,290,105</u>	<u>20,225,026</u>	<u>18,742,331</u>	<u>1,482,695</u>	<u>18,403,916</u>
Culture and Recreation					
Administration	493,580	490,323	262,905	227,418	255,330
Recreation	1,482,512	1,473,172	1,146,696	326,476	1,362,778
Aquatics	479,610	479,610	73,585	406,025	384,327
Parks	2,523,952	2,515,115	2,076,108	439,007	2,340,134
Library	1,784,022	1,779,522	1,494,124	285,398	1,635,906
Senior citizens	599,410	599,410	479,226	120,184	595,104
Total culture and recreation	<u>7,363,086</u>	<u>7,337,152</u>	<u>5,532,644</u>	<u>1,804,508</u>	<u>6,573,579</u>
Public Works					
Streets	2,731,536	2,731,536	1,566,032	1,165,504	1,505,968
Engineering community development	312,701	312,701	156,372	156,329	108,234
Code enforcement	710,630	710,630	649,322	61,308	703,522
Total public works	<u>3,754,867</u>	<u>3,754,867</u>	<u>2,371,726</u>	<u>1,383,141</u>	<u>2,317,724</u>
Total Expenditures	<u>\$ 38,293,575</u>	<u>\$ 38,202,562</u>	<u>\$ 30,933,390</u>	<u>\$ 7,269,172</u>	<u>\$ 31,115,708</u>
Excess of Revenues					
Over Expenditures	<u>\$ (6,070,329)</u>	<u>\$ (5,849,466)</u>	<u>\$ 4,164,051</u>	<u>\$ 10,013,517</u>	<u>\$ 3,461,991</u>

City of Hurst, Texas
Required Supplementary Information
General Fund – Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget to Actual – GAAP Basis (Continued)
Year Ended September 30, 2020 with Comparative Actual for Year Ended
September 30, 2019

	2020				2019
	Original Budget	Final Budget	Actual	Variance	Actual
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 190,391
Transfers out	-	-	(3,564,112)	(3,564,112)	(3,297,836)
Total other financing uses	-	-	(3,514,112)	(3,514,112)	(3,107,445)
Revenues Over Expenditures and Other Financing Uses	(6,070,329)	(5,849,466)	649,939	6,499,405	354,546
Fund Balance, Beginning of Year	14,811,144	14,811,144	14,811,144	-	14,456,598
Fund Balance, End of Year	\$ 8,740,815	\$ 8,961,678	\$ 15,461,083	\$ 6,499,405	\$ 14,811,144

City of Hurst, Texas
Required Supplementary Information
Major Special Revenue Funds – Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget to Actual – GAAP Basis
Year Ended September 30, 2020 with Comparative Actual for Year Ended
September 30, 2019

	Original Budget	Final Budget	HCDC 2020 Actual	Variances	2019 Actual
Revenues					
Sales taxes	\$ 4,833,937	\$ 4,833,937	\$ 4,816,339	\$ (17,598)	\$ 4,940,683
Support from governmental entities	-	-	-	-	-
Interest	55,000	55,000	72,034	17,034	90,708
Miscellaneous	-	-	5,957	5,957	2,611
Total revenues	4,888,937	4,888,937	4,894,330	5,393	5,034,002
Expenditures					
Public safety	-	-	-	-	-
Culture and recreation	3,528,379	3,570,167	2,567,797	1,002,370	3,320,377
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	324,268	(324,268)	331,401
Total expenditures	3,528,379	3,570,167	2,892,065	678,102	3,651,778
Excess of revenues over expenditures	1,360,558	1,318,770	2,002,265	683,495	1,382,224
Other Financing Uses					
Transfers in	-	-	-	-	-
Transfers out	-	-	(1,226,940)	(1,226,940)	(1,350,813)
Total other financing uses	-	-	(1,226,940)	(1,226,940)	(1,350,813)
Revenues over expenditures and other financing uses	1,360,558	1,318,770	775,325	(543,445)	31,411
Fund Balance, Beginning of Year	3,967,927	3,967,927	3,967,927	-	3,936,516
Fund Balance, End of Year	\$ 5,328,485	\$ 5,286,697	\$ 4,743,252	\$ (543,445)	\$ 3,967,927

City of Hurst, Texas
Required Supplementary Information
Major Special Revenue Funds – Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget to Actual – GAAP Basis (Continued)
Year Ended September 30, 2020 with Comparative Actual for Year Ended
September 30, 2019

	Original Budget	Final Budget	Anti-Crime 2020 Actual	Variances	2019 Actual
Revenues					
Sales taxes	\$ 5,243,970	\$ 5,243,970	\$ 4,921,887	\$ (322,083)	\$ 5,250,689
Support from governmental entities	203,000	203,000	131,702	(71,298)	82,099
Interest	90,000	90,000	122,298	32,298	145,189
Miscellaneous	29,645	29,645	22,615	(7,030)	27,364
Total revenues	5,566,615	5,566,615	5,198,502	(368,113)	5,505,341
Expenditures					
Public safety	5,638,364	5,639,343	4,282,943	1,356,400	5,404,522
Culture and recreation	-	-	-	-	-
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	81,213	(81,213)	5,400
Total expenditures	5,638,364	5,639,343	4,364,156	1,275,187	5,409,922
Excess of revenues over expenditures	(71,749)	(72,728)	834,346	907,074	95,419
Other Financing Uses					
Transfers in	-	-	4,282	4,282	-
Transfers out	-	-	(50,000)	(50,000)	(47,700)
Total other financing uses	-	-	(45,718)	(45,718)	(47,700)
Revenues over expenditures and other financing uses	(71,749)	(72,728)	788,628	861,356	47,719
Fund Balance — Beginning of Year	5,782,771	5,782,771	5,782,771	-	5,735,052
Fund Balance — End of Year	\$ 5,711,022	\$ 5,710,043	\$ 6,571,399	\$ 861,356	\$ 5,782,771

Combining Statements and Individual Fund Schedules



City of Hurst, Texas

Fund Descriptions

GENERAL FUND

The General Fund – Used to account for all revenues and expenditures not accounted for in other funds.

NON MAJOR DEBT SERVICE FUNDS

The Debt Service Fund – To provide for the payment of general obligation bond principal and interest as they come due. Property tax is required to be computed and levied which will be sufficient to produce the money required to pay principal and interest and fiscal agent fees as they come due.

The HCDC Debt Service Fund – To account for the sales tax revenue required to pay principal and interest and fiscal agent fees related to sales tax revenue bonds.

Hotel/Motel Debt Service Fund – To account for the hotel/motel tax revenue required to pay principal and interest and fiscal agent fees as they come due related to the construction of the Hurst Conference Center.

NON MAJOR CAPITAL PROJECTS FUNDS

Street/Drainage Improvements Fund – To account for the financing and construction of various street and drainage projects. Financing was provided by general obligation bond proceeds and transfers from the General Fund.

2006 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds and transfers from the Debt Service Fund to cover costs of financing.

2007 G.O. Bond Capital Projects Fund – To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

2007 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2009 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2015 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2016 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2017 Tax Notes Capital Projects Fund - To account for the financing of a new fire engine.

2019 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

Escrow Projects Capital Projects Fund – To account for the construction of projects that are partially paid through escrow funds. Financing was provided by various sources including developer escrow funds.

City of Hurst

Fund Descriptions (Continued)

INTERNAL SERVICE FUNDS

The Fleet Service Fund – Used to account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of all vehicles. Operations are financed by charges to user departments based on vehicle usage.

The Loss Reserve Fund – Used to account for the City’s self-insurance health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

The Information Services Fund – Used to account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

City of Hurst, Texas
General Fund
Comparative Balance Sheets
September 30, 2020 and 2019

Assets

	2020	2019
Cash and cash equivalents	\$ 2,737,457	\$ 1,141,148
Investments	12,486,384	12,463,653
Taxes receivable	973,040	1,067,375
Court receivables	979,200	981,561
Accounts receivable	1,746,715	1,692,693
Inventories and other	1,881	1,883
Due from other funds	31,549	1,144,854
Total assets	\$ 18,956,226	\$ 18,493,167

Liabilities and Fund Balance

Liabilities

Accounts payable and accrued items	\$ 2,313,411	\$ 2,432,329
Deposits, bonds, and other liabilities	76,733	140,853
Total liabilities	2,390,144	2,573,182

Deferred Inflows of Resources

Unavailable revenue	1,104,999	1,108,841
Total deferred inflows of resources	1,104,999	1,108,841

Fund Balance

Nonspendable		
Inventory	1,881	1,883
Spendable		
Restricted	5,844,743	5,083,249
Assigned	29,620	23,575
Unassigned	9,584,839	9,702,437
Total fund balance	15,461,083	14,811,144
Total liabilities, deferred inflows and fund balance	\$ 18,956,226	\$ 18,493,167

City of Hurst, Texas
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2020 with Comparative
Total for September 30, 2019

	<u>Capital Projects</u>					
	<u>Debt Service</u>	<u>Street/ Drainage Improvements</u>	<u>2006 CO Bond</u>	<u>2007 GO Bond</u>	<u>2007 CO Bond</u>	<u>2009 CO Bond</u>
Assets						
Cash and cash equivalents	\$ 26,774	\$ 89,849	\$ -	\$ 39,913	\$ 43,128	\$ -
Investments	1,141,799	-	-	-	-	100,000
Receivables						
Taxes	30,569	-	-	-	-	-
Other	-	-	-	-	-	1,434
Total assets	\$ 1,199,142	\$ 89,849	\$ -	\$ 39,913	\$ 43,128	\$ 101,434
Liabilities						
Accounts payable and accrued items	\$ 38,783	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	31,549
Total liabilities	38,783	-	-	-	-	31,549
Deferred Inflows of Resources						
Unavailable revenue	30,142	-	-	-	-	-
Total deferred inflows of resources	30,142	-	-	-	-	-
Fund Balances						
Restricted	1,130,217	89,849	-	39,913	43,128	69,885
Total fund balances	1,130,217	89,849	-	39,913	43,128	69,885
Total liabilities and deferred inflows of resources and fund balances	\$ 1,199,142	\$ 89,849	\$ -	\$ 39,913	\$ 43,128	\$ 101,434

Capital Projects

2015 CO Bond	2016 CO Bond	2017 Tax Notes	2019 CO Bonds	Escrow Projects	Totals	
					2020	2019
\$ 300,793	\$ -	\$ 76	\$ -	\$ 8,635	\$ 509,168	\$ 359,568
2,087,224	-	-	1,751,557	-	5,080,580	6,134,937
-	-	-	-	-	30,569	30,786
10,671	-	-	-	2,141	14,246	20,086
<u>\$ 2,398,688</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 1,751,557</u>	<u>\$ 10,776</u>	<u>\$ 5,634,563</u>	<u>\$ 6,545,377</u>
\$ 4,750	\$ -	\$ -	\$ 294,602	\$ -	\$ 338,135	\$ 38,783
-	-	-	-	-	31,549	-
4,750	-	-	294,602	-	369,684	38,783
-	-	-	-	-	30,142	26,076
-	-	-	-	-	30,142	26,076
2,393,938	-	76	1,456,955	10,776	5,234,737	6,480,518
2,393,938	-	76	1,456,955	10,776	5,234,737	6,480,518
<u>\$ 2,398,688</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 1,751,557</u>	<u>\$ 10,776</u>	<u>\$ 5,634,563</u>	<u>\$ 6,545,377</u>

City of Hurst, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2020 with Comparative
Total for Year Ended September 30, 2019

	Capital Projects					
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond	2009 CO Bond
Revenues						
Taxes, penalty and interest	\$ 3,792,724	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	20,598	-	-	-	-	3,960
Miscellaneous	2,720	-	-	-	-	-
Total revenues	<u>3,816,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,960</u>
Expenditures						
Bond principal payments	3,400,000	-	-	-	-	-
Bond issue costs/interest	2,055,757	-	-	-	-	-
General government	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	260,533
Total expenditures	<u>5,455,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,533</u>
Excess (deficiency) of revenues over (under) expenditures	(1,639,715)	-	-	-	-	(256,573)
Other Financing Sources (Uses)						
Issuance of debt	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-
Transfers in	1,591,565	-	-	-	-	-
Transfers out	-	-	(25)	-	-	-
Total other financing sources (uses)	<u>1,591,565</u>	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(48,150)	-	(25)	-	-	(256,573)
Fund Balances, Beginning of Year	<u>1,178,367</u>	<u>89,849</u>	<u>25</u>	<u>39,913</u>	<u>43,128</u>	<u>326,458</u>
Fund Balances, End of Year	<u>\$ 1,130,217</u>	<u>\$ 89,849</u>	<u>\$ -</u>	<u>\$ 39,913</u>	<u>\$ 43,128</u>	<u>\$ 69,885</u>

Capital Projects

2015 CO Bond	2016 CO Bond	2017 Tax Notes	2019 CO Bond	Escrow Projects	Totals	
					2020	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,792,724	\$ 2,968,325
47,636	-	76	17,599	-	89,869	152,649
-	-	-	-	-	2,720	-
<u>47,636</u>	<u>-</u>	<u>76</u>	<u>17,599</u>	<u>-</u>	<u>3,885,313</u>	<u>3,120,974</u>
-	-	-	-	-	3,400,000	3,065,000
-	-	-	-	-	2,055,757	1,855,604
-	-	-	-	-	-	37,969
<u>439,044</u>	<u>-</u>	<u>575,000</u>	<u>567,300</u>	<u>-</u>	<u>1,841,877</u>	<u>33,257</u>
<u>439,044</u>	<u>-</u>	<u>575,000</u>	<u>567,300</u>	<u>-</u>	<u>7,297,634</u>	<u>4,991,830</u>
(391,408)	-	(574,924)	(549,701)	-	(3,412,321)	(1,870,856)
-	-	575,000	-	-	575,000	1,950,000
-	-	-	-	-	-	87,969
-	-	-	-	-	-	-
-	-	-	-	-	1,591,565	1,700,224
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25)</u>	<u>(8,011)</u>
<u>-</u>	<u>-</u>	<u>575,000</u>	<u>-</u>	<u>-</u>	<u>2,166,540</u>	<u>3,730,182</u>
(391,408)	-	76	(549,701)	-	(1,245,781)	1,859,326
<u>2,785,346</u>	<u>-</u>	<u>-</u>	<u>2,006,656</u>	<u>10,776</u>	<u>6,480,518</u>	<u>4,621,192</u>
<u>\$ 2,393,938</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 1,456,955</u>	<u>\$ 10,776</u>	<u>\$ 5,234,737</u>	<u>\$ 6,480,518</u>

City of Hurst, Texas
Debt Service Funds
Combining Balance Sheet
September 30, 2020 with Comparative
Total for September 30, 2019

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals	
				2020	2019
Assets					
Cash and cash equivalents	\$ 22,623	\$ -	\$ 4,151	\$ 26,774	\$ 18,790
Investments	376,109	765,690	-	1,141,799	1,193,650
Receivables, net					
Taxes	30,569	-	-	30,569	30,786
Total assets	<u>\$ 429,301</u>	<u>\$ 765,690</u>	<u>\$ 4,151</u>	<u>\$ 1,199,142</u>	<u>\$ 1,243,226</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable and accrued items	\$ 12,186	\$ 26,597	\$ -	\$ 38,783	\$ 38,783
Total liabilities	<u>12,186</u>	<u>26,597</u>	<u>-</u>	<u>38,783</u>	<u>38,783</u>
Deferred Inflows of Resources					
Unavailable revenue	30,142	-	-	30,142	26,076
Total deferred inflows of resources	<u>30,142</u>	<u>-</u>	<u>-</u>	<u>30,142</u>	<u>26,076</u>
Restricted Fund Balances	<u>386,973</u>	<u>739,093</u>	<u>4,151</u>	<u>1,130,217</u>	<u>1,178,367</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 429,301</u>	<u>\$ 765,690</u>	<u>\$ 4,151</u>	<u>\$ 1,199,142</u>	<u>\$ 1,243,226</u>

City of Hurst, Texas

Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2020 with Comparative

Total for Year Ended September 30, 2019

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals	
				2020	2019
Revenues					
Taxes, penalty and interest	\$ 3,792,724	\$ -	\$ -	\$ 3,792,724	\$ 2,968,325
Interest	11,897	8,701	-	20,598	68,385
Miscellaneous	2,720	-	-	2,720	-
Total revenues	<u>3,807,341</u>	<u>8,701</u>	<u>-</u>	<u>3,816,042</u>	<u>3,036,710</u>
Expenditures					
Principal retirement	2,540,000	680,000	180,000	3,400,000	3,065,000
Interest and fiscal charges	1,324,625	546,732	184,400	2,055,757	1,855,604
Total expenditures	<u>3,864,625</u>	<u>1,226,732</u>	<u>364,400</u>	<u>5,455,757</u>	<u>4,920,604</u>
Excess (deficiency) of revenues over (under) expenditures	(57,284)	(1,218,031)	(364,400)	(1,639,715)	(1,883,894)
Other Financing Sources (Uses)					
Transfers in	25	1,226,940	364,600	1,591,565	1,700,224
Total other financing resources	<u>25</u>	<u>1,226,940</u>	<u>364,600</u>	<u>1,591,565</u>	<u>1,700,224</u>
Net Change in Fund Balance	(57,259)	8,909	200	(48,150)	(183,670)
Fund Balances, Beginning of Year	<u>444,232</u>	<u>730,184</u>	<u>3,951</u>	<u>1,178,367</u>	<u>1,362,037</u>
Fund Balances, End of Year	<u>\$ 386,973</u>	<u>\$ 739,093</u>	<u>\$ 4,151</u>	<u>\$ 1,130,217</u>	<u>\$ 1,178,367</u>

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual
Year Ended September 30, 2020 with Comparative
Actual for Year Ended September 30, 2019

	Debt Service			
	2020		2019	
	Budget	Actual	Variance	Actual
Revenues				
Taxes, penalty and interest	\$ 3,799,447	\$ 3,792,724	\$ (6,723)	\$ 2,968,325
Interest	10,000	11,897	1,897	44,222
Miscellaneous	-	2,720	2,720	-
Total revenues	<u>3,809,447</u>	<u>3,807,341</u>	<u>(2,106)</u>	<u>3,012,547</u>
Expenditures				
Principal retirement	2,540,000	2,540,000	-	2,135,000
Interest and fiscal charges	1,320,410	1,324,625	(4,215)	1,093,801
Total expenditures	<u>3,860,410</u>	<u>3,864,625</u>	<u>(4,215)</u>	<u>3,228,801</u>
Excess (deficiency) of revenues over (under) expenditures	(50,963)	(57,284)	(6,321)	(216,254)
Other Financing Sources				
Transfers in	-	25	25	8,011
Total other financing sources	<u>-</u>	<u>25</u>	<u>25</u>	<u>8,011</u>
Revenues and Other Financing Sources (Under) Expenditures	(50,963)	(57,259)	(6,296)	(208,243)
Fund Balance, Beginning of Year	<u>444,232</u>	<u>444,232</u>	<u>-</u>	<u>652,475</u>
Fund Balance, End of Year	<u>\$ 393,269</u>	<u>\$ 386,973</u>	<u>\$ (6,296)</u>	<u>\$ 444,232</u>

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Continued)
Year Ended September 30, 2020 with Comparative
Actual for Year Ended September 30, 2019

	HCDC Debt Service			
	2020			2019
	Budget	Actual	Variance	Actual
Revenues				
Interest	\$ -	\$ 8,701	\$ 8,701	\$ 24,163
Miscellaneous	-	-	-	-
Total revenues	-	8,701	8,701	24,163
Expenditures				
Principal retirement	680,000	680,000	-	760,000
Interest and fiscal charges	544,933	546,732	(1,799)	570,603
Total expenditures	1,224,933	1,226,732	(1,799)	1,330,603
Deficiency of revenues under expenditures	(1,224,933)	(1,218,031)	6,902	(1,306,440)
Other Financing Sources				
Transfers in	1,224,933	1,226,940	2,007	1,330,813
Total other financing sources	1,224,933	1,226,940	2,007	1,330,813
Revenues and Other Financing Sources Over Expenditures	-	8,909	8,909	24,373
Fund Balance, Beginning of Year	730,184	730,184	-	705,811
Fund Balance, End of Year	\$ 730,184	\$ 739,093	\$ 8,909	\$ 730,184

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Continued)
Year Ended September 30, 2020 with Comparative
Actual for Year Ended September 30, 2019

	Hotel/Motel Debt Service			2019
	2020			
	Budget	Actual	Variance	Actual
Revenues				
Interest	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Principal retirement	180,000	180,000	-	170,000
Interest and fiscal charges	184,100	184,400	(300)	191,200
Total expenditures	364,100	364,400	(300)	361,200
Deficiency of revenues under expenditures	(364,100)	(364,400)	(300)	(361,200)
Other Financing Sources				
Refunding bonds issued	-	-	-	-
Premium on bond issuance	-	-	-	-
Payment to bonds escrow agent	-	-	-	-
Transfers in	364,100	364,600	(500)	361,400
Total other financing sources	364,100	364,600	(500)	361,400
Revenues and Other Financing Sources Over Expenditures	-	200	(200)	200
Fund Balance, Beginning of Year	3,951	3,951	-	3,751
Fund Balance, End of Year	\$ 3,951	\$ 4,151	\$ (200)	\$ 3,951

City of Hurst, Texas
Internal Service Funds
Combining Statement of Net Position
September 30, 2020 with Comparative
Total for September 30, 2019

	Fleet Service	Loss Reserve	Information Services	Totals	
				2020	2019
Assets					
Current Assets					
Cash and cash equivalents	\$ 50,366	\$ 958,699	\$ 337,266	\$ 1,346,331	\$ 2,513,308
Investments	4,259,758	3,177,866	3,301,899	10,739,523	9,616,694
Inventory of supplies, at cost	39,756	-	-	39,756	39,071
Other receivables	35,131	10,305	16,712	62,148	59,954
Prepaid expenses	-	165,000	-	165,000	165,000
Total current assets	4,385,011	4,311,870	3,655,877	12,352,758	12,394,027
Property and Equipment, at Cost					
Improvements other than buildings	433,451	-	-	433,451	433,451
Machinery and equipment	6,804,219	-	6,122,469	12,926,688	12,257,627
Construction in progress	172,333	-	311,646	483,979	352,227
Accumulated depreciation	(6,163,735)	-	(5,138,732)	(11,302,467)	(10,582,093)
Total property and equipment	1,246,268	-	1,295,383	2,541,651	2,461,212
Total assets	5,631,279	4,311,870	4,951,260	14,894,409	14,855,239
Deferred Outflows of Resources					
Deferred pension outflows	33,968	-	53,379	87,347	287,915
Deferred OPEB outflows	28,969	-	34,679	63,648	62,786
Total deferred outflows	62,937	-	88,058	150,995	350,701
Total assets and deferred outflows	\$ 5,694,216	\$ 4,311,870	\$ 5,039,318	\$ 15,045,404	\$ 15,205,940
Liabilities					
Current Liabilities					
Accounts payable and accrued items	\$ 44,225	\$ 343,336	\$ 52,661	\$ 440,222	\$ 798,394
Current portion of net OPEB liability	9,427	-	11,285	20,712	25,643
Current portion of compensated absences	11,246	-	13,946	25,192	20,965
Total current liabilities	64,898	343,336	77,892	486,126	845,002
Noncurrent Liabilities					
Net pension liability	182,225	-	286,354	468,579	726,972
Net OPEB liability, net of current portion	179,111	-	214,410	393,521	487,208
Compensated absences	20,886	-	25,900	46,786	38,935
Total liabilities	447,120	343,336	604,556	1,395,012	2,098,117
Deferred Inflows of Resources					
Deferred pension inflows	54,289	-	85,310	139,599	19,493
Deferred OPEB inflows	45,848	-	54,885	100,733	7,429
Total deferred inflows	100,137	-	140,195	240,332	26,922
Net Position					
Net investment in capital assets	1,246,268	-	1,295,383	2,541,651	2,461,212
Unrestricted	3,900,691	3,968,534	2,999,184	10,868,409	10,619,689
Total net position	5,146,959	3,968,534	4,294,567	13,410,060	13,080,901
Total liabilities, deferred inflows, and net position	\$ 5,694,216	\$ 4,311,870	\$ 5,039,318	\$ 15,045,404	\$ 15,205,940

City of Hurst, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
September 30, 2020 with Comparative
Total for September 30, 2019

	Fleet Service	Loss Reserve	Information Services	Totals	
				2020	2019
Operating Revenues					
Service fees	\$ 1,790,821	\$ 6,084,632	\$ 1,984,669	\$ 9,860,122	\$ 9,556,234
Other	24,259	43,066	5,506	72,831	57,210
	<u>1,815,080</u>	<u>6,127,698</u>	<u>1,990,175</u>	<u>9,932,953</u>	<u>9,613,444</u>
Operating Expenses					
Personnel services	413,759	6,554,940	604,665	7,573,364	8,233,127
Contractual services	-	-	192,034	192,034	190,704
Repairs and maintenance	65,868	-	492,792	558,660	561,633
Materials and supplies	673,589	-	395,465	1,069,054	1,243,583
Depreciation and amortization	464,557	-	255,816	720,373	794,800
	<u>1,617,773</u>	<u>6,554,940</u>	<u>1,940,772</u>	<u>10,113,485</u>	<u>11,023,847</u>
	197,307	(427,242)	49,403	(180,532)	(1,410,403)
Non-operating Revenues (Expenses)					
Interest	73,171	59,675	51,596	184,442	248,559
Interest expense and fiscal charges	(27,263)	-	-	(27,263)	-
Gain on sale of property and equipment	-	-	-	-	49,930
	<u>45,908</u>	<u>59,675</u>	<u>51,596</u>	<u>157,179</u>	<u>298,489</u>
Transfers In	-	352,512	-	352,512	1,752,831
Change in Net Position	243,215	(15,055)	100,999	329,159	640,917
Net Position, Beginning of Year	4,903,744	3,983,589	4,193,568	13,080,901	12,439,984
Net Position, End of Year	<u>\$ 5,146,959</u>	<u>\$ 3,968,534</u>	<u>\$ 4,294,567</u>	<u>\$ 13,410,060</u>	<u>\$ 13,080,901</u>

City of Hurst, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2020 with Comparative
Total for Year Ended September 30, 2019

	Fleet Service	Loss Reserve	Information Services	Totals	
				2020	2019
Cash Flow from Operating Activities					
Receipts from customers and users	\$ 18,923	\$ 43,066	\$ 5,506	\$ 67,495	\$ 47,486
Receipts from interfund services provided	1,790,821	6,084,632	1,984,669	9,860,122	9,750,559
Payments on behalf of suppliers	(729,244)	(324,140)	(1,149,019)	(2,202,403)	(1,842,114)
Payments on behalf of employees	(387,335)	(6,531,142)	(562,906)	(7,481,383)	(8,107,098)
Net cash provided by (used in) operating activities	693,165	(727,584)	278,250	243,831	(151,167)
Noncapital Financing Activities					
Transfers from other funds	-	352,512	-	352,512	1,752,831
Net cash provided by noncapital financing activities	-	352,512	-	352,512	1,752,831
Capital and Related Financing Activities					
Interest payments	(27,263)	-	-	(27,263)	49,930
Purchases of property and equipment	(688,957)	-	(111,855)	(800,812)	(550,879)
Net cash used in capital and related financing activities	(716,220)	-	(111,855)	(828,075)	(500,949)
Investing Activities					
Proceeds from sale/maturity of investments	3,398,021	2,597,407	2,851,336	8,846,764	3,004,861
Purchase of investments	(3,866,379)	(3,001,968)	(3,101,246)	(9,969,593)	(6,497,707)
Interest received on investments	73,171	59,957	54,456	187,584	2,637,150
Net cash (used in) investing activities	(395,187)	(344,604)	(195,454)	(935,245)	(855,696)
Net Increase (Decrease) in Cash and Cash Equivalents	(418,242)	(719,676)	(29,059)	(1,166,977)	245,019
Cash and Cash Equivalents, Beginning of Year	468,608	1,678,375	366,325	2,513,308	2,268,289
Cash and Cash Equivalents, End of Year	\$ 50,366	\$ 958,699	\$ 337,266	\$ 1,346,331	\$ 2,513,308
Reconciliation of Operating Income (Loss) to Net Cash					
Operating income (loss)	\$ 197,307	\$ (427,242)	\$ 49,403	\$ (180,532)	\$ (1,410,403)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	464,557	-	255,816	720,373	794,800
Change in assets and deferred outflows:					
Other receivables	(5,336)	-	-	(5,336)	(9,724)
Due from other funds	-	-	-	-	112,046
Inventory of supplies	(685)	-	-	(685)	3,498
Deferred pension outflows	77,084	-	123,484	200,568	(183,543)
Deferred OPEB outflows	(430)	-	(432)	(862)	(20,348)
Change in liabilities and deferred inflows:					
Due to other funds	-	-	-	-	82,279
Accounts payable and other liabilities	16,815	(300,342)	(62,567)	(346,094)	175,315
Net pension liability	(100,307)	-	(158,086)	(258,393)	366,506
Net OPEB liability	(44,576)	-	(54,042)	(98,618)	24,090
Deferred pension inflows	46,265	-	73,841	120,106	(87,610)
Deferred OPEB inflows	42,471	-	50,833	93,304	1,927
Net Cash Provided by (Used In) Operating Activities	\$ 693,165	\$ (727,584)	\$ 278,250	\$ 243,831	\$ (151,167)



Statistical Section (Unaudited)



City of Hurst, Texas

Table Descriptions

This part of the City of Hurst’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	88-92
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.	93-100
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	101-109
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	106-107
Operating Information These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	108-110

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Hurst, Texas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 123,412,159	\$ 121,727,955	\$ 121,033,272	\$ 117,648,033
Restricted	19,722,460	19,694,881	18,778,425	25,403,597
Unrestricted	<u>28,479,875</u>	<u>31,841,636</u>	<u>31,971,587</u>	<u>28,731,273</u>
Total governmental activities net position	<u>\$ 171,614,494</u>	<u>\$ 173,264,472</u>	<u>\$ 171,783,284</u>	<u>\$ 171,782,903</u>
Business-type Activities				
Net investment in capital assets	\$ 27,468,477	\$ 27,973,330	\$ 32,065,030	\$ 32,606,567
Restricted	5,823,608	7,231,573	8,680,903	10,031,203
Unrestricted	<u>9,724,120</u>	<u>10,649,487</u>	<u>7,565,755</u>	<u>6,500,430</u>
Total business-type activities net position	<u>\$ 43,016,205</u>	<u>\$ 45,854,390</u>	<u>\$ 48,311,688</u>	<u>\$ 49,138,200</u>
Primary Government				
Net investment in capital assets	\$ 150,880,636	\$ 149,701,285	\$ 153,098,302	\$ 150,254,600
Restricted	25,546,068	26,926,454	27,459,328	35,434,800
Unrestricted	<u>38,203,995</u>	<u>42,491,123</u>	<u>39,537,342</u>	<u>35,231,703</u>
Total primary government net position	<u>\$ 214,630,699</u>	<u>\$ 219,118,862</u>	<u>\$ 220,094,972</u>	<u>\$ 220,921,103</u>

Notes: Beginning amounts for 2018 were restated as per GASB 75.

Table A-1

Fiscal Year Ended					
2015	2016	2017	2018 (a)	2019	2020
\$ 120,518,416	\$ 116,996,558	\$ 114,347,361	\$ 113,020,392	\$ 111,980,392	\$ 109,339,694
21,707,954	24,767,252	16,117,137	16,581,980	15,961,153	19,240,287
<u>23,104,601</u>	<u>16,858,946</u>	<u>23,931,997</u>	<u>9,991,473</u>	<u>7,530,751</u>	<u>7,676,690</u>
<u>\$ 165,330,971</u>	<u>\$ 158,622,756</u>	<u>\$ 154,396,495</u>	<u>\$ 139,593,845</u>	<u>\$ 135,472,296</u>	<u>\$ 136,256,671</u>
\$ 33,786,264	\$ 36,190,346	\$ 38,973,677	\$ 40,834,276	\$ 41,683,200	\$ 42,263,651
11,358,914	12,911,394	-	-	-	-
<u>3,816,191</u>	<u>468,067</u>	<u>12,949,090</u>	<u>10,738,394</u>	<u>10,025,806</u>	<u>10,367,091</u>
<u>\$ 48,961,369</u>	<u>\$ 49,569,807</u>	<u>\$ 51,922,767</u>	<u>\$ 51,572,670</u>	<u>\$ 51,709,006</u>	<u>\$ 52,630,742</u>
\$ 154,304,680	\$ 153,186,904	\$ 153,321,038	\$ 153,854,668	\$ 153,663,592	\$ 151,603,345
33,066,868	37,678,646	16,117,137	16,581,980	15,961,153	19,240,287
<u>26,920,792</u>	<u>17,327,013</u>	<u>36,881,087</u>	<u>20,729,867</u>	<u>17,556,557</u>	<u>18,043,781</u>
<u>\$ 214,292,340</u>	<u>\$ 208,192,563</u>	<u>\$ 206,319,262</u>	<u>\$ 191,166,515</u>	<u>\$ 187,181,302</u>	<u>\$ 188,887,413</u>

City of Hurst, Texas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 4,526,058	\$ 3,126,927	\$ 4,230,124	\$ 4,337,097
Public safety	20,844,894	20,466,809	21,410,618	21,306,312
Culture and recreation	10,236,270	10,304,959	10,890,525	10,845,533
Public works	5,044,657	4,592,603	4,873,864	4,655,157
Interest expense	2,051,488	1,707,178	2,099,507	1,980,775
Total governmental activities expenses	<u>42,703,367</u>	<u>40,198,476</u>	<u>43,504,638</u>	<u>43,124,874</u>
Business-type activities				
Water and sewer	17,391,811	17,502,966	18,163,625	18,757,469
Stormwater management services	602,273	610,975	653,428	730,385
Conference and meeting center	1,611,672	1,850,420	2,118,967	2,024,417
Total business-type activities expenses	<u>19,605,756</u>	<u>19,964,361</u>	<u>20,936,020</u>	<u>21,512,271</u>
Total primary government expenses	<u>\$ 62,309,123</u>	<u>\$ 60,162,837</u>	<u>\$ 64,440,658</u>	<u>\$ 64,637,145</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 39,950	\$ 11,140	\$ 14,015	\$ 14,900
Public safety	3,195,869	2,877,874	3,520,712	3,150,918
Culture and recreation	1,261,039	1,226,934	1,151,018	1,144,472
Public works	596,443	629,575	655,304	657,700
Operating grants and contributions	1,532,532	1,550,145	844,446	669,691
Capital grants and contributions	728,462	435,849	78,548	78,875
Total governmental activities program revenues	<u>7,354,295</u>	<u>6,731,517</u>	<u>6,264,043</u>	<u>5,716,556</u>
Business-type activities				
Charges for services				
Water and sewer services	20,380,121	19,232,852	19,814,150	19,031,909
Stormwater management services	1,093,535	1,076,413	1,081,300	1,086,935
Conference and meeting center	1,300,577	1,675,759	2,031,709	2,003,045
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	616,666	114,148
Total business-type activities program revenues	<u>22,774,233</u>	<u>21,985,024</u>	<u>23,543,825</u>	<u>22,236,037</u>
Total primary government program revenues	<u>\$ 30,128,528</u>	<u>\$ 28,716,541</u>	<u>\$ 29,807,868</u>	<u>\$ 27,952,593</u>

Table A-2

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	5,256,773	\$	8,168,344	\$	5,503,950	\$	8,330,340	\$	8,148,665	\$	6,919,302
	23,039,603		24,614,274		26,946,144		25,445,464		27,277,634		25,752,945
	11,142,994		12,112,717		12,554,825		12,836,977		12,386,690		10,637,396
	4,756,586		5,174,276		4,928,786		3,869,464		5,085,774		4,929,958
	2,146,970		2,328,484		1,888,355		2,042,840		1,711,724		1,135,394
	<u>46,342,926</u>		<u>52,398,095</u>		<u>51,822,060</u>		<u>52,525,085</u>		<u>54,610,487</u>		<u>49,374,995</u>
	19,752,412		20,384,872		20,090,660		20,542,607		21,842,377		21,415,506
	689,554		879,123		1,015,099		936,108		950,588		911,776
	2,004,236		2,362,568		2,654,063		2,777,085		3,608,240		2,151,646
	<u>22,446,202</u>		<u>23,626,563</u>		<u>23,759,822</u>		<u>24,255,800</u>		<u>26,401,205</u>		<u>24,478,928</u>
\$	<u>68,789,128</u>	\$	<u>76,024,658</u>	\$	<u>75,581,882</u>	\$	<u>76,780,885</u>	\$	<u>81,011,692</u>	\$	<u>73,853,923</u>
\$	22,670	\$	18,470	\$	19,165	\$	135,242	\$	159,535	\$	131,383
	3,278,888		3,551,541		3,229,547		2,894,515		2,597,631		2,024,041
	1,004,909		1,156,952		1,244,593		1,256,034		1,290,885		492,827
	630,248		682,420		780,953		802,568		1,058,007		790,736
	738,969		862,969		1,613,979		1,960,737		1,504,425		3,270,198
	28,803		218,830		265,990		111,051		116,567		-
	<u>5,704,487</u>		<u>6,491,182</u>		<u>7,154,227</u>		<u>7,160,147</u>		<u>6,727,050</u>		<u>6,709,185</u>
	19,609,118		19,892,629		21,183,069		22,394,948		21,229,151		21,779,611
	1,094,476		1,098,287		1,375,194		1,104,982		1,137,792		1,102,664
	1,927,152		2,553,445		2,811,704		3,147,745		3,269,784		1,804,763
	-		44,622		10,931		5,947		-		-
	680,309		693,753		811,985		179,560		629,288		466,764
	<u>23,311,055</u>		<u>24,282,736</u>		<u>26,192,883</u>		<u>26,833,182</u>		<u>26,266,015</u>		<u>25,153,802</u>
\$	<u>29,015,542</u>	\$	<u>30,773,918</u>	\$	<u>33,347,110</u>	\$	<u>33,993,329</u>	\$	<u>32,993,065</u>	\$	<u>31,862,987</u>

City of Hurst, Texas
Changes in Net Position
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Net (Expense)/Revenue				
Governmental activities	\$ (35,349,072)	\$ (33,466,959)	\$ (37,240,595)	\$ (37,408,318)
Business-type activities	3,168,477	2,020,663	2,607,805	723,766
 Total primary government net expense	<u>\$ (32,180,595)</u>	<u>\$ (31,446,296)</u>	<u>\$ (34,632,790)</u>	<u>\$ (36,684,552)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes, penalty and interest	\$ 12,533,019	\$ 12,393,133	\$ 13,191,743	\$ 13,545,880
Sales taxes	18,130,410	18,502,765	18,419,603	19,376,108
Franchise taxes	3,127,482	2,965,411	2,953,568	3,088,049
Occupancy taxes	550,589	589,551	593,921	565,970
Interest	632,620	417,154	396,545	318,888
Miscellaneous	657,629	800,643	784,102	513,042
Transfers	257,503	(512,570)	38,331	-
 Total governmental activities	<u>\$ 35,889,252</u>	<u>\$ 35,156,087</u>	<u>\$ 36,377,813</u>	<u>\$ 37,407,937</u>
 Business-type activities				
Interest	\$ 183,569	\$ 141,843	\$ 117,280	\$ 102,566
Miscellaneous	169,481	123,959	-	-
Transfers	(257,503)	512,570	(38,331)	-
 Total business-type activities	<u>95,547</u>	<u>778,372</u>	<u>78,949</u>	<u>102,566</u>
 Total primary government	<u>\$ 35,984,799</u>	<u>\$ 35,934,459</u>	<u>\$ 36,456,762</u>	<u>\$ 37,510,503</u>
 Change in Net Position				
Governmental activities	\$ 540,180	\$ 1,689,128	\$ (862,782)	\$ (381)
Business-type activities	3,264,024	2,799,035	2,686,754	826,332
 Total primary government	<u>\$ 3,804,204</u>	<u>\$ 4,488,163</u>	<u>\$ 1,823,972</u>	<u>\$ 825,951</u>

Table A-2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (40,638,439)	\$ (45,906,913)	\$ (44,667,833)	\$ (45,364,938)	\$ (47,883,437)	\$ (42,665,810)
864,853	656,173	2,433,061	2,577,382	(135,190)	674,874
<u>\$ (39,773,586)</u>	<u>\$ (45,250,740)</u>	<u>\$ (42,234,772)</u>	<u>\$ (42,787,556)</u>	<u>\$ (48,018,627)</u>	<u>\$ (41,990,936)</u>
\$ 14,087,316	\$ 13,982,919	\$ 14,814,146	\$ 15,383,521	\$ 16,292,473	\$ 18,389,781
20,716,458	20,685,644	20,043,791	20,935,157	20,661,292	19,777,236
3,038,771	2,967,123	2,961,774	2,975,917	2,935,945	2,669,328
646,284	716,281	705,786	768,618	905,677	660,845
275,954	385,477	430,170	799,902	1,539,049	1,160,273
1,172,033	280,870	1,251,454	1,245,930	1,189,108	692,722
76,667	180,384	234,451	225,000	238,344	100,000
<u>\$ 40,013,483</u>	<u>\$ 39,198,698</u>	<u>\$ 40,441,572</u>	<u>\$ 42,334,045</u>	<u>\$ 43,761,888</u>	<u>\$ 43,450,185</u>
\$ 104,120	\$ 132,649	\$ 154,350	\$ 249,592	\$ 509,870	\$ 346,862
-	-	-	-	-	-
(76,667)	(180,384)	(234,451)	(225,000)	(238,344)	(100,000)
27,453	(47,735)	(80,101)	24,592	271,526	246,862
<u>\$ 40,040,936</u>	<u>\$ 39,150,963</u>	<u>\$ 40,361,471</u>	<u>\$ 42,358,637</u>	<u>\$ 44,033,414</u>	<u>\$ 43,697,047</u>
\$ (624,956)	\$ (6,708,215)	\$ (4,226,261)	(3,030,893)	(4,121,549)	784,375
892,306	608,438	2,352,960	2,601,974	136,336	921,736
<u>\$ 267,350</u>	<u>\$ (6,099,777)</u>	<u>\$ (1,873,301)</u>	<u>\$ (428,919)</u>	<u>\$ (3,985,213)</u>	<u>\$ 1,706,111</u>

City of Hurst, Texas
Fund Balances
Governmental Funds
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 1,803	\$ 1,883	\$ 1,883	\$ 1,883
Restricted	1,259,818	1,601,639	1,637,359	1,854,120
Committed	380,220	335,771	255,713	198,349
Assigned	664,696	653,976	519,597	560,867
Unassigned	<u>7,073,761</u>	<u>7,452,789</u>	<u>7,616,609</u>	<u>8,389,715</u>
Total general fund	<u>\$ 9,380,298</u>	<u>\$ 10,046,058</u>	<u>\$ 10,031,161</u>	<u>\$ 11,004,934</u>
All Other Governmental Funds				
Nonspendable	\$ 237,712	\$ -	\$ -	\$ -
Restricted	18,462,642	34,575,812	28,314,389	24,936,284
Committed	-	-	-	-
Assigned	<u>17,475,636</u>	<u>19,607,928</u>	<u>21,302,952</u>	<u>22,228,199</u>
Total all other governmental funds	<u>\$ 36,175,990</u>	<u>\$ 54,183,740</u>	<u>\$ 49,617,341</u>	<u>\$ 47,164,483</u>

Table A-3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,883	\$ 1,883	\$ 1,883	\$ 2,401	\$ 1,883	\$ 1,881
2,344,861	3,104,302	4,086,043	5,446,104	5,083,249	5,844,743
305,069	365,042	-	-	-	-
586,595	581,219	568,555	18,254	23,575	29,620
9,049,255	9,172,096	9,162,496	8,989,839	9,702,437	9,584,839
<u>\$ 12,287,663</u>	<u>\$ 13,224,542</u>	<u>\$ 13,818,977</u>	<u>\$ 14,456,598</u>	<u>\$ 14,811,144</u>	<u>\$ 15,461,083</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,363,093	21,662,950	14,851,969	14,292,760	23,756,410	21,575,718
-	-	-	-	-	-
18,697,454	17,066,513	18,295,467	18,887,440	17,682,803	19,946,306
<u>\$ 38,060,547</u>	<u>\$ 38,729,463</u>	<u>\$ 33,147,436</u>	<u>\$ 33,180,200</u>	<u>\$ 41,439,213</u>	<u>\$ 41,522,024</u>

City of Hurst, Texas
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes (see table A-5)	\$ 34,332,945	\$ 34,492,773	\$ 35,218,498	\$ 36,605,578
Licenses/permits	640,068	664,545	713,052	725,334
Support from governmental entities	2,241,677	1,977,424	921,963	745,240
Charges for services	1,927,918	1,836,085	2,003,246	1,893,181
Fines and fees	2,224,380	2,460,599	2,631,489	2,520,998
Interest	475,670	495,265	384,411	261,494
Miscellaneous	593,525	1,239,389	583,476	507,367
Total revenues	<u>42,436,183</u>	<u>43,166,080</u>	<u>42,456,135</u>	<u>43,259,192</u>
Expenditures				
General government	3,010,139	2,205,316	2,164,066	2,315,113
Public safety	19,690,902	19,206,211	19,999,125	20,214,409
Culture and recreation	8,329,136	8,346,440	8,685,188	8,434,981
Public works	1,656,102	1,513,196	1,753,187	1,540,946
Capital outlay	7,622,738	4,253,081	8,128,080	14,132,822
Debt service				
Principal	2,711,122	3,112,129	3,218,161	3,327,924
Interest	1,833,400	1,857,766	2,162,350	2,089,622
Total expenditures	<u>44,853,539</u>	<u>40,494,139</u>	<u>46,110,157</u>	<u>52,055,817</u>
Excess of revenues over (under) expenditures	(2,417,356)	2,671,941	(3,654,022)	(8,796,625)
Other Financing Sources (Uses)				
Capital lease	-	-	-	-
Proceeds from borrowing	-	15,565,000	-	7,355,000
Proceeds from refunding	6,465,000	1,810,000	-	5,705,000
Premium on bond issuance	214,911	1,355,339	-	603,685
Payments to escrow agent	(7,573,039)	(1,996,858)	-	(5,984,367)
Transfers in	4,514,611	4,382,005	4,118,286	4,084,294
Transfers out	(4,654,181)	(5,113,917)	(5,045,560)	(4,446,072)
Total other financing sources (uses)	<u>(1,032,698)</u>	<u>16,001,569</u>	<u>(927,274)</u>	<u>7,317,540</u>
Net Change in Fund Balances	<u>\$ (3,450,054)</u>	<u>\$ 18,673,510</u>	<u>\$ (4,581,296)</u>	<u>\$ (1,479,085)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>13.90%</u>	<u>15.89%</u>	<u>16.50%</u>	<u>16.67%</u>

Table A-4

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 38,494,929	\$ 38,414,972	\$ 38,900,450	\$ 40,069,713	\$ 40,797,443	\$ 41,476,811	
707,089	782,782	878,517	825,525	1,091,085	811,270	
767,772	874,576	1,613,979	1,960,737	1,504,425	3,270,198	
1,699,806	2,035,396	2,065,177	2,126,300	2,319,048	1,527,628	
2,405,478	2,448,040	2,436,813	2,516,568	1,498,576	1,120,244	
218,049	313,953	412,492	774,577	1,290,490	975,831	
1,068,886	543,025	1,195,603	1,056,666	1,081,968	619,891	
<u>45,362,009</u>	<u>45,412,744</u>	<u>47,503,031</u>	<u>49,330,086</u>	<u>49,583,035</u>	<u>49,801,873</u>	
2,976,887	3,268,525	3,664,549	3,472,880	4,380,033	4,722,080	
20,798,447	21,506,049	23,618,438	23,423,951	23,808,440	23,035,269	
8,436,777	9,344,037	9,950,204	10,078,424	9,893,956	8,100,441	
1,754,088	2,095,586	2,109,784	2,036,102	2,317,724	2,371,726	
15,866,943	6,787,480	8,313,541	4,132,380	3,762,850	5,706,338	
3,459,807	3,134,902	3,466,724	3,428,872	3,065,000	3,400,000	
2,206,311	2,287,885	2,119,020	1,961,100	1,855,604	2,055,757	
<u>55,499,260</u>	<u>48,424,464</u>	<u>53,242,260</u>	<u>48,533,709</u>	<u>49,083,607</u>	<u>49,391,611</u>	
(10,137,251)	(3,011,720)	(5,739,229)	796,377	499,428	410,262	
490,105	-	-	-	-	-	
2,625,000	4,905,000	1,180,000	-	9,175,000	575,000	
3,235,000	11,240,000	1,500,000	-	-	-	
574,285	1,931,800	-	-	453,618	-	
(3,505,346)	(12,517,062)	(1,478,363)	-	-	-	
3,475,606	3,414,597	3,395,882	3,790,919	3,552,517	4,588,565	
<u>(4,578,606)</u>	<u>(4,356,820)</u>	<u>(3,845,882)</u>	<u>(3,916,911)</u>	<u>(5,067,004)</u>	<u>(4,841,077)</u>	
<u>2,316,044</u>	<u>4,617,515</u>	<u>751,637</u>	<u>(125,992)</u>	<u>8,114,131</u>	<u>322,488</u>	
\$ <u>(7,821,207)</u>	\$ <u>1,605,795</u>	\$ <u>(4,987,592)</u>	\$ <u>670,385</u>	\$ <u>8,613,559</u>	\$ <u>732,750</u>	
<u>16.68%</u>	<u>14.97%</u>	<u>14.20%</u>	<u>13.82%</u>	<u>12.18%</u>	<u>14.27%</u>	

City of Hurst, Texas
Tax Revenues by Source
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table A-5

Fiscal Year	Property	Sales/ Occupancy	Mixed Beverage	Franchise	Total
2011	\$ 12,524,464	\$ 18,572,224	\$ 108,775	\$ 3,127,482	\$ 34,332,945
2012	12,435,046	18,996,433	95,883	2,965,411	34,492,773
2013	13,251,406	18,921,380	92,144	2,953,568	35,218,498
2014	13,575,451	19,823,691	118,387	3,088,049	36,605,578
2015	14,093,416	21,219,368	143,374	3,038,771	38,494,929
2016	14,045,924	21,262,957	138,968	2,967,123	38,414,972
2017	15,189,099	20,613,996	135,581	2,961,774	38,900,450
2018	16,158,639	20,598,410	148,603	2,975,917	39,881,569
2019	17,200,207	20,505,778	155,513	2,935,945	40,797,443
2020	19,051,715	19,651,638	125,599	2,669,327	41,498,278

City of Hurst, Texas
Appraised Value of Property
Last Ten Fiscal Years
(in thousands of dollars)

Table B-1

Fiscal Year Ended 30-Sep	Residential Property	Commercial Property	Industrial Property	Appraised Value	Tax-Exempt Property	Total Direct Tax Rate
2011	\$ 1,576,336	\$ 932,584	\$ 32,531	\$ 2,541,451	\$ 242,157	\$ 0.578
2012	1,572,194	932,314	31,484	2,535,992	244,648	0.578
2013	1,581,124	947,359	42,682	2,571,165	248,574	0.608
2014	1,607,262	988,250	36,291	2,631,803	246,939	0.608
2015	1,685,063	1,034,091	40,550	2,759,704	251,249	0.606
2016	1,587,424	975,963	34,254	2,597,641	238,300	0.611
2017	1,745,042	1,144,598	37,283	2,926,923	298,859	0.588
2018	1,867,873	1,249,125	44,304	3,161,302	368,576	0.581
2019	2,116,580	1,360,984	43,893	3,521,457	324,355	0.580
2020	2,333,240	1,461,170	51,466	3,845,876	298,320	0.597

Source: Tarrant County Appraisal District.

Note: Assessed value is 100% of actual value.

City of Hurst, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Table B-2

Fiscal Year	City Direct Rates			Overlapping Rates ^a			
	Basic Rate	General Debt Service	Total Direct Rate	HEB School District	Tarrant County	Hospital	Tarrant County College
2011	0.445284	0.132716	0.578	1.28819	0.26400	0.22790	0.13764
2012	0.445369	0.132631	0.578	1.41400	0.26400	0.22790	0.14897
2013	0.445369	0.163128	0.608	1.40750	0.26400	0.22790	0.14897
2014	0.445369	0.163128	0.608	1.38750	0.26400	0.22790	0.14950
2015	0.460829	0.145171	0.606	1.37500	0.26400	0.22790	0.14950
2016	0.474277	0.136284	0.611	1.35000	0.26400	0.22790	0.14950
2017	0.461648	0.126252	0.588	1.31600	0.25400	0.22790	0.14473
2018	0.465042	0.115898	0.581	1.26300	0.24400	0.22443	0.14006
2019	0.471551	0.108449	0.580	1.27300	0.23400	0.22443	0.13607
2020	0.478236	0.119063	0.597	1.22000	0.23400	0.22443	0.13017

Source: Tarrant County Appraisal District.

Notes: The City’s basic property tax rate must be set according to the State of Texas’ Truth-in-Taxation and other applicable laws. Truth-in-Taxation requires a No-New-Revenue and Voter-Approval tax rate calculation to be performed and under certain conditions the rates must be published locally. If the City Council proposes a tax rate above the Voter-Approval rate (the No-New Revenue M&O rate times 1.035 plus the Debt Service rate plus the three year rolling sum of the difference between the City’s adopted rate and the Voter-Approval rate), then the City must hold an election to approve the proposed rate. Rates for debt service are not subject to election and are set based on each year’s requirements. The State of Texas does limit the City’s overall tax rate to \$2.50 per \$100 valuation while the City’s Charter limits the overall tax rate to \$1.50 per \$100 valuation.

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Hurst. Not all overlapping rates apply to all Hurst property owners. In fact, some City of Hurst property owners pay taxes to the Birdville or Grapevine-Colleyville Independent School Districts. HEB ISD is shown above as the vast majority of Hurst residents reside within HEB ISD’s boundaries.

City of Hurst, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago

Table B-3

Taxpayer	2011			2020		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Melvin Simon & Associates Inc.	\$ 159,848,893	1	7.37%	\$ 147,854,810	1	4.42%
Shops at Northeast Mall LLC				62,988,466	2	1.88%
Westdale Hills 2013 LP				52,132,365	3	1.56%
Cookscreek 255 LLC				31,780,000	4	0.95%
Valley Oaks Apartments				24,926,705	5	0.75%
Wal-Mart Real Estate Bus Trust	24,789,770	2	1.14%	24,124,936	6	0.72%
Mayfair Station LLC	16,855,809	5	0.78%	23,816,115	7	0.71%
Kelly-Moore Paint Co. Inc.	16,698,415	6	0.77%	22,499,552	8	0.67%
Cooks Childrens Medical Center				17,865,248	9	0.53%
Heritage Village Senior Living				17,000,000	10	0.51%
Dillard's Properties Inc./Dillard Texas	23,989,087	3	1.11%	-		0.00%
Macy's TxI LP/Macy's Retail	17,794,557	4	0.82%	-		0.00%
Somerset Village Partners LP	16,647,380	7	0.77%	-		0.00%
Oncor Electric Delivery	15,872,651	8	0.73%	-		0.00%
Hurst City Apartment Partners Ltd.	15,000,000	9	0.69%	-		0.00%
Kroger Market Street Village	14,398,282	10	0.66%	-		0.00%
Total	\$ 321,894,844		14.85%	\$ 424,988,197		12.71%

Source: Tarrant Appraisal District

City of Hurst, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Table B-4

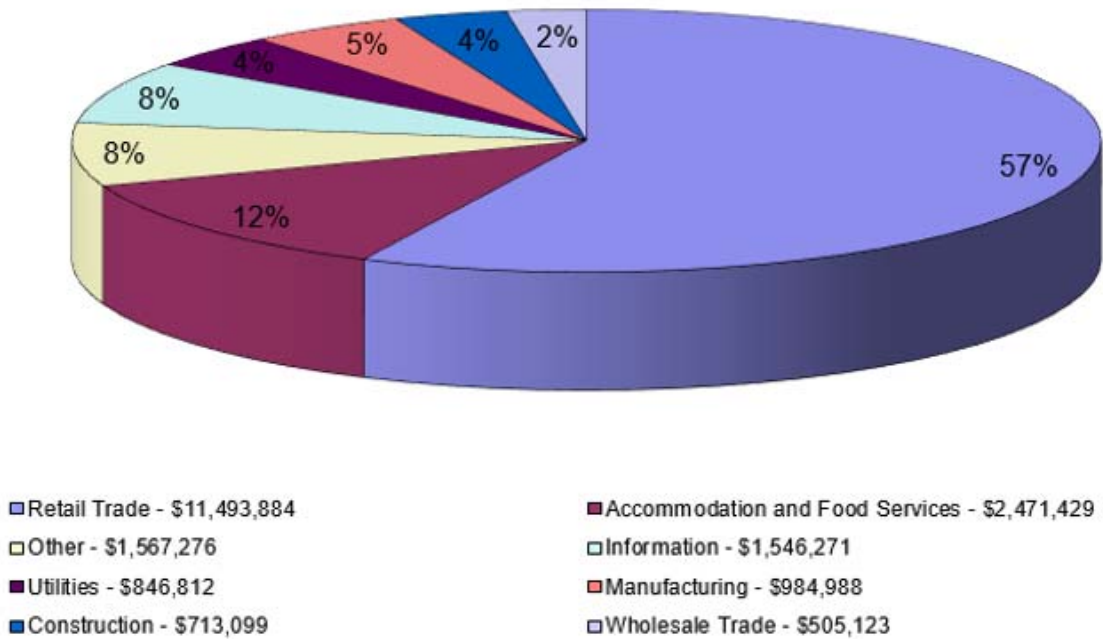
Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 12,515,487	\$ 12,376,485	98.9%	\$ 68,729	\$ 12,445,214	99.4%
2012	12,355,434	12,248,093	99.1%	91,490	12,339,583	99.9%
2013	13,169,789	13,098,911	99.5%	69,952	13,168,863	100.0%
2014	13,492,137	13,408,082	99.4%	75,382	13,483,464	99.9%
2015	14,059,530	13,953,040	99.2%	61,963	14,015,003	99.7%
2016	14,079,556	13,951,219	99.1%	11,772	13,962,991	99.2%
2017	15,052,747	14,831,734	98.5%	199,103	15,030,837	99.9%
2018	16,103,519	15,993,536	99.3%	133,422	16,126,959	100.1%
2019	17,258,532	17,049,741	98.8%	51,611	17,101,353	99.1%
2020	19,058,554	18,921,015	99.3%	17,966	18,938,981	99.4%

Source: Tarrant County tax assessor and collector.

City of Hurst, Texas
Sales Tax Sources by NAICS Code
September 30, 2020

Table B-5

SALES TAX SOURCES



Note: Information provided based on NAICS categories as reported by the State Comptroller. State law prohibits reporting of sales tax information associated with individual taxpayers.

Note: Other category includes Agriculture, Mining, Transportation, Finance, Real Estate, Professional, Management, Administrative and Support, Educational, Health Care, Arts and Public Administration services.

City of Hurst, Texas
Sales Tax Rate & Sales Tax Revenue
Last Ten Fiscal Years

Table B-6

Fiscal Year Ended September 30,	Sales Tax Revenue General Fund	Sales Tax Sharing General Fund	Net Sales Tax Revenue General Fund	Net Sales Tax Revenue ACHCST Fund	Sales Tax Revenue CSHCST Fund	Sales Tax Sharing CSHCST Fund	Net Sales Tax Revenue CSHCST Fund
2011	\$ 9,548,273	\$ 676,706	\$ 8,871,567	\$ 4,714,199	\$ 4,774,222	\$ 338,353	\$ 4,435,869
2012	9,734,599	703,694	9,030,905	4,860,403	4,867,421	351,847	4,515,574
2013	9,713,270	726,364	8,986,906	4,839,025	4,864,710	363,182	4,501,528
2014	10,086,852	605,778	9,481,074	5,028,717	5,050,819	302,889	4,747,930
2015	10,756,525	630,372	10,126,153	5,358,521	5,387,596	315,186	5,072,410
2016	10,823,317	759,423	10,063,894	5,438,519	5,423,974	379,711	5,044,262
2017	10,521,878	768,090	9,753,788	5,225,540	5,261,090	332,210	4,928,880
2018	10,611,912	859,187	9,752,725	5,290,203	5,306,115	331,107	4,975,008
2019	10,552,862	882,832	9,670,030	5,250,689	5,276,599	335,916	4,940,682
2020	10,128,793	726,473	9,402,320	4,921,887	5,064,575	248,236	4,816,339
1.00%	Local Sales Tax, Effective July 1, 1993						
0.50%	Community Services Half-Cent Sales Tax, Effective July 1, 1993						
0.50%	Anti-Crime Half-Cent Sales Tax, Effective January 1, 1996						
<u>2.00%</u>	Total Local Sales Tax Rate						

Note: ACHCST refers to the Anti-Crime Half-Cent Sales Tax Fund. CSHCST refers to the Community Services Half-Cent Sales Tax Fund

Note on Sales Tax Sharing: In August 1996, the City entered into agreements with Southeastern Simon, Inc. under Chapter 380, Texas Local Government Code, to promote new and expanded economic development. Per these agreements, the City will share a portion of the sales tax generated by such new and expanded business with Southeastern Simon, Inc. for a stipulated period of time. Sales tax sharing for the North East Mall expansion project began in fiscal year 2003 and covers a maximum of 20 years. Sales tax sharing for the Shops at North East Mall began in fiscal year 2002 and concluded in fiscal year 2009.

City of Hurst, Texas
Principal Water Customers
September 30, 2020

Table B-7

	Consumption (1,000 Gallons)	Water Amount	Sewer Amount	Total Bill
Westdale Asset Mgr.	72,478	\$ 608,283	\$ 377,850	\$ 986,133
City of Hurst	47,858	353,944	52,833	406,778
Brookwind Ltd.	34,046	270,850	186,668	457,518
Bell Helicopter	31,132	222,370	-	222,370
Wellesley Park Apts	17,403	147,007	107,248	254,255
Tarrant County College	16,372	117,454	37,363	154,817
Valley Oaks Apartments, LLC	14,419	141,349	120,490	261,838
T. S. Asset Calloway	13,553	121,668	97,882	219,550
Barrington Crossing Apartments	12,990	99,679	77,965	177,644
Whispering Run Apartments	<u>11,309</u>	<u>96,067</u>	<u>72,431</u>	<u>168,498</u>
Total	<u><u>271,560</u></u>	<u><u>\$ 2,178,670</u></u>	<u><u>\$ 1,130,730</u></u>	<u><u>\$ 3,309,400</u></u>

City of Hurst, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(principal only; dollars in thousands, except per capita)

Table C-1

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds	Lease Obligation	Certificates of Obligation	Sales Tax Revenue Bonds	Water Revenue Bonds	Certificates of Obligation	Revenue & General Obligation Refunding			
2011	\$ 13,210	\$ 2,165	\$ 23,095	\$ 2,875	\$ -	\$ 11,460	\$ 6,490	\$ 59,295	3.11%	\$ 1,530
2012	29,320	1,822	20,300	2,225	-	9,535	6,930	70,132	6.76%	1,877
2013	29,404	1,544	19,584	1,555	-	9,013	6,360	67,460	6.01%	1,714
2014	30,455	1,256	24,116	1,020	-	6,781	7,392	71,020	6.27%	1,788
2015	27,945	1,325	24,425	680	-	6,030	7,440	67,845	6.23%	1,770
2016	37,735	896	16,860	445	-	4,515	7,455	67,906	6.19%	1,769
2017	37,415	454	15,660	205	-	1,925	8,860	64,519	5.63%	1,680
2018	35,785	-	14,415	105	-	2,965	7,780	61,050	5.28%	1,589
2019	40,890	-	15,525	-	-	2,670	6,760	65,845	5.66%	1,710
2020	42,095	-	15,155	-	-	2,360	6,248	65,585	5.03%	1,588

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

^b See Table D-1 for personal income and population data.

Percentage of Personal Income is calculated using Total Primary Government divided by personal income.

Per Capita is calculated using Total Primary Government divided by population.

City of Hurst, Texas
Ratios of Net General Bonded Debt to Assessed Value and
Net Value Bonded Debt Per Capita
Last Ten Fiscal Years

(principal only; dollars in thousands, except per capita)

Table C-2

Fiscal Year	General Bonded Debt Outstanding				Less Debt Service Fund	Net Bonded Debt	Percentage of Appraised Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Total					
2011	\$ 13,210	\$ 14,959	\$ 28,169	\$ 496	\$ 27,673	0.98%	\$ 669	
2012	29,320	11,230	40,550	449	40,101	0.94%	641	
2013	29,320	20,300	49,620	1,182	48,438	1.93%	1,252	
2014	30,455	23,840	54,295	1,146	53,149	1.86%	1,277	
2015	27,945	24,425	52,370	1,084	51,286	2.03%	1,338	
2016	37,735	16,860	54,595	997	53,598	1.86%	1,397	
2017	37,415	15,660	53,075	1,048	52,027	2.06%	1,355	
2018	35,785	14,415	50,200	1,373	48,827	1.54%	1,271	
2019	40,890	15,525	56,415	1,171	55,244	1.57%	1,435	
2020	42,095	15,155	57,250	1,135	56,115	1.36%	1,348	

Notes: Details regarding the City’s outstanding debt can be found in the notes to the financial statements. This schedule includes General Bonded Debt Outstanding for Governmental Activities Only.

^a See Table B-1 for property value data.

^b Population data can be found in Table D-1.

City of Hurst, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2020
(dollars in thousands)

Table C-3

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Direct			
City of Hurst	\$ 56,115	100%	\$ 52,455
Debt Repaid with Property Taxes			
Hurst-Eules-Bedford Independent School District	364,720 *	13.65%	49,784
Birdville Independent School District	440,975 *	10.86%	47,890
Grapevine/Colleyville Independent School District	399,400 *	0.64%	2,556
Tarrant County	240,445 *	1.71%	4,112
Tarrant County College District	264,175 *	1.71%	4,517
Tarrant County Hospital District	16,135 *	1.71%	276
Keller Independent School District	992,714 *	0.23%	2,283
Subtotal, overlapping debt			<u>111,418</u>
Total direct and overlapping debt			<u><u>\$ 163,874</u></u> ^b

^a **Source:** Texas Municipal Reports

^b Gross Debt Outstanding

City of Hurst, Texas

Legal Debt Margin Information

Table C-4

The City of Hurst does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation, for cities operating under a Home Rule Charter. The City's Charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The City's tax margin for the year ended September 30, 2020, was:

Maximum rate per \$100 valuation under Article XI	\$ 2.500000
City of Hurst's 2019-20 rate	<u>0.597299</u>
Margin	<u><u>\$ 1.902701</u></u>

City of Hurst, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds					
	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 20,557,055	\$ 17,385,994	\$ 3,171,061	\$ -	\$ -	0.00%
2012	19,365,425	17,463,816	1,901,609	-	-	0.00%
2013	19,922,694	18,004,763	1,917,931	-	-	0.00%
2014	19,125,902	18,556,729	569,173	-	-	0.00%
2015	19,686,799	19,483,803	202,996	-	-	0.00%
2016	20,145,243	20,259,538	(114,295)	-	-	0.00%
2017	21,349,781	20,027,047	1,322,734	-	-	0.00%
2018	22,628,247	20,466,468	2,161,779	-	-	0.00%
2019	21,229,151	21,286,679	(57,528)	-	-	0.00%
2020	21,779,612	20,373,220	1,406,392	-	-	0.00%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

^a Sales tax revenue bonds are backed by the sales tax revenue produced by the Half-Cent Community Services Development Corporation (HCCSDC).

^b Excludes one-time, pay-as-you-go capital project costs.

Table C-5

Sales Tax Revenue Bonds ^a						
HCCSDC Sales Tax Revenue	Less: Operating Expenses ^b	Net Available Revenue	Debt Service		Coverage	
			Principal	Interest		
\$ 4,435,869	\$ 2,522,416	\$ 1,913,453	\$ 630,000	\$ 17,291	2.96 %	
4,515,574	2,448,519	2,067,055	650,000	69,000	2.87 %	
4,501,528	2,467,786	2,033,742	670,000	53,400	2.81 %	
4,747,930	2,409,652	2,338,278	535,000	37,320	4.09 %	
5,072,410	2,525,601	2,546,809	340,000	24,480	6.99 %	
5,044,263	3,028,990	2,015,273	235,000	16,320	8.02 %	
4,928,877	3,401,889	1,526,988	240,000	10,680	6.09 %	
4,975,008	3,347,995	1,627,013	100,000	4,840	15.52 %	
4,940,683	3,651,778	1,288,905	105,000	1,260	12.13 %	
4,816,339	2,548,896	2,267,443	-	-	-	

City of Hurst, Texas
Demographic and Economic Statistics
Last Ten Calendar Years

Table D-1

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2011	37,330	\$ 1,050,205	\$ 28,133	38.2	13.5	6,756	7.6%
2012	37,360	1,036,516	27,744	38.8	13.5	6,265	6.0%
2013	38,194	1,088,987	28,512	38.8	13.5	6,521	5.8%
2014	38,280	1,091,439	28,512	38.8	13.5	6,636	4.9%
2015	38,340	1,089,354	28,413	37.9	13.2	6,707	3.8%
2016	38,380	1,097,054	28,584	38.3	13.2	6,897	4.1%
2017	38,410	1,145,770	29,830	38.4	13.2	6,930	3.5%
2018	38,410	1,156,256	30,103	38.3	13.3	7,036	3.4%
2019	38,510	1,162,771	30,194	37.2	13.4	6,729	4.9%
2020	38,910	1,227,649	31,551	37.0	13.6	7,022	6.5%

Sources: Population provided by the North Central Texas Council of Governments Regional Data Center. Median age, education level and personal income data provided by the US Census Bureau. Unemployment data provided by the Texas Workforce Commission. School enrollment data provided by the Texas Education Agency.

Note: Personal income is in thousands.

City of Hurst, Texas
Principal Employers
Current Year and Nine Years Ago

Table D-2

Employer	2011			2020		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Bell Helicopter Textron, Inc.	4,000	1	21.77%	3,800	1	19.87%
North East Mall (Collective employment of stores other than major employers listed)	1,659	2	9.03%	1,706	2	8.92%
Shops at Northeast Mall (Outside)	750	3	4.08%	800	3	4.18%
HEB ISD				735	4	3.84%
Tarrant County College	479	5	2.61%	575	5	3.01%
Walmart Supercenter	575	4	3.13%	479	6	2.50%
City of Hurst	338	7	1.84%	404	7	2.11%
Dillard's Department Store	400	6	2.18%	338	8	1.77%
Macy's	231	8	1.26%	231	9	1.21%
J.C. Penney Company	210	10	1.14%	225	10	1.18%
Target Superstore	225	9	1.22%	-		-
Total	8,867		48.27%	9,293		48.59%

Source: City Economic Development Division/City Records.

City of Hurst, Texas
Full-time Equivalents City Government Employees
By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
General Government					
Management services	7.0	7.0	8.5	8.5	8.7
Finance	10.0	10.0	10.0	10.0	10.0
Planning	3.0	6.0	6.0	6.0	6.0
Building	2.0	2.0	2.0	2.0	3.0
Other	25.0	23.5	26.5	26.5	38.2
Conference Center	-	-	-	30.0	21.3
Police					
Officers	74.0	74.0	73.0	72.0	75.0
Civilians	51.3	51.3	52.5	48.5	54.5
Fire					
Firefighters and officers	56.0	55.0	60.0	60.0	56.0
Civilians	1.5	1.5	1.5	1.5	1.9
Other Public Works					
Engineering	10.5	7.5	9.0	9.0	8.7
Other	25.8	22.0	22.0	22.0	19.6
Parks and Recreation	66.3	52.0	44.5	44.5	67.2
Library	30.0	31.0	28.5	28.5	27.5
Water	29.8	26.5	26.0	26.0	23.7
Wastewater	9.0	9.0	9.0	9.0	9.0
Total	<u>401.2</u>	<u>378.3</u>	<u>379.0</u>	<u>404.0</u>	<u>430.3</u>

Source: Human Resources & Budget Offices.

Table E-1

Fiscal Year				
2016	2017	2018	2019	2020
7.0	8.0	8.0	8.0	7.0
9.0	9.0	9.0	9.0	9.0
6.0	6.0	6.0	6.0	6.0
2.0	2.0	2.0	2.0	2.0
42.0	36.5	34.2	35.1	34.0
24.2	24.2	21.7	21.7	21.7
75.0	75.0	75.0	75.0	75.0
49.5	48.5	48.5	48.5	56.5
56.0	56.0	56.0	56.0	56.0
1.6	1.6	1.5	1.5	1.5
9.2	9.2	9.2	9.0	9.0
19.8	23.9	23.9	23.9	24.6
69.2	66.1	70.2	72.9	49.5
26.7	26.7	28.3	28.3	23.5
23.5	19.0	19.0	19.0	19.0
9.0	10.0	10.0	10.0	10.0
<u>429.7</u>	<u>421.7</u>	<u>422.5</u>	<u>425.9</u>	<u>404.4</u>

City of Hurst, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
General Government					
Building permits issued					
Commercial					
Number issued	134	156	165	136	111
Estimated cost	\$15,979,899	\$ 20,436,524	\$ 53,890,287	\$ 14,761,218	\$ 34,515,346
Residential					
Number issued	121	92	141	144	128
Estimated cost	\$2,212,308	\$ 2,310,930	\$ 3,994,351	\$ 4,787,971	\$ 3,111,349
Public Safety					
Police					
Physical arrests	3,353	3,250	3,088	2,857	2,897
Parking violations	469	421	186	141	197
Traffic violations	17,602	16,311	14,161	17,894	15,996
Fire/Emergency Medical Services					
Emergency responses	4,503	4,735	4,597	4,468	4,702
Patients transported	2,023	2,281	2,209	2,170	2,040
Fires extinguished	171	118	106	91	86
Average Response Time:					
Fire	4:47	5:03	4:36	5:11	5:01
EMS	4:45	4:45	4:43	5:06	5:03
Inspections	988	1,463	1,545	1,412	847
Public Works					
Street resurfacing (miles)	17.8	8	9	5	8
Potholes repaired (sq. yards)	65,000	52,000	43,000	26,000	11,537
Culture and Recreation					
Parks and recreation					
Athletic field reservations issued	129	184	120	88	92
Recreation center admissions	341,228	342,961	368,034	296,719	290,380
Library					
Volumes in collection	143,544	150,197	160,844	161,608	142,851
Total volumes borrowed	387,486	428,484	444,705	434,205	405,826
Water and Sewer					
Water customer billings at 9/30	12,240	12,155	11,526	12,237	12,226
Water main breaks	36	38	38	56	84
Average daily consumption					
(millions of gallons)	5.92	5.63	5.65	5.16	4.96

Sources: Various city departments.

^a As of September 30, 2019, this amount represents square footage as the City can no longer request valuation on residential property. Data is not available for fiscal year 2020 due to a software migration.

Table E-2

Fiscal Year				
2016	2017	2018	2019	2020
123	136	132	145	95
\$ 35,918,137	\$ 24,515,873	\$ 14,936,691	\$ 48,862,248	\$ 29,666,561
191	158	124	98	102
\$ 4,831,284	\$ 3,514,922	\$ 5,161,297	83,202.43 (a)	- (a)
2,592	2,607	2,351	1,901	1,493
152	168	148	93	96
15,327	14,942	13,581	10,590	6,592
4,811	4,873	4,996	4,867	4,911
2,267	2,216	2,065	2,131	2,136
112	100	122	85	88
5:06	4:35	5:07	5:01	5:25
4:28	4:59	5:09	5:36	5:07
579	300	1,584	1,651	600
7	7	6	7	6
12,200	6,612	4,540	2,317	2,539
87	60	51	55	17
281,861	270,356	240,979	236,039	128,271
145,474	142,751	135,659	124,157	120,707
378,417	348,932	416,395	411,691	242,686
12,257	12,327	12,193	12,385	12,896
40	27	41	39	39
4.90	5.02	5.23	4.88	4.96

City of Hurst, Texas
Capital Asset Statistics
By Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended				
	2011	2012	2013	2014	2015
Police					
Stations	1	1	1	1	1
Store fronts	2	2	2	2	3
Patrol units	26	29	30	30	27
Fire Stations	3	3	3	3	3
Other Public Works					
Streets (miles)	146	146	146	146	146
Traffic signals	41	41	41	55	55
Parks and Recreation					
Acreage	280	280	280	280	290
Playgrounds	16	16	16	16	16
Family aquatic centers	2	2	2	2	2
Water					
Water mains (miles)	211.00	202.50	204.00	199.00	201.11
Fire hydrants	1,268	1,196	1,268	1,205	1,233
Storage capacity (millions of gallons)	8.90	8.90	8.30	8.00	9.40
Wastewater					
Sanitary sewers (miles)	156.00	155.00	156.00	154.20	153.06
Storm sewers (miles)	86.00	86.00	86.00	86.00	88.95

Sources: Various city departments.

Table E-3

Fiscal Year Ended				
2016	2017	2018	2019	2020
1	1	1	1	1
2	2	2	2	2
26	28	28	28	28
3	3	3	3	3
148	148	148	148	148
56	56	56	56	56
280	280	280	280	280
16	16	16	16	16
2	2	2	2	2
204.00	205.00	205	205	205
1,226	1,235	1,240	1,330	1,339
9.40	9.40	9.4	9.4	9.4
154.50	154.50	154.84	155.00	155.00
86.00	86.00	86.00	86.00	86.00

