

City of Hurst, Texas

Annual Comprehensive Financial Report

Year Ended September 30, 2022

Prepared by: City of Hurst, Texas Finance Department





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Introductory Section





March 31, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Hurst, Texas (City) for the fiscal year ended September 30, 2022 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 ACFR 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 continue to 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. Five 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

Following years of uncertainty related to the pandemic, severe weather events, economic uncertainty, and geopolitical events occurring abroad, the City remains committed to the City Council's strategic priorities and strategic planning process. Uncertainty and challenges related to the supply chain, inflation, general economic stability, community expectations, and pressures on the workforce all remain and will impact the City's operations. Fortunately, the City Council continues to follow conservative budget practices and sound planning processes which helped guide the City through recent challenges while maintaining our strong financial position overall. Public safety remains a top priority for our community and is demonstrated in the budget process by allocating over half of the General Fund expenditures to Police and Fire operations.

In addition to public safety, the City remains committed to our redevelopment plan created in 2018. This plan focuses on catalytic areas that will help "jump start" redevelopment in specific locations with underutilized commercial space that can be re-purposed or re-imagined. During FY 22, the Council approved the acquisition of two key properties located at the entrance of our rec center. Both properties represent opportunities to improve community assets while providing new development opportunities to the private sector. Perhaps the most important acquisition is an underutilized commercial space that can be repurposed for residential or mixed-use development opportunities. The redevelopment plan has enjoyed success through the construction of new apartment living centers that include onsite fitness center, pools, and high-grade construction materials such as granite countertops. These living centers include developments prioritizing seniors and veterans.

The City recognizes there are economic factors beyond our ability to control; however, a steadfast commitment to our strategic planning process, conservative budget approach, our fiscal management contingency plan, central location in the DFW metroplex, and the City Council's strategic leadership, all remain factors that have contributed to our success and will support adjustments in budgeting, operational management and financial management to ensure continued financial health.

Property taxes remain a primary revenue source for General Fund operations, representing approximately 36% of total General Fund revenues for Fiscal Year 2021-2022. Typically, property tax revenue is approximately 45-50% of total budgeted revenues; however, one-time unbudgeted revenues authorized through the American Recovery Plan Act (ARPA) increased revenue beyond the original budget and understates the typical amount of revenue associated with other General Fund revenue sources. Certified net taxable values increased by a modest 2.9% in Tax Year 2021, reflecting a stable housing market and continued growth in the region. Accordingly, we budgeted a 4.7% increase in property tax revenues in fiscal year 2021-2022. The increase was accomplished through increased values and shifting a portion of the total tax rate from debt service (Interest & Sinking rate) to the Maintenance & Operations component of our tax rate. The City has refinanced outstanding debt in seven out of the last eleven fiscal years, with estimated savings of \$6.7 million.

Sales taxes are also a key revenue source for General Fund operations, representing approximately 27% of total General Fund revenues in Fiscal Year 2021-2022. 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 voter approved half percent (half-cent) sales tax for crime control and prevention purposes, and a half percent (half-cent) sales tax for Community Services projects. Total sales taxes increased by 17.8% in fiscal year 2021-2022. Sales taxes have increased 7.03% in the first six months of fiscal year 2022-2023. Despite these positive trends, however, economic uncertainty remains including ongoing supply chain issues, rising inflationary pressures, and overall economic uncertainty locally, nationally, and globally. Because of the volatile nature of sales taxes, 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 2021-2022, sales tax revenues for the General Fund were approximately \$2 million above the low seen in fiscal year 2019-2020 during the pandemic and \$2.9 million 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 fee revenues continue to be impacted by the changes in the labor market related to the pandemic and other influencing factors. The City increased lifeguard pay and increased aquatics gate fees; however, this was not enough to recruit sufficient lifeguards to fully open both centers. Community Services continues to evaluate fees in the post pandemic world and their fee revenue, including activities/events at the City's Recreation Center, two Aquatics Centers, Senior Center and Athletic Fields were up by \$281,257 in Fiscal Year 2021-2022. However, despite this positive trend, collections remained below pre-pandemic levels. Municipal Court fines were down by \$74,466

and franchise fees were up by \$100,767 in Fiscal Year 2021-2022. Although certainly impacted by the pandemic, Municipal Court fines have been trending down over the past several years for various reasons including alternative, non-monetary ways to satisfy fines owed. While franchise fees increased, Telephone and Cable Franchise Fees were recently 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, conference center, animal services and adoption center and dog park. The City also completely rebuilt its Justice Center and two Aquatics Centers. 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 two new apartment communities - Provision at North Valentine and Provision at Patriot Place. One additional apartment community aimed at the City’s growing Senior population, Gala at Central Park, opened in the first half of 2022. Overall, the City welcomed 119 new businesses to town in 2021-2022, including Burlington, which features apparel for the whole family, restaurants Golden Chick and Dutch Bros. Coffee, and Olivo’s Café and Tortilla Factory. Citywide, retail space was 96% occupied. While the North East Mall continues its recovery since the two down years of Covid-19 as well as other factors, such as new shopping options available in surrounding cities. It began 2022 at 97% occupied. The City is working with the owners of 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 2022-2023 increased by 6.97% over the previous year’s adopted budget. The fiscal year 2022-2023 budget focuses on maintaining service levels while addressing inflationary pressures including fierce competition and wage increases in the labor market. The General Fund budget for fiscal year 2022-2023 is balanced through increased property and sales tax revenues.

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 2021-2022 - 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 2021-2022, 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 2021-2022, the Public Information Division implemented new Texas Alcoholic Beverage Commission guidelines, streamlined the records management destruction process, coordinated contract management processes with Risk/Purchasing staff and coordinated 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 2021-2022, the Judicial Division upgraded its software, including email/text reminders to customers, continued cross-training staff and pursued professional development opportunities.

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 2021-2022, Administration focused on citizen engagement by launching three micro-sites, including Economic Development, Animal Services, and Senior Center, re-launched popular programs put on hold during the pandemic, including the Town Hall Forum, Hurst 101, and Youth in Government and updated the Hurst history video to celebrate the City’s 70th Anniversary.

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 2021-2022 Council approved the acquisition of the Val Oaks Shopping Center and the Masonic Lodge for future redevelopment, three new big box retailers are coming to the City, including Burlington, Aaron’s and Ollie’s and 95.8% of the City’s 6.6 million square feet in total retail inventory is now occupied.

The Hurst Conference Center (<https://hurstcc.com/>) 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 140-room hotel that connects to the Conference Center, Hilton Garden Inn, opened in the summer of 2018. Although not back to pre-pandemic levels, revenues recovered in 2021-2022 due to the dedication and innovative efforts of the Conference Center staff.

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 2021-2022, Public Works completed Hurstview Drive Bridge repairs, Phases 1 & 2 of the Norwood North Storm Drain Arch Pipe rehabilitation project and the North Precinct Line Road Elevated Storage Tank rehabilitation project. Public Works also coordinated with outside agencies on the multi-year Walker-Calloway Wastewater Outfall System rehabilitation project and submitted the Emergency Preparedness Plan for our water system to the Texas Commission on Environmental Quality in accordance with Senate Bill 3. To maintain the City's streets, Public Works milled and overlaid a total of 4.5 lane miles of asphalt streets and applied HAS seal coat to another 6.1 lane miles of asphalt streets.

The Fiscal Services Department provides fiscally responsible control and guidance over all financial matters of the City. In 2021-2022, the City maintained its strong credit ratings and issued \$1.975 million for street/drainage improvements. Fiscal Services received its forty-eighth Certificate of Achievement for Excellence in Financial Reporting Award and its thirty-fourth 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 2021-2022, Utility Billing outsourced bill printing/mailing, implemented an Interactive Voice Response (IVR) system, and enhanced its work order system.

The Information Technology Division maintains the City's technology infrastructure, and in 2021-2022, they facilitated state mandated cybersecurity training, transitioned our Geographic Information Systems (GIS) function to Information Technology and hired a new GIS Administrator, replaced the Camera system at City Hall and installed new access security readers at all City facilities.

The Planning and Community Development Division coordinates the review of zoning, site plan and plat proposals, and is responsible for Code Enforcement activities. In 2021-2022, the Division passed ordinances regulating food trucks and massage businesses, enforced the City's short-term rental ban and recognized ten exceptionally maintained homes through the City's Property Pride Award program.

The Equipment Services Division supports all City Departments by maintaining, repairing and replacing City equipment. Equipment Services is responsible for 275 pieces of equipment. Although Equipment Services did purchase a new street sweeper and trailer mounted generator, other equipment due for replacement in 2021-2022 was not available due to ongoing supply chain constraints. Therefore, staff focused on maintenance of existing equipment.

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 2021-2022, Human Resources transitioned the City's 457(b) Plan to Lincoln Financial, assumed responsibility for administering the Employee Wellness program, coordinated open enrollment for health insurance and facilitated new employee orientation and a twelve session supervisory training series.

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 \$6.1 million in 2021-2022. The Department continued to provide responsive police services in 2021-2022, maintained its accreditation through The Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA), and engaged the community by coordinating various events including Summer & Basketball Camps and Coffee with a Cop.

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 2021-2022, a new fire pumper was placed in service, a new records management system was implemented and a new Medical Director was selected. 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 17 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 \$6.2 million in 2021-2022. Most services have been restored post-pandemic and new programs, including Pickleball and an adult Sand Volleyball athletic league have been developed. Facilities Projects completed during 2021-2022 include demolition of the old animal shelter, replacement of the Recreation Center's gym floor and exterior refurbishment of the Service Center.

FISCAL YEAR 2022-2023 – The following section highlights a few of the initiatives planned for next fiscal year:

- Economic Development will work with local businesses, landlords and real estate developers to retain and promote existing businesses and encourage targeted redevelopment. Economic Development will also facilitate ongoing discussions with Simon Property Group to determine the highest and best use for the North East Mall.
- The Hurst Conference Center will build upon relationships with City departments and outside agencies developed during the pandemic and evaluate capital investments to maintain the building's features, equipment, and fixtures.
- Public Works will complete design for various projects including West Pipeline Road Phase 4, a new Elevated Storage Tank for the South Pressure Plane and the Valley View Branch Sanitary Sewer Outfall Replacement Phase 2. Public works will complete construction on various projects including West Pipeline Road Phase 3 and the 2022 Water & Sanitary Sewer Main Replacements.
- Finance will monitor the City's fiscal condition as we emerge from the pandemic, including the impacts of inflation, rising interest rates and ongoing supply chain pressures. Finance will also facilitate the issuance of new debt, the implementation of new accounting standards and training to help end-users understand the new features/functionality of our recently upgraded Enterprise Resource Planning (ERP) software.
- Information Technology will continue assessing cyber-security threats and the adequacy of the City's defenses against them, including annual cyber security training. Information Technology will also coordinate with City Departments to maintain a five-year technology plan that aligns with the City's strategic initiatives.
- Planning and Community Development will revise existing Ordinances, including those for illegal gaming, Temporary Outside Sales and Special Events. Planning will also facilitate redevelopment projects and provide cross-training to staff.
- Human Resources will cross-train its staff and create new Standard Operating Procedures to improve customer service, digitize its records management system and develop training materials to assist supervisors navigate the hiring process.
- Police will continue to provide excellent and responsive services and evaluate opportunities for the Dispatch function, including partnering with surrounding cities and upgrading our CAD/RMS system. Other initiatives include upgrading personal protective equipment and the in-car and body-worn camera system.
- Fire will continue to evaluate firefighter health and safety programs and monitor staffing and equipment needs. Fire will also perform promotional exams with the appointment of Brent Craft to the Fire Chief position. He replaces Chief David Palla who successfully completed a 37-year career with Hurst.
- Community Services will continue its focus on the arts, including the Art in Public Places & Utility Box Wrap programs and evaluate membership fees. Community Services will also implement Cityworks infrastructure management software, replace the Library's HVAC system, and perform other City-wide facility repairs and maintenance.

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 and The Code of Ideals.

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 Forvis, LLP to conduct an independent audit of our financial statements for the fiscal year ending 9/30/2022.

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 annual comprehensive financial report (ACFR) for fiscal year ended September 30, 2021. This was the 48th 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 ACFR. 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 ACFR 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 ACFR on a timely basis could not be accomplished without the dedicated efforts 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 Clayton Fulton, Assistant City Manager, and Paul Brown, Managing Director of Finance, for coordinating and managing 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.

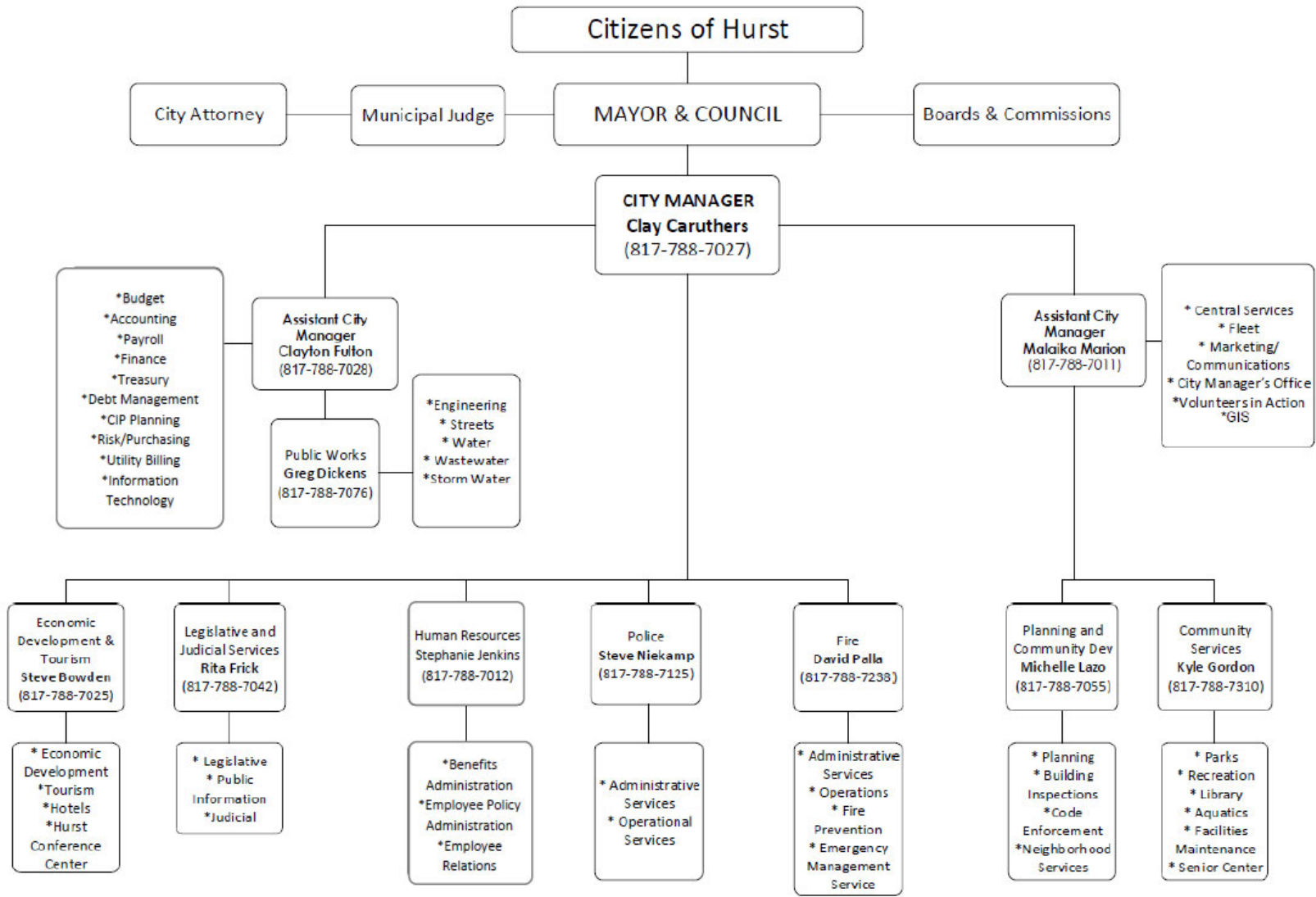
Respectfully submitted,



Clay Caruthers
CITY MANAGER

CITY OF HURST

Revised 3/2023





CITY OF HURST
LIST OF PRINCIPAL OFFICIALS

September 30, 2022

CITY COUNCIL

Henry Wilson	<i>Mayor</i>
Cindy Shepard	<i>Mayor Pro Tem</i>
David Booe	<i>Councilmember</i>
John Miller	<i>Councilmember</i>
Cathy Brotherton	<i>Councilmember</i>
Gary N. Waldron	<i>Councilmember</i>
Jon McKenzie	<i>Councilmember</i>

MANAGEMENT TEAM

Clay Caruthers	<i>City Manager</i>
Clayton Fulton	<i>Assistant City Manager</i>
Malaika Marion	<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>
Stephanie Jenkins	<i>Executive Director of Human Resources</i>
Michele Lazo	<i>Executive Director Community Dev/Planning</i>
Kyle Gordon	<i>Executive Director Community Services</i>
Paul Brown	<i>Managing Director Finance</i>
Matthew Boyle	<i>City Attorney</i>
FORVIS, LLP	<i>Auditors</i>





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hurst
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

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

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in fiscal year 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Prior-Year Comparative Information

The 2022 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, 2021, from which such summarized information was derived.

FORVIS,LLP

**Dallas, Texas
March 31, 2023**



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, 2022. 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, 2022, by \$217,431,842. Of this amount, \$40,547,083 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased \$20,901,594, an increase of 10.64%. The net position of business-type activities increased by \$5,116,087 or 9.28%, primarily due to operating revenues exceeding operating expenses. Net position of the City's governmental activities increased by \$15,785,507 or 11.16%. Property, sales, and hotel/motel taxes & charges for services were strong in FY22. Court fees continued a downward trend, while electric, gas and solid waste franchise fees rose. Interest earnings increased as rates were raised to combat inflation, and grant revenues increased as Coronavirus State and Local Fiscal Recovery Funds were recognized in FY22.

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 \$3,622,830 and after transfers and contributions achieved an ending increase in net position of \$4,883,566. 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 \$143,560 to the change in net position of business-type activities. HCC experienced an increase in net position of \$9,497. 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. Although HCC revenues recovered in FY22, they were approximately 73% of the pre-pandemic peak which resulted in a loss before contributions and transfers totaling \$71,097. Despite these challenges, the HCC has maintained a balance of one million dollars in cash & cash equivalents over the last six fiscal years, including those impacted by the pandemic. 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.

The Hurst Public Facility Corporation Fund and Val Oaks Fund increased net position by \$173,419.

Total cost of all of the City's programs was \$72,273,223 in 2022 compared to \$69,127,590 in 2021.

During the year, the City had governmental program expenses of \$47,645,743, which is less than program and general revenues, contributions and transfers of \$64,776,909. Governmental expenditures rose by approximately 3% as services were restored to pre-pandemic levels and a 2.5% cost of living adjustment (COLA) plus two one-time lump sum payments were adopted in the FY22 Budget to mitigate the effects of wage inflation.

The business-type activities had program expenses of \$24,627,480, which were covered by operating revenues and contributions of \$28,397,908. Water/Sewer expenditures rose by approximately 7% as wholesale water/wastewater rates increased, a COLA was adopted, and services were restored in FY22. Water/sewer revenues were strong in FY22 and included a 2% increase in water/sewer rates to combat rising wholesale costs.

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 14 through 15) 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 16. 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 14. 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 \$12,078,139. Revenues increased by \$12,716,780 while expenditures increased by \$1,217,738 and other financing sources and uses increased by \$1,277,685. Revenues were positively impacted by rising property, sales & hotel/motel taxes, including the completion of the sales tax sharing agreement with Simon Property Group. Also, charges for services rose, including ambulance billing and aquatics fees, as the economy re-opened, and services were restored after the height of the pandemic had passed. Grant revenues rose as the Coronavirus State and Local Fiscal Recovery Funds were recognized. Expenditures were impacted by several large capital investments in FY22, including the acquisition of the Val Oaks Shopping Center and the Masonic Lodge for future redevelopment, and the upgrade of our Enterprise Resource Planning software to the Cloud. Other financing sources and uses are impacted by year-end transfers from the General and Water and Sewer Fund to the Special Projects and Loss Reserve Funds and by the issuance of debt.

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, conference center operations, and public facility corporation activities are reported here.

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

Our analysis of the City's major funds begins on page 16. 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 \$217,431,842, as of September 30, 2022.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 90,661,452	\$ 82,562,977	\$ 27,246,865	\$ 24,745,848	\$ 117,908,317	\$ 107,308,825
Capital assets	153,067,609	155,208,331	50,470,293	47,905,001	203,537,902	203,113,332
Total assets	243,729,061	237,771,308	77,717,158	72,650,849	321,446,219	310,422,157
Deferred outflows of resources	7,515,062	6,050,907	1,646,844	1,339,937	9,161,906	7,390,844
Long-term liabilities	69,835,907	79,034,117	9,782,767	11,838,241	79,618,674	90,872,358
Other liabilities	11,715,040	16,280,053	6,617,544	5,619,347	18,332,584	21,899,400
Total liabilities	81,550,947	95,314,170	16,400,311	17,457,588	97,951,258	112,771,758
Deferred inflows of resources	12,490,982	7,091,358	2,734,043	1,419,637	15,225,025	8,510,995
Net position						
Net investment in						
Capital assets	107,071,255	107,239,312	44,943,007	41,558,248	152,014,262	148,797,560
Restricted	24,870,497	21,240,054	-	-	24,870,497	21,240,054
Unrestricted	25,260,442	12,937,321	15,286,641	13,555,313	40,547,083	26,492,634
Total net position	\$ 157,202,194	\$ 141,416,687	\$ 60,229,648	\$ 55,113,561	\$ 217,431,842	\$ 196,530,248

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
General Revenue						
Sales taxes	\$ 24,292,054	\$ 21,380,866	\$ -	\$ -	\$ 24,292,054	\$ 21,380,866
Franchise taxes	2,663,951	2,563,184	-	-	2,663,951	2,563,184
Property taxes	20,699,923	20,519,930	-	-	20,699,923	20,519,930
Occupancy taxes	958,104	613,169	-	-	958,104	613,169
Investment earnings (losses)	(812,485)	136,883	(111,314)	66,223	(923,799)	203,106
Grants not restricted to specific programs	9,606,179	-	-	-	9,606,179	-
Miscellaneous	774,268	983,535	-	-	774,268	983,535
Program revenue						
Charges for service	5,078,640	3,547,125	28,139,439	24,665,623	33,218,079	28,212,748
Operating grants and contributions	1,516,275	1,889,171	-	-	1,516,275	1,889,171
Capital grants and contributions	-	-	369,783	404,716	369,783	404,716
Total revenues	64,776,909	51,633,863	28,397,908	25,136,562	93,174,817	76,770,425
Program Expenses Including						
Indirect Expenses						
General government	4,109,697	4,958,838	-	-	4,109,697	4,958,838
Public safety	25,461,659	24,389,940	-	-	25,461,659	24,389,940
Culture and recreation	11,639,982	11,383,530	-	-	11,639,982	11,383,530
Public works	4,958,387	4,116,324	-	-	4,958,387	4,116,324
Interest on debt	1,476,018	1,724,654	-	-	1,476,018	1,724,654
Water and sewer	-	-	21,143,906	19,737,759	21,143,906	19,737,759
Stormwater management	-	-	1,011,047	932,360	1,011,047	932,360
Hurst Public Facility Corporation	-	-	6,549	6,189	6,549	6,189
Conference and meeting center	-	-	2,465,978	1,877,996	2,465,978	1,877,996
Total expenses	47,645,743	46,573,286	24,627,480	22,554,304	72,273,223	69,127,590
Excess Before Transfers	17,131,166	5,060,577	3,770,428	2,582,258	20,901,594	7,642,835
Transfers	(1,345,659)	99,439	1,345,659	(99,439)	-	-
Change in Net Position	15,785,507	5,160,016	5,116,087	2,482,819	20,901,594	7,642,835
Net Position Beginning	141,416,687	136,256,671	55,113,561	52,630,742	196,530,248	188,887,413
Net Position Ending	\$157,202,194	\$141,416,687	\$ 60,229,648	\$ 55,113,561	\$217,431,842	\$196,530,248

Net position of the City's governmental activities increased by \$15,785,507, equaling \$157,202,194 at September 30, 2022, compared to \$141,416,687 at September 30, 2021.

For the net position of the City's Governmental Activities, Net Investment in Capital Assets and restricted decreased by a combined \$3,462,386, while Unrestricted net position increased by \$12,323,121, largely due to an increase in property, sales & hotel/motel tax revenues and the allocation of Coronavirus State and Local Fiscal Recovery Funds to offset public safety salaries. Due to the potentially volatile nature of sales tax revenues generally and any lingering effects of the pandemic, sales tax revenues were conservatively budgeted in FY22. As a result, actual sales tax revenues exceeded budget by \$5.4 million. 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 \$5,116,087 or 9.28% in 2022 to \$60,229,648 compared to \$55,113,561 in 2021. Operating income of \$3,770,428 occurred before transfers and contributions.

The City raised water and sewer rates by 2% in FY22 to offset rising wholesale water and wastewater costs. Water revenues are 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, 2022, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FY2022 Amount	Percent of Total	Increase (Decrease) from FY2021	Percent Increase (Decrease)
Taxes	\$ 48,720,756	76.60%	\$ 3,741,762	8.32%
Licenses and permits	861,582	1.35%	275	0.03%
Intergovernmental	1,516,275	2.38%	(372,896)	-23.02%
Charges for services	2,349,819	3.69%	729,616	104.23%
Fines and forfeitures	620,296	0.98%	(79,709)	-4.22%
Investment earnings (losses)	(638,873)	-1.00%	(742,738)	-715.10%
Grants and contributions	9,606,179	15.10%	9,606,179	100.00%
Miscellaneous	566,599	0.89%	(165,709)	-22.63%
Total revenues	<u>\$ 63,602,633</u>	<u>100.00%</u>	<u>\$ 12,716,780</u>	

The increase in taxes was driven by rising property values, rising sales tax collections, the end of the sales tax sharing agreement with Simon Property Group and rising hotel/motel tax collections. The increase in intergovernmental revenues was caused by the recognition of the Coronavirus State and Local Fiscal Recovery Funds. The increase in charges for services was driven by the restoration of services to pre-pandemic levels, including community services programs/facilities, the opening of the new Animal Services & Adoption Center and an uptick in ambulance billing revenues. The decline in Fines and forfeitures was driven by court fees, which have been trending downward since their peak in FY13. Although the City holds all investments to maturity, gains/losses are recognized in the financial statements at year end. And in a rising interest rate environment, this practice can result in the recognition of losses as the interest rates of investments held in the City’s portfolio are less than current market rates.

Expenditures	FY2022 Amount	Percent of Total	Increase (Decrease) from FY2021	Percent Increase (Decrease)
General government	\$ 4,076,566	7.84%	\$ 139,899	3.55%
Public safety	24,967,834	48.01%	1,825,796	3.25%
Culture and recreation	9,453,611	18.18%	369,993	4.07%
Public works	3,046,937	5.86%	593,035	24.17%
Capital outlay	5,244,739	10.09%	(1,438,260)	-21.52%
Debt service				
Principal	3,600,000	6.92%	-	0.00%
Interest and fees	1,612,804	3.10%	(66,951)	-3.99%
Bond issuance costs	-	0.00%	205,774	100.00%
Total expenditures	<u>\$ 52,002,491</u>	<u>100.00%</u>	<u>\$ 1,629,286</u>	

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 \$14,846,188. As a result, 11,687,418 of this excess was transferred to the Special Projects Fund for pay-go projects and other unfunded needs. An additional \$150,449 of this excess was transferred to the Loss Reserve fund to offset health care costs. At fiscal year, the spendable, unassigned fund balance of the General Fund was \$21,031,771 compared to \$9,544,066 at September 30, 2021. 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 \$1,377,268 in 2022 after increasing \$871,494 in 2021. This increase is due to rising sales tax collections and the end of the sales tax sharing agreement with Simon Property Group.

The Fund Balance in the Anti-Crime Special Revenue Fund increased by \$2,166,998, after increasing \$1,140,365 last year. This increase is due to strong sales tax collections in FY22 and the allocation of the Coronavirus State and Local Fiscal Recovery Funds to Public Safety salaries paid out of the Anti-Crime Fund.

The fund balance in the Special Projects Fund decreased by \$4,436,952 in FY22. Capital "Pay-Go" projects charged to this Fund in FY22 included the acquisition of the Val Oaks Shopping Center and the Masonic Lodge for future redevelopment, the upgrade of our Enterprise resource planning software to the Cloud and the purchase of equipment for the Hurst Conference Center. Special Projects' ending fund balance is assigned for projects approved by City Council and Management.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY22 budget attempted to restore services to pre-pandemic levels while also considering inflationary pressures and supply chain constraints. Property taxes, which are the General Fund’s largest and most predictable source of revenue, met budgeted expectations, while sales taxes came in well above budget.

Actual General Fund revenues of \$47,612,106 exceeded budgeted revenues of \$33,781,684 by \$13,830,422. Due to its potential volatility, the City always budgets sales taxes conservatively. Fortunately, however, sales tax revenues ended FY22 at their highest levels to date. As a result, actual sales tax revenues exceeded budget by approximately \$3.5 million. Further, with the end of the sales tax sharing agreement with Simon Property Group, sales tax sharing payments were under budget by approximately \$237,000. Charges for Services were strong in FY22, finishing approximately \$429,000 over budget, while grant revenues exceeded budget by approximately \$10.2 million as Coronavirus State and Local Fiscal Recovery Funds were recognized in FY22. Actual General Fund expenditures of \$32,765,918 fell below budgeted expenditures of \$33,345,844. This \$579,926 positive variance was due to salary savings in Police & Community Services, and operational savings in various divisions, including Non-Departmental, Community Services and Administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2022, the City had \$203,537,902 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 increase of \$424,570, or 0.2%, from last year. This increase was caused by several ongoing capital projects that were capitalized in FY22.

	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Land	\$ 63,277,528	\$ 59,579,846	\$ 564,612	\$ 564,612	\$ 63,842,140	\$ 60,144,458
Buildings	45,357,890	46,760,258	46,542,043	44,839,156	91,899,933	91,599,414
Improvements	26,651,737	29,526,363	379,205	404,379	27,030,942	29,930,742
Machinery and equipment	5,440,527	5,437,849	738,170	938,110	6,178,697	6,375,959
CIP	12,339,927	13,904,015	2,246,263	1,158,744	14,586,190	15,062,759
Total	<u>\$153,067,609</u>	<u>\$155,208,331</u>	<u>\$ 50,470,293</u>	<u>\$ 47,905,001</u>	<u>\$203,537,902</u>	<u>\$203,113,332</u>

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

Title	Amount
Val Oaks Shopping Center	\$ 2,478,409
Norwood N Drainage	1,009,407
Precinct Line Tank Repair	1,004,300
2017 Green Ribbon Grant	773,382
Dog Park Phase I	725,177

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

Long-term Debt: At September 30, 2022, the total debt outstanding was \$55,050,000. Of this amount, \$54,280,000 comprises debt backed by the full faith and credit of the City. The remaining \$770,000 represents bonds secured by specific revenue sources. See *Note 8* to the financial statements for more detailed information on long-term debt activity.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
General obligation	\$ 33,970,000	\$ 36,605,000	\$ 4,050,000	\$ 4,975,000	\$ 38,020,000	\$ 41,580,000
Certificates of obligation	14,335,000	13,075,000	1,925,000	2,040,000	16,260,000	15,115,000
Public property finance contractual obligations	415,000	495,000	-	-	415,000	495,000
Tax notes	355,000	525,000	-	-	355,000	525,000
Total	<u>\$ 49,075,000</u>	<u>\$ 50,700,000</u>	<u>\$ 5,975,000</u>	<u>\$ 7,015,000</u>	<u>\$ 55,050,000</u>	<u>\$ 57,715,000</u>

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 FY 2022-2023 budget continues to reflect the City Council's conservative fiscal policies. Major objectives in the budget process include efforts to identify cost-saving measures while providing funding to implement the City Council’s strategic plans. The FY23 budget includes an emphasis on managing inflationary pressures, remaining competitive in the Northeast Tarrant County municipal employment market, continuing to return to pre-pandemic era service levels, and continued efforts to maintain our public spaces. To stay competitive in the employment market, the budget includes a 3.5% wage increase for all employees plus other targeted market adjustments based upon a compensation survey of Northeast Tarrant County cities.

Collectively, property and sales tax revenues are budgeted to increase by approximately \$2.9 million in FY23. The proposed property tax rate of \$0.614043 per \$100 represents a reduction of just over one-cent in the tax rate. The lower rate will generate an increase in revenue resulting from an overall increase in property values throughout the City. The increase in budgeted sales tax revenue remains conservative based upon a budget contingency of approximately 10-percent of general fund sales tax revenue. The sales tax contingency has served to mitigate the negative impact of economic cycles while providing excess revenues during times of economic growth. Additionally, any excess sales tax revenue is transferred to a special projects fund used to support cash funded infrastructure and other capital investments. The General Fund reserve balance represents 90-days of operations, while the Special Projects Fund also maintains an \$8 million emergency reserve.

For FY23, the Enterprise (Water/Wastewater) Fund’s operating budget increased by 3.8%. The City contracts with Fort Worth and the Trinity River Authority for wholesale water and wastewater services. And these wholesale costs, which represent over 40% of this fund’s budget, increased by approximately 6% for FY23. Under the city’s rate smoothing policy, the Council considers small incremental rate increases each year. As such, The FY23 budget includes a 3% increase in water and sewer rates for residential and commercial customers largely to offset increases in wholesale costs, absorb inflationary pressures and support market-based wage adjustments. Due to sound financial planning, the Enterprise Fund has been able to overcome variations in rainfall and consistently finish each 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 twelfth full year of operations in 2021-2022. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. The HCC was significantly impacted by the pandemic in fiscal years 2020 and 2021. However, revenues recovered to approximately 73% of the pre-pandemic high in FY22 and are projected to return to pre-pandemic levels in FY23.

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, 2022 with Summarized
Totals for September 30, 2021

	Governmental Activities	Business-type Activities	Totals	
			2022	2021
Assets				
Cash and cash equivalents	\$ 4,198,341	\$ 4,104,164	\$ 8,302,505	\$ 6,738,202
Investments	71,398,732	18,558,057	89,956,789	86,502,440
Net receivables	7,592,650	3,571,745	11,164,395	10,864,920
Lease receivables	168,509	429,420	597,929	-
Internal balances	2,162,876	(2,162,876)	-	-
Inventories and prepaid expenses	231,440	211,855	443,295	429,186
Restricted assets				
Cash and cash equivalents	747,442	514,845	1,262,287	738,007
Investments	4,161,462	2,019,655	6,181,117	2,036,070
Total current assets	<u>90,661,452</u>	<u>27,246,865</u>	<u>117,908,317</u>	<u>107,308,825</u>
Land	63,277,570	564,612	63,842,182	60,144,458
Construction in progress	12,339,927	2,246,263	14,586,190	14,064,840
Depreciable assets, net	77,450,112	47,659,418	125,109,530	128,904,034
Total noncurrent assets	<u>153,067,609</u>	<u>50,470,293</u>	<u>203,537,902</u>	<u>203,113,332</u>
Total assets	<u>243,729,061</u>	<u>77,717,158</u>	<u>321,446,219</u>	<u>310,422,157</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	3,053,780	541,864	3,595,644	2,950,759
Deferred outflows related to OPEB	3,499,494	889,689	4,389,183	3,106,785
Deferred loss on bond refunding	961,788	215,291	1,177,079	1,333,300
Total deferred outflows of resources	<u>7,515,062</u>	<u>1,646,844</u>	<u>9,161,906</u>	<u>7,390,844</u>
Total assets and deferred outflows of resources	<u>\$ 251,244,123</u>	<u>\$ 79,364,002</u>	<u>\$ 330,608,125</u>	<u>\$ 317,813,001</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 4,146,806	\$ 2,759,619	6,906,425	\$ 6,348,438
Escrow deposits and unearned revenue	70,418	554,478	624,896	471,892
Customer deposits	-	1,995,061	1,995,061	1,986,070
Unearned revenue	-	-	-	4,789,083
Current portion of net OPEB liability	650,952	165,493	816,445	729,419
Current portion of long-term liabilities	6,846,864	1,142,893	7,989,757	7,574,498
Total current liabilities	<u>11,715,040</u>	<u>6,617,544</u>	<u>18,332,584</u>	<u>21,899,400</u>
Net pension liability	6,795,709	1,205,831	8,001,540	17,401,067
Net OPEB liability, net of current portion	12,368,084	3,144,376	15,512,460	13,858,977
Long-term liabilities, net of current portion	50,672,114	5,432,560	56,104,674	59,612,314
Total noncurrent liabilities	<u>69,835,907</u>	<u>9,782,767</u>	<u>79,618,674</u>	<u>90,872,358</u>
Total liabilities	<u>81,550,947</u>	<u>16,400,311</u>	<u>97,951,258</u>	<u>112,771,758</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	10,094,705	1,791,208	11,885,913	5,332,553
Deferred inflows related to OPEB	2,101,175	534,188	2,635,363	3,039,081
Deferred inflows related to leases	163,076	408,647	571,723	-
Deferred gain on refunding	132,026	-	132,026	139,361
Total deferred inflows of resources	<u>12,490,982</u>	<u>2,734,043</u>	<u>15,225,025</u>	<u>8,510,995</u>
Net Position				
Net investment in capital assets	107,071,255	44,943,007	152,014,262	148,797,560
Restricted for				
Debt service	1,133,524	-	1,133,524	1,134,197
Capital projects	13,920	-	13,920	640,297
Community development	7,015,656	-	7,015,656	5,638,388
Public safety	10,213,959	-	10,213,959	8,079,848
Municipal court	472,032	-	472,032	510,633
Parks	477,562	-	477,562	448,837
Traffic safety	428,419	-	428,419	470,195
Tourism, convention center, arts	2,163,695	-	2,163,695	1,887,275
Urban transit	2,777,295	-	2,777,295	2,271,317
Other	174,435	-	174,435	159,067
Unrestricted	25,260,442	15,286,641	40,547,083	26,492,634
Total net position	<u>157,202,194</u>	<u>60,229,648</u>	<u>217,431,842</u>	<u>196,530,248</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 251,244,123</u>	<u>\$ 79,364,002</u>	<u>\$ 330,608,125</u>	<u>\$ 317,813,001</u>

City of Hurst, Texas
Statement of Activities
Year Ended September 30, 2022 with Summarized
Totals for Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 4,109,697	\$ 630,363	\$ 1,130,293	\$ -
Public safety	25,461,659	2,504,688	1,000	-
Culture and recreation	11,639,982	1,124,631	384,982	-
Public works	4,958,387	818,958	-	-
Interest expense	1,476,018	-	-	-
Total governmental activities	47,645,743	5,078,640	1,516,275	-
Business-type Activities				
Water and sewer services	21,143,906	24,479,806	-	294,256
Stormwater management services	1,011,047	1,106,059	-	75,527
Hurst Public Facility Corporation	6,549	158,693	-	-
Conference and meeting center	2,465,978	2,394,881	-	-
Total business-type activities	24,627,480	28,139,439	-	369,783
Total primary government	\$ 72,273,223	\$ 33,218,079	\$ 1,516,275	\$ 369,783

General Revenues

Property taxes, penalty and interest
Sales taxes
Franchise taxes
Occupancy taxes
Investment earnings (losses)
Grants not restricted to specific programs
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	
		2022	2021
\$ (2,349,041)	\$ -	\$ (2,349,041)	\$ (3,531,919)
(22,955,971)	-	(22,955,971)	(22,896,387)
(10,130,369)	-	(10,130,369)	(9,698,898)
(4,139,429)	-	(4,139,429)	(3,285,132)
(1,476,018)	-	(1,476,018)	(1,724,654)
(41,050,828)	-	(41,050,828)	(41,136,990)
-	3,630,156	3,630,156	2,237,817
-	170,539	170,539	178,268
-	152,144	152,144	194,802
-	(71,097)	(71,097)	(94,852)
-	3,881,742	3,881,742	2,516,035
(41,050,828)	3,881,742	(37,169,086)	(38,620,955)
20,699,923	-	20,699,923	20,519,930
24,292,054	-	24,292,054	21,380,866
2,663,951	-	2,663,951	2,563,184
958,104	-	958,104	613,169
(812,485)	(111,314)	(923,799)	203,106
9,606,179	-	9,606,179	-
774,268	-	774,268	983,535
(1,345,659)	1,345,659	-	-
56,836,335	1,234,345	58,070,680	46,263,790
15,785,507	5,116,087	20,901,594	7,642,835
141,416,687	55,113,561	196,530,248	188,887,413
<u>\$157,202,194</u>	<u>\$ 60,229,648</u>	<u>\$217,431,842</u>	<u>\$196,530,248</u>

City of Hurst, Texas
Governmental Funds
Balance Sheet
September 30, 2022 With Summarized
Totals for September 30, 2021

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>HCDC</u>	<u>Anti-Crime</u>
Assets			
Cash and cash equivalents	\$ -	\$ 218,022	\$ 1,907,865
Investments	27,637,931	5,820,024	7,102,608
Receivables, net			
Taxes	2,266,581	1,044,905	1,034,417
Lease	168,509	-	-
Court	1,934,349	-	-
Other	1,111,683	12,595	22,306
Inventories and other	1,883	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 33,120,936</u>	<u>\$ 7,095,546</u>	<u>\$ 10,067,196</u>
Liabilities			
Accounts payable and accrued items	\$ 2,753,347	\$ 103,532	\$ 188,438
Escrow deposits payable and unearned revenue	70,418	-	-
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,823,765</u>	<u>103,532</u>	<u>188,438</u>
Deferred Inflows of Resources			
Lease related	163,076	-	-
Unavailable revenue	2,221,602	-	-
	<u>2,221,602</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	2,384,678	-	-
Fund Balances			
Nonspendable			
Inventory	1,883	-	-
Restricted	6,852,281	6,992,014	9,878,758
Assigned	26,558	-	-
Unassigned	21,031,771	-	-
	<u>21,031,771</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>27,912,493</u>	<u>6,992,014</u>	<u>9,878,758</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,120,936</u>	<u>\$ 7,095,546</u>	<u>\$ 10,067,196</u>

See Notes to Financial Statements

<u>Funds</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>	
<u>Special Projects</u>	<u>Funds</u>	<u>2022</u>	<u>2021</u>
\$ 214,317	\$ 774,737	\$ 3,114,941	\$ 2,905,077
17,613,648	5,319,447	63,493,658	55,733,917
-	21,461	4,367,364	4,190,608
-	-	168,509	-
-	-	1,934,349	1,080,421
116,788	4,190	1,267,562	1,814,720
-	-	1,883	1,883
-	-	-	1,656,436
<u>\$ 17,944,753</u>	<u>\$ 6,119,835</u>	<u>\$ 74,348,266</u>	<u>\$ 67,383,062</u>
\$ 130,132	\$ 330,359	\$ 3,505,808	\$ 3,837,533
-	-	70,418	4,863,748
-	-	-	872,697
<u>130,132</u>	<u>330,359</u>	<u>3,576,226</u>	<u>9,573,978</u>
-	-	163,076	-
-	24,704	2,246,306	1,524,565
-	24,704	2,409,382	1,524,565
-	-	1,883	1,883
-	5,769,501	29,492,554	24,457,367
17,814,621	-	17,841,179	22,281,203
-	(4,729)	21,027,042	9,544,066
<u>17,814,621</u>	<u>5,764,772</u>	<u>68,362,658</u>	<u>56,284,519</u>
<u>\$ 17,944,753</u>	<u>\$ 6,119,835</u>	<u>\$ 74,348,266</u>	<u>\$ 67,383,062</u>



City of Hurst, Texas
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2022

Total governmental fund balances	\$ 68,362,658
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.	150,549,416
Accrued interest on governmental activities debt is not reported in the funds until paid.	(192,311)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	2,246,306
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 that are attributable to governmental activities are included in the government-wide financial statements.	17,450,272
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.	(11,182,008)
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.	(13,426,080)
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.	(5,987,648)
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.	<u>(50,618,411)</u>
Net position of governmental activities	<u>\$ 157,202,194</u>

City of Hurst, Texas
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2022 With Summarized
Totals for Year Ended September 30, 2021

	General	Special Revenue Funds	
		HCDC	Anti-Crime
Revenues			
Taxes, penalty and interest	\$ 32,864,809	\$ 6,151,956	\$ 6,097,685
Licenses/permits	861,582	-	-
Support from governmental entities	10,736,472	1,000	-
Charges for services	2,349,819	-	-
Fines and fees	620,296	-	-
Investment earnings (losses)	(234,365)	(79,525)	(67,174)
Miscellaneous	413,493	61,621	8,216
Total revenues	<u>47,612,106</u>	<u>6,135,052</u>	<u>6,038,727</u>
Expenditures			
Current			
General government	3,742,862	-	-
Public safety	19,891,549	-	5,026,428
Culture and recreation	5,955,914	3,497,697	-
Public works	3,046,937	-	-
Capital outlay	128,656	43,900	18,418
Debt service			
Principal retirement	-	-	-
Interest and fiscal agent fees	-	-	-
Bond issuance costs	-	-	-
Total expenditures	<u>32,765,918</u>	<u>3,541,597</u>	<u>5,044,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,846,188</u>	<u>2,593,455</u>	<u>993,881</u>
Other Financing Sources (Uses)			
Proceeds from issuance of debt	-	-	-
Refunding bonds issued	-	-	-
Premium on bond issuance	-	-	-
Payment to refunded bonds escrow agent	-	-	-
Transfers in	11,622,746	9,104	1,173,117
Transfers out	(14,271,074)	(1,225,291)	-
Total other financing sources (uses)	<u>(2,648,328)</u>	<u>(1,216,187)</u>	<u>1,173,117</u>
Net Change in Fund Balances	12,197,860	1,377,268	2,166,998
Fund Balances, Beginning of Year	<u>15,714,633</u>	<u>5,614,746</u>	<u>7,711,760</u>
Fund Balances, End of Year	<u>\$ 27,912,493</u>	<u>\$ 6,992,014</u>	<u>\$ 9,878,758</u>

See Notes to Financial Statements

Capital Projects Funds		Nonmajor Governmental	Totals	
Special			2022	2021
\$ -	\$ 3,606,306	\$ 48,720,756	\$ 44,978,994	
-	-	861,582	861,307	
384,982	-	11,122,454	1,889,171	
-	-	2,349,819	1,620,203	
-	-	620,296	700,005	
(235,184)	(22,625)	(638,873)	103,865	
79,621	3,648	566,599	732,308	
<u>229,419</u>	<u>3,587,329</u>	<u>63,602,633</u>	<u>50,885,853</u>	
333,704	-	4,076,566	3,936,667	
49,857	-	24,967,834	23,142,038	
-	-	9,453,611	9,083,618	
-	-	3,046,937	2,453,902	
4,284,130	769,635	5,244,739	6,682,999	
-	3,600,000	3,600,000	3,600,000	
-	1,612,804	1,612,804	1,679,755	
-	-	-	205,774	
<u>4,667,691</u>	<u>5,982,439</u>	<u>52,002,491</u>	<u>50,784,753</u>	
<u>(4,438,272)</u>	<u>(2,395,110)</u>	<u>11,600,142</u>	<u>101,100</u>	
-	1,975,000	1,975,000	-	
-	-	-	13,350,000	
-	70,638	70,638	-	
-	-	-	(13,404,894)	
12,189,960	1,588,791	26,583,718	4,099,745	
<u>(12,188,640)</u>	<u>(466,354)</u>	<u>(28,151,359)</u>	<u>(4,844,539)</u>	
1,320	3,168,075	477,997	(799,688)	
(4,436,952)	772,965	12,078,139	(698,588)	
<u>22,251,573</u>	<u>4,991,807</u>	<u>56,284,519</u>	<u>56,983,107</u>	
<u>\$ 17,814,621</u>	<u>\$ 5,764,772</u>	<u>\$ 68,362,658</u>	<u>\$ 56,284,519</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, 2022

Net change in fund balances - total governmental funds	\$ 12,078,139
Amounts reported for governmental funds in the statement of activities are different because:	
Change in revenues not considered available in the governmental funds.	721,741
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	5,244,739
Depreciation	(7,754,133)
The net effect of various transactions involving capital assets (i.e. sales and contributions) is to decrease net position.	(67,222)
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.	(2,045,638)
Repayment of long-term debt, including bond refundings, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Annual payments on long-term debt	3,600,000
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.	227,051
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.	(98,666)
Current year change in accrued interest payable required the use of current financial resources; but it is not reported as an expense in the governmental-wide statement.	8,401
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.	2,876,979
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.	(41,732)
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.	267,376
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).	768,472
Change in net position of governmental activities	<u>\$ 15,785,507</u>

City of Hurst, Texas
Proprietary Funds
Statement of Net Position
September 30, 2022 with Summarized
Totals for September 30, 2021

	Business-type Activities				Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Non-major Enterprise Funds		
					2022	2021
Assets						
Current Assets						
Cash and cash equivalents	\$ 2,638,923	\$ 1,090,701	\$ 2,393	\$ 372,147	\$ 4,104,164	\$ 1,293,116
Investments	17,580,878	-	977,179	-	18,558,057	19,573,218
Accounts receivable (net of allowance for uncollectible accounts of \$9,069 in 2022 and \$57,691 in 2021)	3,202,861	63,772	141,535	-	3,408,168	3,408,543
Lease receivable	29,674	-	-	399,746	429,420	-
Other receivables	161,178	-	900	1,499	163,577	334,728
Due from other funds	114,392	-	-	-	114,392	-
Inventory of materials and supplies, at cost	185,898	25,957	-	-	211,855	208,175
Prepaids and other assets	-	-	-	-	-	6,651
Restricted assets	-	-	-	-	-	-
Cash and cash equivalents	514,845	-	-	-	514,845	738,007
Investments	2,019,655	-	-	-	2,019,655	2,036,070
Total current assets	<u>26,448,304</u>	<u>1,180,430</u>	<u>1,122,007</u>	<u>773,392</u>	<u>29,524,133</u>	<u>27,598,508</u>
Noncurrent Assets						
Capital assets	88,981,924	81,367	6,558,720	-	95,622,011	91,186,240
Accumulated depreciation	<u>(43,867,533)</u>	<u>(81,367)</u>	<u>(1,202,818)</u>	<u>-</u>	<u>(45,151,718)</u>	<u>(43,281,239)</u>
Total noncurrent assets	<u>45,114,391</u>	<u>-</u>	<u>5,355,902</u>	<u>-</u>	<u>50,470,293</u>	<u>47,905,001</u>
Total assets	<u>71,562,695</u>	<u>1,180,430</u>	<u>6,477,909</u>	<u>773,392</u>	<u>79,994,426</u>	<u>75,503,509</u>
Deferred Outflows of Resources						
Deferred pension outflows	396,960	111,105	33,799	-	541,864	444,680
Deferred OPEB outflows	673,301	156,256	60,132	-	889,689	629,746
Deferred loss on bond refunding	215,291	-	-	-	215,291	265,511
Total deferred outflows of resources	<u>1,285,552</u>	<u>267,361</u>	<u>93,931</u>	<u>-</u>	<u>1,646,844</u>	<u>1,339,937</u>
Total assets and deferred outflows of resources	<u>\$ 72,848,247</u>	<u>\$ 1,447,791</u>	<u>\$ 6,571,840</u>	<u>\$ 773,392</u>	<u>\$ 81,641,270</u>	<u>\$ 76,843,446</u>
Liabilities						
Current Liabilities						
Accounts payable and accrued items	2,622,154	\$ 90,894	\$ 26,088	\$ -	\$ 2,739,136	\$ 1,851,633
Due to other funds	-	-	114,392	-	114,392	783,739
Unearned revenue	-	554,478	-	-	554,478	397,227
Current liabilities payable from restricted assets	-	-	-	-	-	-
Accrued bond interest	20,483	-	-	-	20,483	24,513
Customer deposits	1,969,655	-	-	25,406	1,995,061	1,986,070
Current portion of net OPEB liability	125,243	29,065	11,185	-	165,493	147,853
Current portion of long-term liabilities	1,095,026	40,645	7,222	-	1,142,893	1,212,051
Total current liabilities	<u>5,832,561</u>	<u>715,082</u>	<u>158,887</u>	<u>25,406</u>	<u>6,731,936</u>	<u>6,403,086</u>
Net pension liability	883,370	247,248	75,213	-	1,205,831	2,622,340
Net OPEB liability, net of current portion	2,379,611	552,244	212,521	-	3,144,376	2,809,215
Long-term liabilities, net of current portion	<u>5,382,272</u>	<u>42,700</u>	<u>7,588</u>	<u>-</u>	<u>5,432,560</u>	<u>6,406,686</u>
Total long-term liabilities	<u>8,645,253</u>	<u>842,192</u>	<u>295,322</u>	<u>-</u>	<u>9,782,767</u>	<u>11,838,241</u>
Total liabilities	<u>14,477,814</u>	<u>1,557,274</u>	<u>454,209</u>	<u>25,406</u>	<u>16,514,703</u>	<u>18,241,327</u>
Deferred Inflows of Resources						
Lease related	29,137	-	-	379,510	408,647	-
Deferred pension inflows	1,312,205	367,275	111,728	-	1,791,208	803,616
Deferred OPEB inflows	404,265	93,818	36,105	-	534,188	616,021
Total deferred inflows of resources	<u>1,745,607</u>	<u>461,093</u>	<u>147,833</u>	<u>379,510</u>	<u>2,734,043</u>	<u>1,419,637</u>
Net Position (Deficit)						
Net investment in capital assets	39,587,105	-	5,355,902	-	44,943,007	41,558,248
Unrestricted (deficit)	<u>17,037,721</u>	<u>(570,576)</u>	<u>613,896</u>	<u>368,476</u>	<u>17,449,517</u>	<u>15,624,234</u>
Total net position (deficit)	<u>56,624,826</u>	<u>(570,576)</u>	<u>5,969,798</u>	<u>368,476</u>	<u>62,392,524</u>	<u>57,182,482</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 72,848,247</u>	<u>\$ 1,447,791</u>	<u>\$ 6,571,840</u>	<u>\$ 773,392</u>	<u>81,641,270</u>	<u>\$ 76,843,446</u>
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(2,162,876)</u>	
Net position of business-type activities					<u>\$ 60,229,648</u>	

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

2022	2021
\$ 1,830,842	\$ 2,540,009
12,066,536	11,195,305
-	-
23,375	35,900
64,557	47,477
165,000	165,000
-	-
-	-
<u>14,150,310</u>	<u>13,983,691</u>
14,016,225	13,500,100
(11,498,032)	(11,417,801)
<u>2,518,193</u>	<u>2,082,299</u>
<u>16,668,503</u>	<u>16,065,990</u>
90,610	74,360
132,115	93,514
-	-
<u>222,725</u>	<u>167,874</u>
<u>\$ 16,891,228</u>	<u>\$ 16,233,864</u>
\$ 448,687	\$ 434,047
-	-
-	-
-	-
24,574	21,955
29,105	29,213
<u>502,366</u>	<u>485,215</u>
201,639	438,506
466,924	417,156
54,052	54,252
<u>722,615</u>	<u>909,914</u>
<u>1,224,981</u>	<u>1,395,129</u>
-	-
299,525	134,380
79,326	91,476
<u>378,851</u>	<u>225,856</u>
2,518,193	2,082,299
12,769,203	12,530,580
<u>15,287,396</u>	<u>14,612,879</u>
<u>\$ 16,891,228</u>	<u>\$ 16,233,864</u>

City of Hurst, Texas
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2022 with Summarized
Totals for Year Ended September 30, 2021

	Business-type Activities				Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Non-major Enterprise Funds	2022	2021
Operating Revenues						
Water and sewer services	\$ 23,956,993	\$ -	\$ -	\$ -	\$ 23,956,993	\$ 21,131,574
Storm drainage utility fee	-	-	1,096,603	-	1,096,603	1,106,028
Service fees	-	2,394,881	-	-	2,394,881	1,783,144
Other	522,813	-	9,456	158,693	690,962	644,877
Total operating revenues	24,479,806	2,394,881	1,106,059	158,693	28,139,439	24,665,623
Operating Expenses						
Personnel services	3,919,675	1,394,701	318,924	-	5,633,300	5,651,347
Contractual services	9,552,552	-	-	2,049	9,554,601	8,065,779
Repairs and maintenance	441,475	66,365	203,197	-	711,037	647,168
Materials and supplies	116,841	63,237	2,849	-	182,927	187,382
Depreciation and amortization	1,674,043	-	196,435	-	1,870,478	1,886,801
Indirect cost/street rental fees	3,868,207	-	109,525	-	3,977,732	3,963,405
Other	1,284,183	941,675	157,681	4,500	2,388,039	1,832,065
Total operating expenses	20,856,976	2,465,978	988,611	6,549	24,318,114	22,233,947
Operating income (loss)	3,622,830	(71,097)	117,448	152,144	3,821,325	2,431,676
Nonoperating Revenues (Expenses)						
Investment earnings (loss)	(134,349)	-	1,760	21,275	(111,314)	66,223
Interest expense	(192,975)	-	-	-	(192,975)	(150,391)
Gain (loss) on sale of property and equipment	-	-	(22,436)	-	(22,436)	-
Total nonoperating revenues (expenses)	(327,324)	-	(20,676)	21,275	(326,725)	(84,168)
Income (loss) before contributions and transfers	3,295,506	(71,097)	96,772	173,419	3,494,600	2,347,508
Transfers In	2,584,142	80,594	7,449	-	2,672,185	1,699,038
Transfers Out	(1,290,338)	-	(36,188)	-	(1,326,526)	(1,798,477)
Contributions	294,256	-	75,527	-	369,783	404,716
Change in Net Position	4,883,566	9,497	143,560	173,419	5,210,042	2,652,785
Net Position, Beginning of Year	51,741,260	(580,073)	5,826,238	195,057	57,182,482	54,529,697
Net Position, End of Year	\$ 56,624,826	\$ (570,576)	\$ 5,969,798	\$ 368,476	\$ 62,392,524	\$ 57,182,482
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds					(93,955)	
Change in Net Position of Business-type Activities					\$ 5,116,087	

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

2022	2021
\$ -	\$ -
-	-
11,138,936	10,144,458
193,719	97,477
<u>11,332,655</u>	<u>10,241,935</u>
8,108,082	7,608,749
220,778	215,901
605,720	539,042
1,262,692	1,111,168
523,186	595,257
-	-
-	-
<u>10,720,458</u>	<u>10,070,117</u>
612,197	171,818
(173,612)	33,018
-	-
<u>13,950</u>	<u>153,750</u>
<u>(159,662)</u>	<u>186,768</u>
452,535	358,586
221,982	847,401
-	(3,168)
-	-
674,517	1,202,819
<u>14,612,879</u>	<u>13,410,060</u>
<u>\$ 15,287,396</u>	<u>\$ 14,612,879</u>

City of Hurst, Texas
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2022 with Summarized
Totals for Year Ended September 30, 2021

	Business-type Activities				Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Non-major Enterprise Funds	2022	2021
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 24,679,519	\$ 2,503,818	\$ 1,112,482	\$ 162,364	\$ 28,458,183	\$ 24,569,427
Receipts from interfund services provided	-	-	-	-	-	-
Payments to suppliers	(11,259,812)	(1,067,389)	(397,835)	(6,549)	(12,731,585)	(9,580,309)
Payments on behalf of employees	(4,297,281)	(1,500,640)	(350,513)	-	(6,148,434)	(5,873,178)
Payments for interfund services used	(3,868,207)	-	4,867	-	(3,863,340)	(3,963,405)
Net cash provided by (used in) operating activities	5,254,219	(64,211)	369,001	155,815	5,714,824	5,152,535
Cash Flows from Noncapital Financing Activities						
Transfers to other funds	(1,290,338)	-	(36,188)	-	(1,326,526)	(1,798,477)
Transfers from other funds	2,469,750	80,594	7,449	-	2,557,793	1,699,038
Net cash provided by (used in) noncapital financing activities	1,179,412	80,594	(28,739)	-	1,231,267	(99,439)
Proceeds from long-term debt	-	-	-	-	-	145,000
Debt principal payments	(1,040,000)	-	-	-	(1,040,000)	(1,310,000)
Interest paid on revenue bonds	(154,436)	-	-	-	(154,436)	(246,484)
Interest income	-	-	-	20,665	20,665	-
Purchases of property and equipment	(2,593,315)	-	(1,472,672)	-	(4,065,987)	(1,072,349)
Proceeds from sale of property and equipment	-	-	(22,436)	-	(22,436)	-
Net cash used in capital and related financing activities	(3,787,751)	-	(1,495,108)	20,665	(5,262,194)	(2,483,833)
Cash Flows from Investing Activities						
Proceeds from sale/maturities of investments	2,210,000	-	1,127,346	-	3,337,346	14,281,186
Purchase of investments	(2,305,770)	-	-	-	(2,305,770)	(17,619,302)
Interest received on investments	(134,349)	-	6,152	610	(127,587)	65,058
Net cash provided by (used in) investing activities	(230,119)	-	1,133,498	610	903,989	(3,273,058)
Net increase (decrease) in cash and cash equivalents	2,415,761	16,383	(21,348)	177,090	2,587,886	(703,795)
Cash and Cash Equivalents, Beginning of Year	738,007	1,074,318	23,741	195,057	2,031,123	2,734,918
Cash and Cash Equivalents, End of Year	3,153,768	1,090,701	2,393	372,147	4,619,009	2,031,123
Noncash Investing, Capital and Financing Activities						
Capital contributions received in-kind	294,256	-	75,527	-	369,783	404,716
Reconciliation to Statement of Net Position						
Cash and cash equivalents	2,638,923	1,090,701	2,393	372,147	4,104,164	1,293,116
Restricted cash and cash equivalents	514,845	-	-	-	514,845	738,007
	\$ 3,153,768	\$ 1,090,701	\$ 2,393	\$ 372,147	\$ 4,619,009	\$ 2,031,123

See Notes to Financial Statements

**Governmental Activities-
Internal Service Funds**

<u>2022</u>	<u>2021</u>
\$ 197,446	\$ 117,361
11,138,936	10,144,458
(2,115,428)	(1,903,805)
(8,170,928)	(7,610,014)
-	-
1,050,026	748,000
-	(3,168)
221,982	847,401
221,982	844,233
-	-
-	-
-	-
-	-
(959,080)	(135,903)
13,950	153,750
(945,130)	17,847
2,791,092	9,154,261
(3,662,323)	(9,610,043)
(164,814)	39,380
(1,036,045)	(416,402)
(709,167)	1,193,678
2,540,009	1,346,331
1,830,842	2,540,009
-	-
1,830,842	2,540,009
-	-
<u>\$ 1,830,842</u>	<u>\$ 2,540,009</u>

City of Hurst, Texas
Proprietary Funds
Statement of Cash Flows (Continued)
Year Ended September 30, 2022 with Summarized
Totals for Year Ended September 30, 2021

	Business-type Activities				Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Non-major Enterprise Funds	2022	2021
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities						
Operating income (loss)	\$ 3,622,830	\$ (71,097)	\$ 117,448	\$ 152,144	\$ 3,821,325	\$ 2,431,676
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	1,674,043	-	196,435	-	1,870,478	1,886,801
Change in assets and deferred outflows						
Accounts receivable	216,128	(53,918)	6,423	-	168,633	(210,402)
Lease receivable	(29,674)	-	-	(401,245)	(430,919)	-
Inventory of materials and supplies	(2,369)	(1,311)	-	-	(3,680)	2,033
Due to/from other funds	(783,739)	-	114,392	-	(669,347)	783,739
Prepays and other assets	-	6,651	-	-	6,651	27,635
Deferred pension outflows	(71,196)	(19,927)	(6,061)	-	(97,184)	77,664
Deferred OPEB outflows	(196,720)	(45,654)	(17,569)	-	(259,943)	(201,124)
Change in liabilities and deferred inflows						
Accounts payable and other	921,347	4,151	(33,628)	-	891,870	417,475
Customer deposits and unearned revenue	(16,415)	157,251	-	25,406	166,242	42,880
Net pension liability	(1,037,708)	(290,445)	(88,356)	-	(1,416,509)	(179,837)
Net OPEB liability	266,994	61,962	23,845	-	352,801	167,534
Deferred inflows - lease related	29,137	-	-	379,510	408,647	-
Deferred pension inflows	723,491	202,499	61,602	-	987,592	(31,203)
Deferred OPEB inflows	(61,930)	(14,373)	(5,530)	-	(81,833)	(62,336)
Net cash provided by (used in) operating activities	<u>\$ 5,254,219</u>	<u>\$ (64,211)</u>	<u>\$ 369,001</u>	<u>\$ 155,815</u>	<u>\$ 5,714,824</u>	<u>\$ 5,152,535</u>

Governmental Activities
Internal Service Funds

<u>2022</u>	<u>2021</u>
\$ 612,197	\$ 171,818
523,186	595,257
3,727	19,884
(17,080)	(7,721)
-	-
(16,250)	12,987
(38,601)	(29,866)
14,332	5,312
-	-
(236,867)	(30,073)
52,387	24,878
-	-
165,145	(5,219)
<u>(12,150)</u>	<u>(9,257)</u>
<u>\$ 1,050,026</u>	<u>\$ 748,000</u>

City of Hurst, Texas
Fiduciary Fund
Statement of Fiduciary Net Position
September 30, 2022 with Summarized
Totals for September 30, 2021

	OPEB Trust	
	2022	2021
Assets		
Investments		
Mutual funds - equity	\$ 4,467,684	\$ 3,633,863
Mutual funds - fixed income	3,104,661	2,525,226
Total assets	\$ 7,572,345	\$ 6,159,089
 Net Position		
Restricted for other postemployment benefits	\$ 7,572,345	\$ 6,159,089
Total net position	\$ 7,572,345	\$ 6,159,089

City of Hurst, Texas
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2022 with Summarized
Totals for Year Ended September 30, 2021

	OPEB Trust	
	2022	2021
Additions		
Contributions		
Employer	\$ 1,515,680	\$ 1,511,286
Investment income	700,830	674,541
Less: investment management fees	<u> -</u>	<u> (19,801)</u>
Total additions	2,216,510	2,166,026
Deductions		
Benefit payments	787,066	764,202
Administrative expenses	<u> 16,188</u>	<u> 11,632</u>
Total deductions	<u> 803,254</u>	<u> 775,834</u>
Change in net position	<u> 1,413,256</u>	<u> 1,390,192</u>
Net Position, Beginning of Year	<u> 6,159,089</u>	<u> 4,768,897</u>
Net Position, Ending of Year	<u><u> \$ 7,572,345</u></u>	<u><u> \$ 6,159,089</u></u>



City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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, 2022

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, 2022

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. This fund is designated as a major fund.

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.

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, 2022

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.

The major proprietary funds are:

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.

Stormwater Fund: to account for revenues received from a fee charged for the development of the City's storm sewer drainage system. This fund is designated as a major fund.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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, 2021, the Plan's year-end, in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74).

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).

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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:

Assets

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

Lease Receivable

The City is a lessor for various noncancellable leases of its water towers and building space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

- The City uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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 a single 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, 2022

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, 2022.

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 assets 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 and OPEB –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.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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 assets 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:

- Deferred gain on refunding – A deferred gain 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.
- Unavailable revenue – This amount represents uncollected property taxes, ambulance 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.
- 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.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.

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.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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.

When both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance) are available for specified expenditures, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unassigned fund balance. Further, when the components of unassigned fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2022 and 2021, follows:

	2022					2021	
	General Fund	HCDC	Anti-Crime	Special Projects	Nonmajor Governmental Funds	Total Governmental Funds	Total Governmental Funds
Nonspendable	\$ 1,883	\$ -	\$ -	\$ -	\$ -	\$ 1,883	\$ 1,883
Restricted for							
Capital projects		-	-	-	4,635,977	4,635,977	3,857,610
Community development	23,642	6,992,014	-	-	-	7,015,656	5,638,388
Public safety	335,201	-	9,878,758	-	-	10,213,959	8,079,848
Debt service		-	-	-	1,133,524	1,133,524	1,134,197
Municipal court	472,032	-	-	-	-	472,032	510,633
Parks	477,562	-	-	-	-	477,562	448,837
Traffic safety	428,419	-	-	-	-	428,419	470,195
Tourism, convention center, arts	2,163,695	-	-	-	-	2,163,695	1,887,275
Urban transit	2,777,295	-	-	-	-	2,777,295	2,271,317
Other	174,435	-	-	-	-	174,435	159,067
Assigned							
Capital and special projects	-	-	-	17,814,621	-	17,814,621	22,251,573
Other	26,558	-	-	-	-	26,558	29,630
Unassigned	21,031,771	-	-	-	(4,729)	21,027,042	9,544,066
Total fund balance	<u>\$ 27,912,493</u>	<u>\$ 6,992,014</u>	<u>\$ 9,878,758</u>	<u>\$ 17,814,621</u>	<u>\$ 5,764,772</u>	<u>\$ 68,362,658</u>	<u>\$ 56,284,519</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City’s management to make estimates and assumptions that affect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

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, 2021.

Adoption of New Accounting Standards

GASB Statement No. 87, *Leases*, establishes new guidance for lease accounting for lessees and lessors and eliminates the classification of leases as either operating or capital leases. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessees will recognize a lease liability and an intangible right-to-use lease asset, when applicable. Lessors will recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City has implemented this Statement in fiscal year 2022. See *Note 6* for additional information.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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, 2022. The City will evaluate the potential impact on the City’s net position.

Statement No.	Title	Adoption Required
94	Public-Private and Public-Public Partnerships and Availability Payment Agreements	September 30, 2023
96	Subscription-Based Information Technology Agreements	September 30, 2023
100	Accounting Changes and Error Corrections	September 30, 2024
101	Compensated Absences	September 30, 2025

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 2021-2022 budget. The City follows these procedures in establishing budgetary data reflected in the basic financial statements.

- 1) 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.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- 4) 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.
- 5) 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.
- 6) 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, 2022

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, 2022, 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, 2022, were invested in TexPool, TexSTAR (Texas Short Term Asset Reserve program) and Texas CLASS.

During the year, the City invested in three public fund investment pools, including TexSTAR, TexPool and Texas CLASS. 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.

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

Investments in TexPool are carried at amortized cost, while TexSTAR and Texas CLASS are carried at net asset value.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Investments: The City’s investments, excluding OPEB trust fund investments discussed on the following page, are registered or held by the City or its agent in the City’s name at September 30, 2022, and are as follows:

	Value	Weighted Average
Certificates of deposit	\$ 29,000,000	0.45
Investment pools	9,526,020	1.52
U.S. Treasury Obligations	34,048,790	0.58
Federal Agency Securities	23,994,171	0.44
Portfolio weighted average maturity	\$ 96,568,981	0.74

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, it’s 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, 2021, 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 \$7,572,345 as of December 31, 2021. 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 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.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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

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 value hierarchy in which the fair value measurements fall at September 30, 2022:

	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	\$ 34,048,790	\$ -	\$ 34,048,790	\$ -
U.S. Agency Securities	23,994,171	-	23,994,171	-
Investment in Master Trust	<u>7,572,345</u>	-	-	<u>7,572,345</u>
Total investments by fair value level	<u>65,615,306</u>	<u>\$ -</u>	<u>\$ 58,042,961</u>	<u>\$ 7,572,345</u>
Investments Measured at Net Asset Value – TexSTAR	3,042,932			
Investments Measured at Net Asset Value – Texas Class	3,017,337			
Investments Measured at Amortized Cost – TexPool	3,465,752			
Non-negotiable Certificates of Deposit	<u>29,000,000</u>			
Total investments	<u>\$ 104,141,327</u>			

Certain investments that are measured using the net asset value per share (or its equivalent) or amortized cost have not been classified in the fair value hierarchy.

City of Hurst, Texas
Notes to Basic Financial Statements
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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.

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 2022 levy is based is approximately \$4,464,480,586. 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, 2022, is \$0.625159 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, 2022, are approximately 99% of the tax levy.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Note 5: Net Receivables

Net receivables consist of the following at September 30, 2022 and 2021:

	2022	2021
Governmental Activities		
Taxes receivable	\$ 4,283,534	\$ 4,190,608
Charges to users	1,934,349	1,080,421
Interest	130,540	98,044
Other	1,244,227	1,752,576
Total governmental activities net receivables	7,592,650	7,121,649
Business-type Activities		
Charges to users	3,421,786	3,408,543
Interest	52,364	42,180
Other	97,595	292,548
Total business-type activities net receivables	3,571,745	3,743,271
Total net receivables	\$ 11,164,395	\$ 10,864,920

The applicable allowance for doubtful accounts at September 30, 2022, included in the net receivables above is as follows:

\$496,785 for taxes receivable in the general fund and \$1,793,870 for other receivables in the general fund, which consists of court and ambulance billing, \$106,557 for taxes receivable in the debt service fund, and \$22,687 for charges to users in the water and sewer fund.

Note 6: Lease Receivable

The City leases a portion of its property to various companies who use the space to conduct their operations, the terms of which expire 2025 through 2044. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$253,431 in lease revenue and \$30,075 in interest revenue during the current fiscal year related to this lease. As of September 30, 2022, the City's receivable for lease payments was \$597,929. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$571,723.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2022:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 12,533	\$ 7,287	\$ 19,820
2024	14,772	6,670	21,442
2025	17,363	5,944	23,307
2026	14,292	5,149	19,441
2027	4,155	4,829	8,984
2028-2032	23,821	21,089	44,910
2033-2037	29,819	15,069	44,888
2038-2042	37,328	7,532	44,860
2043-2044	14,426	521	14,947
Total	<u>\$ 168,509</u>	<u>\$ 74,090</u>	<u>\$ 242,599</u>

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 225,549	\$ 13,801	\$ 239,350
2024	136,213	5,450	141,663
2025	43,665	1,651	45,316
2026	20,489	584	21,073
2027	3,504	7	3,511
Total	<u>\$ 429,420</u>	<u>\$ 21,493</u>	<u>\$ 450,913</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Note 7: Capital Assets

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

	Balance October 1, 2021	Additions	Disposals/ Reclassifications	Transfers	Balance September 30, 2022
Capital Assets Not Being Depreciated					
Land	\$ 59,579,846	\$ -	\$ -	\$ 3,697,724	\$ 63,277,570
Construction in progress	13,904,015	5,807,502	-	(7,371,590)	12,339,927
	<u>73,483,861</u>	<u>5,807,502</u>	<u>-</u>	<u>(3,673,866)</u>	<u>75,617,497</u>
Capital Assets Being Depreciated					
Buildings and improvements	93,904,702	-	-	1,891,580	95,796,282
Improvements other than buildings	164,993,938	42,232	-	367,434	165,403,604
Machinery and equipment	33,474,354	286,863	(466,554)	1,414,852	34,709,515
Total depreciable	<u>292,372,994</u>	<u>329,095</u>	<u>(466,554)</u>	<u>3,673,866</u>	<u>295,909,401</u>
Less Accumulated Depreciation for					
Buildings and improvements	(47,144,444)	(3,293,991)	-	-	(50,438,435)
Improvements other than buildings	(135,467,575)	(3,284,292)	-	-	(138,751,867)
Machinery and equipment	(28,036,505)	(1,699,036)	466,554	-	(29,268,987)
Total accumulated depreciation	<u>(210,648,524)</u>	<u>(8,277,319)</u>	<u>466,554</u>	<u>-</u>	<u>(218,459,289)</u>
Total depreciable - net	<u>81,724,470</u>	<u>(7,948,224)</u>	<u>-</u>	<u>3,673,866</u>	<u>77,450,112</u>
Governmental activities capital assets, net	<u>\$ 155,208,331</u>	<u>\$ (2,140,722)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,067,609</u>
	Balance October 1, 2020	Additions	Disposals/ Reclassifications	Transfers	Balance September 30, 2021
Capital Assets Not Being Depreciated					
Land	\$ 59,579,846	\$ -	\$ -	\$ -	\$ 59,579,846
Construction in progress	7,835,590	7,194,513	(1,126,088)	-	13,904,015
	<u>67,415,436</u>	<u>7,194,513</u>	<u>(1,126,088)</u>	<u>-</u>	<u>73,483,861</u>
Capital Assets Being Depreciated					
Buildings and improvements	93,904,702	-	-	-	93,904,702
Improvements other than buildings	164,323,111	670,827	-	-	164,993,938
Machinery and equipment	33,439,507	527,287	(492,440)	-	33,474,354
Total depreciable	<u>291,667,320</u>	<u>1,198,114</u>	<u>(492,440)</u>	<u>-</u>	<u>292,372,994</u>
Less Accumulated Depreciation for					
Buildings and improvements	(44,106,164)	(3,038,280)	-	-	(47,144,444)
Improvements other than buildings	(131,873,693)	(3,593,882)	-	-	(135,467,575)
Machinery and equipment	(27,042,768)	(1,486,177)	492,440	-	(28,036,505)
Total accumulated depreciation	<u>(203,022,625)</u>	<u>(8,118,339)</u>	<u>492,440</u>	<u>-</u>	<u>(210,648,524)</u>
Total depreciable - net	<u>88,644,695</u>	<u>(6,920,225)</u>	<u>-</u>	<u>-</u>	<u>81,724,470</u>
Governmental activities capital assets, net	<u>\$ 156,060,131</u>	<u>\$ 274,288</u>	<u>\$ (1,126,088)</u>	<u>\$ -</u>	<u>\$ 155,208,331</u>

City of Hurst, Texas
Notes to Basic Financial Statements
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Depreciation is charged to functions as follows:

	2022	2021
Governmental Activities		
General government	\$ 1,530,885	\$ 1,618,280
Public safety	2,081,563	1,871,607
Culture and recreation	2,251,680	2,241,086
Public works	2,413,191	2,387,366
Total governmental activities depreciation expense	\$ 8,277,319	\$ 8,118,339

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, 2022:

	Project Authorization	Expended Through September 30, 2022	Committed September 30, 2022
Community Services Improvements	\$ 1,119,308	\$ 622,309	\$ 496,999
Street Improvements	5,269,362	2,339,737	2,929,625
Other	10,863,469	9,377,881	1,485,588
Total	\$ 17,252,139	\$ 12,339,927	\$ 4,912,212

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

City of Hurst, Texas
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A summary of changes in business-type capital assets follows:

	Balance October 1, 2021	Additions	Disposals/ Reclassifications	Balance September 30, 2022
Capital Assets Not Being Depreciated				
Land	\$ 564,612	\$ -	\$ -	\$ 564,612
Construction in progress	1,158,744	2,806,730	(1,719,211)	2,246,263
	<u>1,723,356</u>	<u>2,806,730</u>	<u>(1,719,211)</u>	<u>2,810,875</u>
Capital Assets Being Depreciated				
Utility plant in service	84,477,196	1,629,040	1,680,230	87,786,466
Buildings and improvements	755,227	-	-	755,227
Machinery and equipment	4,230,463	-	38,981	4,269,444
Total depreciable	<u>89,462,886</u>	<u>1,629,040</u>	<u>1,719,211</u>	<u>92,811,137</u>
Less Accumulated Depreciation for				
Utility plant in service	(39,638,040)	(1,606,383)	-	(41,244,423)
Buildings and improvements	(350,848)	(25,174)	-	(376,022)
Machinery and equipment	(3,292,353)	(238,921)	-	(3,531,274)
Total accumulated depreciation	<u>(43,281,241)</u>	<u>(1,870,478)</u>	<u>-</u>	<u>(45,151,719)</u>
Total depreciable - net	<u>46,181,645</u>	<u>(241,438)</u>	<u>-</u>	<u>47,659,418</u>
Business-type activities capital assets, net	<u>\$ 47,905,001</u>	<u>\$ 2,565,292</u>	<u>\$ -</u>	<u>\$ 50,470,293</u>
	Balance October 1, 2020	Additions	Disposals/ Reclassifications	Balance September 30, 2021
Capital Assets Not Being Depreciated				
Land	\$ 564,612	\$ -	\$ -	\$ 564,612
Construction in progress	160,825	1,072,620	(74,701)	1,158,744
	<u>3,350,533</u>	<u>851,398</u>	<u>(74,701)</u>	<u>725,437</u>
Capital Assets Being Depreciated				
Utility plant in service	84,051,376	435,820	-	84,477,196
Buildings and improvements	755,227	-	-	755,227
Machinery and equipment	4,201,623	43,597	(14,760)	4,230,463
Total depreciable	<u>85,000,603</u>	<u>3,997,624</u>	<u>-</u>	<u>89,462,886</u>
Less Accumulated Depreciation for				
Utility plant in service	(37,981,055)	(1,656,985)	-	(39,638,040)
Buildings and improvements	(325,674)	(25,174)	-	(350,848)
Machinery and equipment	(3,102,471)	(204,642)	14,760	(3,292,353)
Total accumulated depreciation	<u>(41,409,199)</u>	<u>(1,938,138)</u>	<u>14,760</u>	<u>(43,281,241)</u>
Total depreciable - net	<u>47,599,026</u>	<u>(1,458,721)</u>	<u>-</u>	<u>46,181,645</u>
Business-type activities capital assets, net	<u>\$ 48,324,463</u>	<u>\$ (386,101)</u>	<u>\$ (74,701)</u>	<u>\$ 47,905,001</u>

City of Hurst, Texas
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Construction in progress consists of the following at September 30, 2022:

	Project Authorization	Expended Through September 30, 2022	Committed as of September 30, 2022
Water	\$ 2,197,351	\$ 1,313,921	\$ 883,430
Sewer	675,000	345,225	329,775
Other	<u>785,696</u>	<u>587,117</u>	<u>198,579</u>
Total	<u>\$ 3,658,047</u>	<u>\$ 2,246,263</u>	<u>\$ 1,411,784</u>

Note 8: Long-term Liabilities

The following is a summary of changes in long-term liabilities of the City for the years ended September 30, 2022 and 2021:

	October 1, 2021	Additions	Reductions	September 30, 2022	Current Portion
Governmental Activities					
Bonds payable and premiums					
General obligation bonds	\$ 36,605,000	\$ -	\$ (2,635,000)	\$ 33,970,000	\$ 2,620,000
Certificates of obligation	13,075,000	1,975,000	(715,000)	14,335,000	805,000
Loan from Direct Borrowing	495,000	-	(80,000)	415,000	80,000
Tax Notes	525,000	-	(170,000)	355,000	175,000
Premium	<u>2,529,586</u>	<u>70,638</u>	<u>(227,051)</u>	<u>2,373,173</u>	<u>206,014</u>
Total long-term debt	53,229,586	2,045,638	(3,827,051)	51,448,173	3,886,014
Compensated absences	<u>6,338,489</u>	<u>2,267,712</u>	<u>(2,535,396)</u>	<u>6,070,805</u>	<u>2,960,850</u>
Governmental Activities					
Long-term liabilities	<u>\$ 59,568,075</u>	<u>\$ 4,313,350</u>	<u>\$ (6,362,447)</u>	<u>\$ 57,518,978</u>	<u>\$ 6,846,864</u>
Governmental Activities					
Bonds payable and premiums					
General obligation bonds	\$ 38,435,000	\$ 13,350,000	\$ (15,180,000)	\$ 36,605,000	\$ 2,635,000
Certificates of obligation	13,885,000	-	(810,000)	13,075,000	715,000
Sales tax revenue bonds	575,000	-	(80,000)	495,000	80,000
Tax Notes	695,000	-	(170,000)	525,000	170,000
Premium	<u>3,659,665</u>	<u>-</u>	<u>(1,130,079)</u>	<u>2,529,586</u>	<u>227,051</u>
Total long-term debt payable	57,249,665	13,350,000	(17,370,079)	53,229,586	3,827,051
Compensated absences	<u>5,895,708</u>	<u>2,502,995</u>	<u>(2,060,214)</u>	<u>6,338,489</u>	<u>2,535,396</u>
Governmental Activities					
Long-term liabilities	<u>\$ 63,145,373</u>	<u>\$ 15,852,995</u>	<u>\$ (19,430,293)</u>	<u>\$ 59,568,075</u>	<u>\$ 6,362,447</u>

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

	<u>October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2022</u>	<u>Current Portion</u>
Business-type Activities					
Bonds payable and premiums					
General obligation bonds	\$ 4,975,000	\$ -	\$ (925,000)	\$ 4,050,000	\$ 755,000
Certificates of obligation	2,040,000	-	(115,000)	1,925,000	195,000
Premium	335,271	-	(52,849)	282,422	36,800
Total bonds payable	<u>7,350,271</u>	<u>-</u>	<u>(1,092,849)</u>	<u>6,257,422</u>	<u>986,800</u>
Compensated absences	268,466	168,767	(119,202)	318,031	156,093
Business-type Activities Long-term liabilities	<u>\$ 7,618,737</u>	<u>\$ 168,767</u>	<u>\$ (1,212,051)</u>	<u>\$ 6,575,453</u>	<u>\$ 1,142,893</u>
	<u>October 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2021</u>	<u>Current Portion</u>
Business-type Activities					
Bonds payable and premiums					
General obligation bonds	\$ 5,820,000	\$ 145,000	\$ (990,000)	\$ 4,975,000	\$ 925,000
Certificates of obligation	2,360,000	-	(320,000)	2,040,000	115,000
Premium	428,153	-	(92,882)	335,271	52,849
Total bonds payable	<u>8,608,153</u>	<u>145,000</u>	<u>(1,402,882)</u>	<u>7,350,271</u>	<u>1,092,849</u>
Compensated absences	302,993	190,092	(224,619)	268,466	119,202
Business-type Activities Long-term liabilities	<u>\$ 8,911,146</u>	<u>\$ 335,092</u>	<u>\$ (1,627,501)</u>	<u>\$ 7,618,737</u>	<u>\$ 1,212,051</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, 2022

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>\$ 355,000</u>	<u>\$ 175,000</u>
	Outstanding	Due Next Year
Tax and Water and Sewer (Limited Pledge)		
Certificates of Obligation		
\$7,355,000 Series 2014 Certificates of Obligation due in installments of \$265,000 to \$495,000 through August 2034, interest at 3.00% to 3.75%	\$ 4,930,000	\$ 340,000
\$3,750,000 Series 2015 Certificates of Obligation due in installments of \$95,000 to \$185,000 through August 2035, plus interest at 2.00% to 4.00%	1,910,000	115,000
\$4,905,000 Series 2016 Certificates of Obligation due in installments of \$175,000 to \$345,000 through August 2036, interest at 2.00% to 4.00%	3,790,000	210,000
\$1,950,000 Series 2019 Certificates of Obligation due in installments of \$70,000 to \$125,000 through August 2038, interest at 3.00%	1,730,000	80,000
\$1,975,000 Series 2022 Certificates of Obligation due in installments of \$60,000 to \$100,000 through August 2033, interest at 4.00% to 5.00%	<u>1,975,000</u>	<u>60,000</u>
Certificates of obligation	<u>\$ 14,335,000</u>	<u>\$ 805,000</u>

City of Hurst, Texas
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	Outstanding	Due Next Year
Tax and Water and Sewer (Limited Pledge)		
General Obligation		
\$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%	\$ 2,170,000	\$ 555,000
\$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%	1,745,000	325,000
\$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%	860,000	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%	4,195,000	195,000
\$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%	4,195,000	195,000
\$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%	1,145,000	165,000
\$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%	6,440,000	285,000
\$13,350,000 Series 2021 General Obligation Bonds due in annual installments of \$130,000 to \$800,000 through September 2042, plus interest at .22% to 2.83%	13,220,000	775,000
General obligation	\$ 33,970,000	\$ 2,620,000

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Business-type Activities

	Outstanding	Due Next Year
Certificates of Obligation		
\$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%	\$ 820,000	\$ 130,000
\$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%	1,105,000	65,000
Total certificates of obligation	\$ 1,925,000	\$ 195,000
General Obligation Refunding Bonds		
\$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%	\$ 580,000	\$ 190,000
\$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%	720,000	50,000
\$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%	690,000	110,000
\$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%	1,920,000	265,000
\$145,000 Series 2021 General Obligation Bonds due in annual installments of \$5,000 to \$140,000 through September 2023, plus interest at 0.22% to 0.32%	140,000	140,000
Total general obligation bonds	\$ 4,050,000	\$ 755,000

City of Hurst, Texas
Notes to Basic Financial Statements
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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, 2022, follow:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 3,680,000	\$ 1,538,490	\$ 950,000	\$ 163,864
2024	3,570,000	1,429,768	815,000	138,947
2025	3,500,000	1,320,744	855,000	114,296
2026	3,465,000	1,210,937	665,000	88,134
2027	3,090,000	1,106,823	690,000	69,761
2028-2032	13,040,000	4,220,065	1,330,000	152,723
2033-2037	12,425,000	2,104,783	595,000	40,511
2038-2042	6,305,000	480,971	75,000	1,148
Total	\$ 49,075,000	\$ 13,412,581	\$ 5,975,000	\$ 769,384

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%. Balance due as of September 30, 2022 is \$415,000.

Note 9: Defined Benefit Pension Plan

Plan Description: The City participates as one of approximately 901 plans in the nontraditional, hybrid 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 annual comprehensive financial report (CAFR) that can be obtained at www.tmrs.com.

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

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

City of Hurst, Texas
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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.

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

Inactive employees or beneficiaries currently receiving benefits	311
Inactive employees entitled to but not yet receiving benefits	244
Active employees	342
	897

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 11.88% and 11.87% in calendar years 2022 and 2021, respectively. The City’s contributions to TMRS for the year ended September 30, 2022, were \$3,419,077 and were equal to the required contributions.

City of Hurst, Texas
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Net Pension Liability: The City's net pension liability (NPL) was measured as of December 31, 2021, 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, 2021, 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	2.75% 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.

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between: (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Public and private markets	12.00%	7.22%
Real estate	12.00%	6.85%
Hedge funds	5.00%	5.35%
Private equity	<u>10.00%</u>	10.00%
Total	<u>100.00%</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
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September 30, 2022

Changes in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2021	\$188,528,004	\$171,126,937	\$ 17,401,067
Changes for the year			
Service cost	4,299,817	-	4,299,817
Interest	12,540,609	-	12,540,609
Difference between expected and actual experience	926,422	-	926,422
Changes of assumptions	-	-	-
Contributions – employer	-	3,135,711	(3,135,711)
Contributions – employee	-	1,849,189	(1,849,189)
Net investment income	-	22,283,990	(22,283,990)
Benefit payments, including refunds of employee contributions	(9,782,223)	(9,782,223)	-
Administrative expense	-	(103,222)	103,222
Other changes	-	707	(707)
Net changes	<u>7,984,625</u>	<u>17,384,152</u>	<u>(9,399,527)</u>
Balance at September 30, 2022	<u>\$196,512,629</u>	<u>\$188,511,089</u>	<u>\$ 8,001,540</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability (asset) 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 (asset)	<u>\$ 33,654,536</u>	<u>\$ 8,001,540</u>	<u>\$(13,271,472)</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.tmr.com.

Pension Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended September 30, 2022, the City recognized pension income of \$70,592.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

At September 30, 2022, 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	\$ 970,404	\$ 431,705
Changes of assumptions	105,105	-
Net difference between projected and actual earnings on pension plan investments	-	11,454,208
Contributions subsequent to the measurement date	2,520,135	-
Total	\$ 3,595,644	\$ 11,885,913

\$2,520,135 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, 2023. 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
2023	\$ (1,760,637)
2024	(4,690,822)
2025	(2,268,906)
2026	(2,090,039)
Total	\$(10,810,404)

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Note 10: Interfund Balances

Interfund Due To/Due From balances are primarily related to balances of working capital loans made between the funds listed below, which are expected to be collected in the subsequent year. At September 30, 2022, the respective interfund balances follow:

	Due From	Due To
Stormwater Fund	\$ -	\$ 114,392
Water and Sewer Enterprise Fund	114,392	-
	\$ 114,392	\$ 114,392

A summary of interfund transfers for the year ended September 30, 2022, follows:

	Transfers In	Transfers Out
General Fund	\$ 11,622,746	\$ 14,271,074
HCDC Special Revenue Fund	9,104	1,225,291
Anti-crime Special Revenue Fund	1,173,117	-
Special Projects Capital Projects Fund	12,189,960	12,188,640
Nonmajor governmental funds	1,588,791	466,354
Water and Sewer Enterprise Fund	2,584,142	1,290,338
Conference and Meeting Center Fund	80,594	-
Stormwater Fund	7,449	36,188
Internal service funds	221,982	-
	\$ 29,477,885	\$ 29,477,885

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 economic development, emergency reserves and unfunded needs.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Note 11: 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 \$5,394,604 in 2022 and \$5,365,449 in 2021 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

Note 12: 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 2022 under this contract were approximately \$2,689,330.

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 2022, water purchases under the contract cost approximately \$4,970,647.

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 continued under the previous agreement by mutual consent pending development of a new contract, which was executed in October 2001 and amended in October 2017. The new contract and its amendments will remain in effect while any related Authority bonds are outstanding.

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 2022 under the 1969 and 1975 contracts with the Authority approximates \$1,943,224.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

Note 13: 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.

Litigation

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 14: 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 \$5,400,000 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, 2022

Changes in the Funds' claims liability amount and administrative service amounts in fiscal years 2022 and 2021 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					
2020-2021	\$ 328,000	\$ 6,599,222	Claims	\$ 5,228,175	\$ 339,792
			ASO	\$ 1,359,255	
2021-2022	\$ 339,792	\$ 7,691,927	Claims	\$ 5,830,582	\$ 289,946
			ASO	\$ 1,231,607	
General Fund – General Liability					
2020-2021	\$ 100,000	\$ -		\$ -	\$ 100,000
2021-2022	\$ 100,000	\$ -		\$ -	\$ 100,000

Note 15: 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.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact: The City Finance Office at 1505 Precinct Line Road, Hurst, Texas, 76054. 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, 2022

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, 2022

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, 2021, was used for the September 30, 2022, liability and expense. The information that follows was determined as of a valuation date of December 31, 2021.

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	163
Active employees	335
Total employees	498

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, 2022

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 2022 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 11.60%. 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 \$16,328,905 (\$13,019,036 governmental activities and \$3,309,869 business-type activities) was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021.

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

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.30% as of December 31, 2021 (4.44% as of December 31, 2020)
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, 2022

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 2050.

For the purpose of the December 31, 2021, valuation, the expected rate of return on OPEB plan investments is 6.50%; the municipal bond rate is 1.84% (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 4.30%.

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, 2020	\$ 20,747,485	\$ 6,159,089	\$ 14,588,396
Changes for the year:			
Service cost	811,803	-	811,803
Interest	921,737	-	921,737
Difference between expected and actual experience	1,281,325	-	1,281,325
Changes of assumptions	925,966	-	925,966
Contributions – employer		1,515,680	(1,515,680)
Net investment income	-	700,830	(700,830)
Benefit payments	(787,066)	(787,066)	-
Administrative expense	-	(16,188)	16,188
Net changes	<u>3,153,765</u>	<u>1,413,256</u>	<u>1,740,509</u>
Balance at December 31, 2021	<u>\$ 23,901,250</u>	<u>\$ 7,572,345</u>	<u>\$ 16,328,905</u>

Total OPEB Liability	\$ 23,901,250
Plan Fiduciary Net Position	<u>7,572,345</u>
Net OPEB Liability	<u>\$ 16,328,905</u>

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability 31.68%

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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 4.30%. 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 (3.30%)	Current Discount Rate Assumption	1% Increase in Discount Rate (5.30%)
Net OPEB liability	<u>\$ 19,225,112</u>	<u>\$ 16,328,905</u>	<u>\$ 13,828,237</u>

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	<u>\$ 14,329,362</u>	<u>\$ 16,328,905</u>	<u>\$ 18,716,746</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2022, the City recognized OPEB expense of \$1,305,787. At September 30, 2022, 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	\$ 1,103,630	\$ 2,113,222
Changes of assumptions	2,358,055	26,263
Net difference between projected and actual earnings on OPEB investments	-	495,878
Contributions subsequent to the measurement date	<u>927,498</u>	<u>-</u>
Total	<u>\$ 4,389,183</u>	<u>\$ 2,635,363</u>

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, 2023.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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

Year Ended September 30,	Net Deferred Outflows/ (Inflows) of Resources
2023	25,194
2024	(54,684)
2025	(35,373)
2026	15,473
2027	407,752
Thereafter	467,960
Total	\$ 826,322

Note 16: Defined Contribution Plan – 457(b) Plan

The City maintains a voluntary defined contribution plan covering substantially all employees. The defined contribution plan is a 457(b) plan and is administered by Inwest Retirement Solutions. The Plan provisions and contribution requirements are established and may be amended by the Plan administrator. Nationwide Trust Company is the trustee of the plan. The City does not contribute to this plan.

Note 17: Tax Abatement Disclosures

As of September 30, 2022, 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.

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2022

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.

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 2022, the City of Hurst rebated (abated) \$417,927 in property and sales taxes. The table below summarizes the tax sharing agreements in place for FY 2022.

Company	% of Property Taxes Abated	% of Sales Taxes Abated	% of Hotel Occupancy Taxes Abated	Total Taxes Abated
Hurst One, LLC	50%	70%	N/A	\$ 140,408
CN Churchill IV LLC	85%	0%	80%	\$ 248,864
EREP Sprouts Crossing I, LLC	50%	0%	N/A	\$ 28,655

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						
	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
Service cost	\$ 3,659,696	\$ 3,973,289	\$ 4,106,510	\$ 4,141,532	\$ 4,294,773	\$ 4,355,601	\$ 4,299,817
Interest (on the Total Pension Liability)	10,074,733	10,295,405	10,751,911	11,221,017	11,603,397	12,112,003	12,540,609
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(346,324)	502,382	764,482	(778,214)	635,990	(484,413)	926,422
Change of assumptions	2,268,583	-	-	-	286,317	-	-
Benefit payments, including refunds of employee contributions	(6,870,568)	(7,556,886)	(8,592,383)	(8,789,026)	(9,203,080)	(9,428,922)	(9,782,223)
Net Change in Total Pension Liability	8,786,120	7,214,190	7,030,520	5,795,309	7,617,397	6,554,269	7,984,625
Total Pension Liability - Beginning	145,530,199	154,316,319	161,530,509	168,561,029	174,356,338	181,973,735	188,528,004
Total Pension Liability - Ending (a)	154,316,319	161,530,509	168,561,029	174,356,338	181,973,735	188,528,004	196,512,629
Plan Fiduciary Net Position							
Contributions - employer	2,450,163	2,376,553	2,687,273	2,806,311	2,942,019	2,999,772	3,135,711
Contributions - employee	1,688,782	1,727,426	1,789,807	1,810,318	1,879,028	1,871,652	1,849,189
Net investment income	201,292	9,037,883	19,293,284	(4,620,014)	22,463,670	12,388,487	22,283,990
Benefit payments, including refunds of employee contributions	(6,870,568)	(7,556,886)	(8,592,383)	(8,789,026)	(9,203,080)	(9,428,922)	(9,782,223)
Administrative expense	(122,612)	(102,096)	(100,013)	(89,337)	(127,039)	(80,247)	(103,222)
Other	(6,056)	(5,503)	(5,069)	(4,667)	(3,817)	(3,131)	707
Net Change in Plan Fiduciary Net Position	(2,658,999)	5,477,377	15,072,899	(8,886,415)	17,950,781	7,747,611	17,384,152
Plan Fiduciary Net Position - Beginning	136,423,683	133,764,684	139,242,061	154,314,960	145,428,545	163,379,326	171,126,937
Plan Fiduciary Net Position - Ending (b)	133,764,684	139,242,061	154,314,960	145,428,545	163,379,326	171,126,937	188,511,089
City's Net Pension Liability - Ending (a) - (b)	\$ 20,551,635	\$ 22,288,448	\$ 14,246,069	\$ 28,927,793	\$ 18,594,409	\$ 17,401,067	\$ 8,001,540
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.68%	86.20%	91.55%	83.41%	89.78%	90.77%	95.93%
Covered Payroll	\$ 23,504,794	\$ 24,663,496	\$ 25,553,888	\$ 25,836,133	\$ 26,842,333	\$ 26,737,880	\$ 26,346,916
City's Net Pension Liability as a Percentage of Covered Payroll	87.44%	90.37%	55.75%	111.97%	69.27%	65.08%	30.37%

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						
	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 2,468,088	\$ 2,604,026	\$ 2,736,709	\$ 2,904,605	\$ 2,910,714	\$ 3,029,768	\$ 3,419,077
Contributions in relation to the actuarially determined contribution	<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>	<u>3,029,768</u>	<u>3,419,077</u>
Contribution Deficiency (Excess)	<u>\$ (4,043)</u>	<u>\$ (11,668)</u>	<u>\$ (23,849)</u>	<u>\$ -</u>	<u>\$ (35,581)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 25,292,040	\$ 25,399,155	\$ 25,632,597	\$ 26,565,856	\$ 26,356,739	\$ 26,288,728	\$ 28,909,682
Contributions as a Percentage of Covered Payroll	9.77%	10.30%	10.77%	10.93%	11.18%	11.52%	11.83%

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	25 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	2018	2019	2020	2021
Total OPEB Liability					
Service cost	\$ 689,481	\$ 768,566	\$ 792,053	\$ 682,587	\$ 811,803
Interest (on the Total OPEB Liability)	981,235	1,004,827	1,061,546	933,744	921,737
Difference between expected and actual experience	-	(67,845)	(3,560,217)	(10,073)	1,281,325
Change of assumptions	644,834	(58,439)	599,659	1,374,648	925,966
Benefit payments, including refunds of employee contributions	(849,310)	(680,984)	(682,789)	(764,202)	(787,066)
Net Change in Total OPEB Liability	1,466,240	966,125	(1,789,748)	2,216,704	3,153,765
Total OPEB Liability - Beginning	17,888,164	19,354,404	20,320,529	18,530,781	20,747,485
Total OPEB Liability - Ending (a)	19,354,404	20,320,529	18,530,781	20,747,485	23,901,250
Plan Fiduciary Net Position					
Employer contributions	877,112	1,073,668	1,433,489	1,511,286	1,515,680
Net investment income	413,998	(171,374)	677,555	654,740	700,830
Benefit payments	(849,310)	(680,984)	(682,789)	(764,202)	(787,066)
Administrative expense	(7,175)	(7,904)	(9,189)	(11,632)	(16,188)
Net Change in Plan Fiduciary Net Position	434,625	213,406	1,419,066	1,390,192	1,413,256
Plan Fiduciary Net Position - Beginning	2,701,800	3,136,425	3,349,831	4,768,897	6,159,089
Plan Fiduciary Net Position - Ending (b)	3,136,425	3,349,831	4,768,897	6,159,089	7,572,345
City's Net OPEB Liability - Ending (a) - (b)	<u>\$ 16,217,979</u>	<u>\$ 16,970,698</u>	<u>\$ 13,761,884</u>	<u>\$ 14,588,396</u>	<u>\$ 16,328,905</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	16.21%	16.48%	25.74%	29.69%	31.68%
Covered Employee Payroll	\$ 25,094,883	\$ 25,064,769	\$ 26,261,996	\$ 26,373,442	\$ 26,173,012
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	64.63%	67.71%	52.40%	55.31%	62.39%

Notes to schedule:

Changes of assumptions reflect the effect of changes in the discount rate each period. The Single Discount Rate at the beginning of FYE 2018 was 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				
	2019	2019	2020	2021	2022
Actuarially determined contribution	\$ 1,044,493	\$ 1,308,968	\$ 1,348,237	\$ 1,388,684	\$ 1,057,214
Contribution in relation to the actuarially determined contribution	<u>1,103,792</u>	<u>1,512,327</u>	<u>1,350,433</u>	<u>1,489,582</u>	<u>1,115,526</u>
Contribution Deficiency (Excess)	<u>\$ (59,299)</u>	<u>\$ (203,359)</u>	<u>\$ (2,196)</u>	<u>\$ (100,898)</u>	<u>\$ (58,312)</u>
Covered Employee Payroll	\$ 26,669,986	\$ 27,538,631	\$ 26,767,738	\$ 26,689,275	\$ 27,367,587
Contributions as a Percentage of Covered Payroll	4.14%	5.49%	5.05%	5.58%	4.08%

Notes to Schedule:

Valuation Date: December 31, 2021

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	
Salary Increases	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%, 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 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.

*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 %
2020	13.48 %
2021	11.60 %

*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, 2022 with Comparative Actual for Year Ended
September 30, 2021

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes					
Property taxes	\$ 17,057,332	\$ 17,057,332	\$ 17,085,418	\$ 28,086	\$ 16,385,592
Penalties and interest	75,000	75,000	114,923	39,923	84,581
City sales taxes	9,296,073	9,296,073	12,843,670	3,547,597	10,901,645
Mixed beverage taxes	153,000	153,000	156,847	3,847	131,331
Franchise taxes	2,545,000	2,545,000	2,663,951	118,951	2,563,184
	<u>29,126,405</u>	<u>29,126,405</u>	<u>32,864,809</u>	<u>3,738,404</u>	<u>30,066,333</u>
Licenses and Permits					
Building inspection	839,600	839,600	818,958	(20,642)	831,192
Paving inspection	5,000	5,000	21,884	16,884	3,131
Other	19,500	19,500	20,740	1,240	26,984
	<u>864,100</u>	<u>864,100</u>	<u>861,582</u>	<u>(2,518)</u>	<u>861,307</u>
Intergovernmental					
Grants	517,519	517,519	10,736,472	10,218,953	1,003,936
	<u>517,519</u>	<u>517,519</u>	<u>10,736,472</u>	<u>10,218,953</u>	<u>1,003,936</u>
Fines and Fees					
Municipal court	882,000	882,000	614,900	(267,100)	689,366
Library	10,580	10,580	5,396	(5,184)	10,639
	<u>892,580</u>	<u>892,580</u>	<u>620,296</u>	<u>(272,284)</u>	<u>700,005</u>
Charges for Services					
Recreational activity fees	655,400	655,400	673,606	18,206	504,129
Aquatic fees	418,600	418,600	451,025	32,425	339,245
Ambulance fees	700,000	700,000	1,061,323	361,323	656,930
Other	147,200	147,200	163,865	16,665	119,899
	<u>1,921,200</u>	<u>1,921,200</u>	<u>2,349,819</u>	<u>428,619</u>	<u>1,620,203</u>
Miscellaneous					
Interest income (losses)	75,000	75,000	(234,365)	(309,365)	24,337
Miscellaneous	384,880	384,880	413,493	28,613	380,361
	<u>459,880</u>	<u>459,880</u>	<u>179,128</u>	<u>(280,752)</u>	<u>404,698</u>
	<u>\$ 33,781,684</u>	<u>\$ 33,781,684</u>	<u>\$ 47,612,106</u>	<u>\$ 13,830,422</u>	<u>\$ 34,656,482</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, 2022 with Comparative Actual for Year Ended
September 30, 2021

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
General Government					
City Council	\$ 30,320	\$ 30,320	\$ 18,118	\$ 12,202	\$ 7,324
City Secretary	447,111	447,111	289,867	157,244	292,799
Administration (City Manager)	821,411	821,411	430,530	390,881	389,493
Judicial (municipal court)	685,154	685,154	605,410	79,744	603,776
Development	792,051	792,051	503,765	288,286	456,587
Personnel	440,494	440,494	346,776	93,718	348,059
Accounting (finance)	462,720	462,720	279,925	182,795	263,276
Nondepartmental	2,443,388	2,443,388	796,115	1,647,273	859,228
Information systems	30,024	30,024	12,898	17,126	11,041
Building maintenance	678,246	678,246	459,458	218,788	350,773
Total general government	<u>6,830,919</u>	<u>6,830,919</u>	<u>3,742,862</u>	<u>3,088,057</u>	<u>3,582,356</u>
Public Safety					
Ambulance	1,421,431	1,421,431	1,565,734	(144,303)	1,563,749
Police	12,095,555	12,095,555	10,411,465	1,684,090	9,696,800
Fire	7,341,435	7,341,435	8,043,006	(701,571)	7,406,312
Total public safety	<u>20,858,421</u>	<u>20,858,421</u>	<u>20,020,205</u>	<u>838,216</u>	<u>18,666,861</u>
Culture and Recreation					
Administration	498,415	498,415	267,384	231,031	256,403
Recreation	1,447,001	1,447,001	1,224,629	222,372	1,136,030
Aquatics	470,973	470,973	162,788	308,185	195,013
Parks	2,441,811	2,441,811	2,181,611	260,200	2,217,083
Library	1,709,193	1,709,193	1,551,728	157,465	1,502,607
Senior citizens	613,749	613,749	567,774	45,975	485,228
Total culture and recreation	<u>7,181,142</u>	<u>7,181,142</u>	<u>5,955,914</u>	<u>1,225,228</u>	<u>5,792,364</u>
Public Works					
Streets	2,768,508	2,768,508	2,045,824	722,684	1,652,691
Engineering community development	313,238	313,238	156,880	156,358	146,878
Code enforcement	788,220	788,220	844,233	(56,013)	654,333
Total public works	<u>3,869,966</u>	<u>3,869,966</u>	<u>3,046,937</u>	<u>823,029</u>	<u>2,453,902</u>
Total Expenditures	<u>\$ 38,740,448</u>	<u>\$ 38,740,448</u>	<u>\$ 32,765,918</u>	<u>\$ 5,974,530</u>	<u>\$ 30,495,483</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	<u>\$ (4,958,764)</u>	<u>\$ (4,958,764)</u>	<u>\$ 14,846,188</u>	<u>\$ 19,804,952</u>	<u>\$ 4,160,999</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, 2022 with Comparative Actual for Year Ended
September 30, 2021

	<u>2022</u>				<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ 11,622,746	\$ 11,622,746	\$ 41,675
Transfers out	-	-	(14,271,074)	(14,271,074)	(3,555,423)
Total other financing uses	-	-	(2,648,328)	(2,648,328)	(3,513,748)
Net Change in Fund Balance	(4,958,764)	(4,958,764)	12,197,860	17,156,624	647,251
Fund Balance, Beginning of Year	<u>15,714,633</u>	<u>15,714,633</u>	<u>15,714,633</u>	<u>-</u>	<u>15,461,083</u>
Fund Balance, End of Year	<u>\$ 10,755,869</u>	<u>\$ 10,755,869</u>	<u>\$ 27,912,493</u>	<u>\$ 17,156,624</u>	<u>\$ 16,108,334</u>

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, 2022 with Comparative Actual for Year Ended
September 30, 2021

	Original Budget	Final Budget	HCDC 2022 Actual	Variances	2021 Actual
Revenues					
Sales taxes	\$ 4,749,586	\$ 4,749,586	\$ 6,151,956	\$ 1,402,370	\$ 5,313,250
Support from governmental entities	-	-	1,000	1,000	-
Investment earnings (losses)	20,000	20,000	(79,525)	(99,525)	9,203
Miscellaneous	-	-	61,621	61,621	5,033
Total revenues	4,769,586	4,769,586	6,135,052	1,365,466	5,327,486
Expenditures					
Public safety	-	-	-	-	-
Culture and recreation	3,760,592	4,069,850	3,497,697	572,153	2,897,553
Capital outlay	-	-	43,900	(43,900)	328,848
Total expenditures	3,760,592	4,069,850	3,541,597	528,253	3,226,401
Excess of revenues over expenditures	1,008,994	699,736	2,593,455	1,893,719	2,101,085
Other Financing Uses					
Transfers in	-	-	9,104	9,104	-
Transfers out	-	-	(1,225,291)	(1,225,291)	(1,229,591)
Total other financing uses	-	-	(1,216,187)	(1,216,187)	(1,229,591)
Net Change in Fund Balance	1,008,994	699,736	1,377,268	677,532	871,494
Fund Balance, Beginning of Year	5,614,746	5,614,746	5,614,746	-	4,743,252
Fund Balance, End of Year	\$ 6,623,740	\$ 6,314,482	\$ 6,992,014	\$ 677,532	\$ 5,614,746

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, 2022 with Comparative Actual for Year Ended September 30, 2021

	Original Budget	Final Budget	Anti-Crime		2021 Actual
			2022 Actual	Variances	
Revenues					
Sales taxes	\$ 4,966,710	\$ 4,966,710	\$ 6,097,685	\$ 1,130,975	\$ 5,647,809
Support from governmental entities	-	-	-	-	43,977
Investment earnings (losses)	25,000	25,000	(67,174)	(92,174)	15,609
Miscellaneous	-	-	8,216	8,216	15,131
Total revenues	4,991,710	4,991,710	6,038,727	1,047,017	5,722,526
Expenditures					
Public safety	4,991,710	4,991,710	5,026,428	(34,718)	4,455,435
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	18,418	(18,418)	108,874
Total expenditures	4,991,710	4,991,710	5,044,846	(53,136)	4,564,309
Excess (Deficiencies) of Revenues Over (Under) Expenditures	-	-	993,881	993,881	1,158,217
Other Financing Uses					
Transfers in	-	-	1,173,117	1,173,117	-
Transfers out	-	-	-	-	(17,850)
Total other financing uses	-	-	1,173,117	1,173,117	(17,850)
Net Change in Fund Balance	-	-	2,166,998	2,166,998	1,140,367
Fund Balance — Beginning of Year	7,711,760	7,711,760	7,711,760	-	6,571,399
Fund Balance — End of Year	\$ 7,711,760	\$ 7,711,760	\$ 9,878,758	\$ 2,166,998	\$ 7,711,766

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.

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.

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.

2022 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)

NON-MAJOR ENTERPRISE FUNDS

Facility Corporation Fund – Used to account for the activities of the Hurst Public Facilities Corporation, a public non-profit corporation organized pursuant to the Texas Public Facility Act, Chapter 303 Texas Local Government Code.

Val Oaks Fund – Used to account for the activities at the Val Oaks property, including lease revenues and relayed operating expenditures.

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, 2022 and 2021

Assets

	2022	2021
Investments	\$ 27,637,931	\$ 21,289,987
Taxes receivable	2,266,581	2,178,787
Lease receivable	168,509	-
Court receivables	1,934,349	1,080,421
Accounts receivable	1,111,683	808,783
Inventories and other	1,883	1,883
Due from other funds	-	261,298
Total assets	\$ 33,120,936	\$ 25,621,159

Liabilities and Fund Balance

Liabilities

Accounts payable and accrued items	\$ 2,753,347	\$ 2,955,042
Escrow deposits payable and unearned revenues	70,418	4,863,748
Due to other funds	-	611,399
Total liabilities	2,823,765	8,430,189

Deferred Inflows of Resources

Leases	163,076	-
Unavailable revenue	2,221,602	1,476,337
Total deferred inflows of resources	2,384,678	1,476,337

Fund Balance

Nonspendable		
Inventory	1,883	1,883
Restricted	6,852,281	6,139,054
Assigned	26,558	29,630
Unassigned	21,031,771	9,544,066
Total fund balance	27,912,493	15,714,633
Total liabilities, deferred inflows, and fund balance	\$ 33,120,936	\$ 25,621,159

City of Hurst, Texas
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022 with Comparative
Total for September 30, 2021

	Capital Projects				
	Debt Service	Street/ Drainage Improvements	2007 GO Bond	2007 CO Bond	2009 CO Bond
Assets					
Cash and cash equivalents	\$ 18,660	\$ -	\$ 1,207	\$ 10,151	\$ 2,090
Investments	1,157,985	-	-	-	-
Receivables					
Taxes	20,366	-	-	-	-
Other	-	-	-	-	-
Total assets	<u>\$ 1,197,011</u>	<u>\$ -</u>	<u>\$ 1,207</u>	<u>\$ 10,151</u>	<u>\$ 2,090</u>
Liabilities					
Accounts payable and accrued items	\$ 38,783	\$ 4,729	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>38,783</u>	<u>4,729</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	24,704	-	-	-	-
Total deferred inflows of resources	<u>24,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	1,133,524	-	1,207	10,151	2,090
Unrestricted	<u> </u>	<u>(4,729)</u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>1,133,524</u>	<u>(4,729)</u>	<u>1,207</u>	<u>10,151</u>	<u>2,090</u>
Total liabilities and deferred inflows of resources and fund balances (deficit)	<u>\$ 1,197,011</u>	<u>\$ -</u>	<u>\$ 1,207</u>	<u>\$ 10,151</u>	<u>\$ 2,090</u>

Capital Projects

2015 CO Bond	2017 Tax Notes	2019 CO Bonds	2019 GO Bonds	2022 CO Bonds	Escrow Projects	Totals	
						2022	2021
\$ 512,359	\$ 76	\$ -	\$ -	\$ 221,559	\$ 8,635	\$ 774,737	\$ 572,077
1,732,966	-	571,115	76,085	1,781,296	-	5,319,447	4,088,778
-	-	-	-	1,095	-	21,461	51,259
1,855	-	-	194	-	2,141	4,190	3,413
<u>\$ 2,247,180</u>	<u>\$ 76</u>	<u>\$ 571,115</u>	<u>\$ 76,279</u>	<u>\$ 2,003,950</u>	<u>\$ 10,776</u>	<u>\$ 6,119,835</u>	<u>\$ 4,715,527</u>
\$ 285,127	\$ -	\$ 1,720	\$ -	\$ -	\$ -	\$ 330,359	\$ 215,039
-	-	-	-	-	-	-	29,778
285,127	-	1,720	-	-	-	330,359	244,817
-	-	-	-	-	-	24,704	48,228
-	-	-	-	-	-	24,704	48,228
1,962,053	76	569,395	76,279	2,003,950	10,776	5,769,501	4,422,482
-	-	-	-	-	-	(4,729)	-
1,962,053	76	569,395	76,279	2,003,950	10,776	5,764,772	4,422,482
<u>\$ 2,247,180</u>	<u>\$ 76</u>	<u>\$ 571,115</u>	<u>\$ 76,279</u>	<u>\$ 2,003,950</u>	<u>\$ 10,776</u>	<u>\$ 6,119,835</u>	<u>\$ 4,715,527</u>

City of Hurst, Texas
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2022 with Comparative
Total for Year Ended September 30, 2021

	Capital Projects				
	Debt Service	Street/ Drainage Improvements	2007 GO Bond	2007 CO Bond	2009 CO Bond
Revenues					
Taxes, penalty and interest	\$ 3,606,306	\$ -	\$ -	\$ -	\$ -
Interest income (losses)	13,386	-	-	-	148
Miscellaneous	3,648	-	-	-	-
Total revenues	<u>3,623,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148</u>
Expenditures					
Capital outlay	-	94,578	28,974	32,977	68,451
Debt Service					
Bond principal payments	3,600,000	-	-	-	-
Interest and fiscal charges	1,612,804	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>5,212,804</u>	<u>94,578</u>	<u>28,974</u>	<u>32,977</u>	<u>68,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,589,464)</u>	<u>(94,578)</u>	<u>(28,974)</u>	<u>(32,977)</u>	<u>(68,303)</u>
Other Financing Sources (Uses)					
Issuance of debt	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-
Transfers in	1,588,791	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>1,588,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(673)	(94,578)	(28,974)	(32,977)	(68,303)
Fund Balances (Deficit), Beginning of Year	<u>1,134,197</u>	<u>89,849</u>	<u>30,181</u>	<u>43,128</u>	<u>70,393</u>
Fund Balances (Deficit), End of Year	<u>\$ 1,133,524</u>	<u>\$ (4,729)</u>	<u>\$ 1,207</u>	<u>\$ 10,151</u>	<u>\$ 2,090</u>

Capital Projects

2015 CO Bond	2017 Tax Notes	2019 CO Bond	2019 GO Bond	2022 CO Bond	Escrow Projects	Totals	
						2022	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,606,306	\$ 3,951,602
(14,109)	-	(11,371)	(14,628)	3,949	-	(22,625)	4,651
-	-	-	-	-	-	3,648	-
<u>(14,109)</u>	<u>-</u>	<u>(11,371)</u>	<u>(14,628)</u>	<u>3,949</u>	<u>-</u>	<u>3,587,329</u>	<u>3,956,253</u>
370,198	-	116,756	12,064	45,637	-	769,635	819,876
-	-	-	-	-	-	3,600,000	3,600,000
-	-	-	-	-	-	1,612,804	1,679,755
-	-	-	-	-	-	-	205,774
<u>370,198</u>	<u>-</u>	<u>116,756</u>	<u>12,064</u>	<u>45,637</u>	<u>-</u>	<u>5,982,439</u>	<u>6,305,405</u>
<u>(384,307)</u>	<u>-</u>	<u>(128,127)</u>	<u>(26,692)</u>	<u>(41,688)</u>	<u>-</u>	<u>(2,395,110)</u>	<u>(2,349,152)</u>
-	-	-	-	1,975,000	-	1,975,000	-
-	-	-	-	-	-	-	13,350,000
-	-	-	-	70,638	-	70,638	-
-	-	-	-	-	-	-	(13,404,894)
-	-	-	-	-	-	1,588,791	1,591,791
-	-	-	(466,354)	-	-	(466,354)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(466,354)</u>	<u>2,045,638</u>	<u>-</u>	<u>3,168,075</u>	<u>1,536,897</u>
(384,307)	-	(128,127)	(493,046)	2,003,950	-	772,965	(812,255)
<u>2,346,360</u>	<u>76</u>	<u>697,522</u>	<u>569,325</u>	<u>-</u>	<u>10,776</u>	<u>4,991,807</u>	<u>5,234,737</u>
<u>\$ 1,962,053</u>	<u>\$ 76</u>	<u>\$ 569,395</u>	<u>\$ 76,279</u>	<u>\$2,003,950</u>	<u>\$ 10,776</u>	<u>\$ 5,764,772</u>	<u>\$ 4,422,482</u>

City of Hurst, Texas
Debt Service Funds
Combining Balance Sheet
September 30, 2022 with Comparative
Total for September 30, 2021

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals	
				2022	2021
Assets					
Cash and cash equivalents	\$ 18,660	\$ -	\$ -	\$ 18,660	\$ 26,649
Investments	383,006	770,564	4,415	1,157,985	1,143,300
Receivables, net					
Taxes	20,366	-	-	20,366	51,259
Total assets	<u>\$ 422,032</u>	<u>\$ 770,564</u>	<u>\$ 4,415</u>	<u>\$ 1,197,011</u>	<u>\$ 1,221,208</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	<u>24,704</u>	<u>-</u>	<u>-</u>	<u>24,704</u>	<u>48,228</u>
Total deferred inflows of resources	<u>24,704</u>	<u>-</u>	<u>-</u>	<u>24,704</u>	<u>48,228</u>
Restricted Fund Balances					
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 422,032</u>	<u>\$ 770,564</u>	<u>\$ 4,415</u>	<u>\$ 1,197,011</u>	<u>\$ 1,221,208</u>

City of Hurst, Texas

Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended September 30, 2022 with Comparative

Total for Year Ended September 30, 2021

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals	
				2022	2021
Revenues					
Taxes, penalty, and interest	\$ 3,606,306	\$ -	\$ -	\$ 3,606,306	\$ 3,951,602
Interest	7,911	5,219	256	13,386	1,010
Miscellaneous	3,648	-	-	3,648	-
Total revenues	<u>3,617,865</u>	<u>5,219</u>	<u>256</u>	<u>3,623,340</u>	<u>3,952,612</u>
Expenditures					
Debt service					
Principal retirement	2,690,000	720,000	190,000	3,600,000	3,600,000
Interest and fiscal charges	933,271	506,034	173,499	1,612,804	1,679,755
Bond issuance costs	-	-	-	-	205,774
Total expenditures	<u>3,623,271</u>	<u>1,226,034</u>	<u>363,499</u>	<u>5,212,804</u>	<u>5,485,529</u>
Excess (deficiency) of revenues over (under) expenditures	(5,406)	(1,220,815)	(363,243)	(1,589,464)	(1,532,917)
Other Financing Sources (Uses)					
Refunding bonds issued	-	-	-	-	13,350,000
Payment to bonds escrow agent	-	-	-	-	(13,404,894)
Transfers in	-	1,225,291	363,500	1,588,791	1,591,791
Total other financing resources	<u>-</u>	<u>1,225,291</u>	<u>363,500</u>	<u>1,588,791</u>	<u>1,536,897</u>
Net Change in Fund Balance	(5,406)	4,476	257	(673)	3,980
Fund Balances, Beginning of Year	<u>390,548</u>	<u>739,491</u>	<u>4,158</u>	<u>1,134,197</u>	<u>1,130,217</u>
Fund Balances, End of Year	<u>\$ 385,142</u>	<u>\$ 743,967</u>	<u>\$ 4,415</u>	<u>\$ 1,133,524</u>	<u>\$ 1,134,197</u>

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year Ended September 30, 2022 with Comparative
Actual for Year Ended September 30, 2021

	Debt Service			
	2022		2021	
	Budget	Actual	Variance	Actual
Revenues				
Taxes, penalty and interest	\$ 3,570,825	\$ 3,606,306	\$ 35,481	\$ 3,951,602
Interest	10,000	7,911	(2,089)	614
Miscellaneous	-	3,648	3,648	-
Total revenues	<u>3,580,825</u>	<u>3,617,865</u>	<u>37,040</u>	<u>3,952,216</u>
Expenditures				
Principal retirement	2,690,000	2,690,000	-	2,710,000
Interest and fiscal charges	929,015	933,271	(4,256)	1,183,747
Total expenditures	<u>3,619,015</u>	<u>3,623,271</u>	<u>(4,256)</u>	<u>3,893,747</u>
Excess (deficiency) of revenues over (under) expenditures	(38,190)	(5,406)	32,784	58,469
Other Financing Sources				
Refunding bonds issued	-	-	-	13,350,000
Payment to bonds escrow agent	-	-	-	(13,404,894)
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,894)</u>
Revenues and Other Financing Sources (Under) Expenditures	(38,190)	(5,406)	32,784	3,575
Fund Balance, Beginning of Year	<u>390,548</u>	<u>390,548</u>	<u>-</u>	<u>386,973</u>
Fund Balance, End of Year	<u>\$ 352,358</u>	<u>\$ 385,142</u>	<u>\$ 32,784</u>	<u>\$ 390,548</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, 2022 with Comparative
Actual for Year Ended September 30, 2021

	HCDC Debt Service			
	2022			2021
	Budget	Actual	Variance	Actual
Revenues				
Interest	\$ -	\$ 5,219	\$ 5,219	\$ 389
Total revenues	-	5,219	5,219	389
Expenditures				
Principal retirement	720,000	720,000	-	705,000
Interest and fiscal charges	503,483	506,034	(2,551)	524,582
Total expenditures	1,223,483	1,226,034	(2,551)	1,229,582
Excess (deficiency) of revenues over (under) expenditures	(1,223,483)	(1,220,815)	2,668	(1,229,193)
Other Financing Sources				
Transfers in	1,223,483	1,225,291	1,808	1,229,591
Total other financing sources	1,223,483	1,225,291	1,808	1,229,591
Revenues and Other Financing Sources Over Expenditures	-	4,476	4,476	398
Fund Balance, Beginning of Year	739,491	739,491	-	739,093
Fund Balance, End of Year	\$ 739,491	\$ 743,967	\$ 4,476	\$ 739,491

City of Hurst, Texas
Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual (Continued)
Year Ended September 30, 2022 with Comparative
Actual for Year Ended September 30, 2021

	Hotel/Motel Debt Service			
	2022		2021	
	Budget	Actual	Variance	Actual
Revenues				
Interest	\$ -	\$ 256	\$ 256	\$ 7
Total revenues	<u>-</u>	<u>256</u>	<u>256</u>	<u>7</u>
Expenditures				
Principal retirement	190,000	190,000	-	185,000
Interest and fiscal charges	<u>173,200</u>	<u>173,499</u>	<u>(299)</u>	<u>177,200</u>
Total expenditures	<u>363,200</u>	<u>363,499</u>	<u>(299)</u>	<u>362,200</u>
Excess (deficiency) of revenues over (under) expenditures	(363,200)	(363,243)	(43)	(362,193)
Other Financing Sources				
Transfers in	<u>363,200</u>	<u>363,500</u>	<u>(300)</u>	<u>362,200</u>
Total other financing sources	<u>363,200</u>	<u>363,500</u>	<u>(300)</u>	<u>362,200</u>
Revenues and Other Financing Sources Over Expenditures	-	257	257	7
Fund Balance, Beginning of Year	<u>4,158</u>	<u>4,158</u>	<u>-</u>	<u>4,151</u>
Fund Balance, End of Year	<u>\$ 4,158</u>	<u>\$ 4,415</u>	<u>\$ 257</u>	<u>\$ 4,158</u>

City of Hurst, Texas
Nonmajor Enterprise Funds
Combining Statement of Net Position
September 30, 2022 with Comparative
Total for September 30, 2021

Assets	Hurst Public Facility Corporation Fund	Val Oaks Fund	Totals	
			2022	2021
Current Assets				
Cash and cash equivalents	\$ 321,424	\$ 50,723	\$ 372,147	195,057
Lease receivable	-	399,746	399,746	-
Interest receivable	-	1,499	1,499	-
Total assets	<u>321,424</u>	<u>451,968</u>	<u>773,392</u>	<u>195,057</u>
Liabilities				
Security deposits	-	25,406	25,406	-
Total current liabilities	<u>-</u>	<u>25,406</u>	<u>25,406</u>	<u>-</u>
Deferring Inflows of Resources				
Lease related	-	379,510	379,510	-
Total deferred inflows of resources	<u>-</u>	<u>379,510</u>	<u>379,510</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>404,916</u>	<u>404,916</u>	<u>-</u>
Net Position				
Unrestricted	<u>321,424</u>	<u>47,052</u>	<u>368,476</u>	<u>195,057</u>
Total net position	<u>\$ 321,424</u>	<u>\$ 47,052</u>	<u>\$ 368,476</u>	<u>\$ 195,057</u>

City of Hurst, Texas
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
September 30, 2022 with Comparative
Total for September 30, 2021

	Hurst Public	Val Oaks	Totals	
	Facility Corporation Fund		Fund	2022
Operating Revenues				
Rent	\$ -	15,789	\$ 15,789	\$ -
Other	127,806	15,098	142,904	200,991
Total operating revenues	127,806	30,887	158,693	200,991
Operating Expenses				
Contractual services	2,049	-	2,049	6,189
Miscellaneous	-	4,500	4,500	-
Total operating expenses	2,049	4,500	6,549	6,189
Operating Income	125,757	26,387	152,144	194,802
Nonoperating Revenues				
Interest revenue	610	20,665	21,275	255
Total nonoperating revenues	610	20,665	21,275	255
Change in Net Position	126,367	47,052	173,419	195,057
Net Position, Beginning of Year	195,057	-	195,057	-
Net Position, End of Year	\$ 321,424	\$ 47,052	\$ 368,476	\$ 195,057

City of Hurst, Texas
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 2022 with Comparative
Total for Year Ended September 30, 2021

	Hurst Public Facility Corporation Fund	Val Oaks Fund	Totals	
			2022	2021
Operating Activities				
Receipts from customers and users	\$ 127,806	\$ 34,558	\$ 162,364	\$ 200,991
Payments to suppliers	(2,049)	(4,500)	(6,549)	(6,189)
Net cash provided by operating activities	125,757	30,058	155,815	194,802
Capital and Related Financing Activities				
Interest income	-	20,665	20,665	-
Net cash provided by capital and financing activities	-	20,665	20,665	-
Investing Activities				
Interest income on investments	610	-	610	255
Net cash provided by investing activities	610	-	610	255
Increase in Cash and Cash Equivalents	126,367	50,723	177,090	195,057
Cash and Cash Equivalents, Beginning of Year	195,057	-	195,057	-
Cash and Cash Equivalents, End of Year	<u>\$ 321,424</u>	<u>\$ 50,723</u>	<u>\$ 372,147</u>	<u>\$ 195,057</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 125,757	\$ 26,387	\$ 152,144	\$ 194,802
Change in assets				
Lease receivable	-	(401,245)	(401,245)	-
Change in liabilities and deferred inflows				
Security deposits	-	25,406	25,406	-
Deferred inflows - lease related	-	379,510	379,510	-
Net cash provided by operating activities	<u>\$ 125,757</u>	<u>\$ 30,058</u>	<u>\$ 155,815</u>	<u>\$ 194,802</u>

City of Hurst, Texas
Internal Service Funds
Combining Statement of Net Position
September 30, 2022 with Comparative
Total for September 30, 2021

	Fleet Service	Loss Reserve	Information Services	Totals	
				2022	2021
Assets					
Current Assets					
Cash and cash equivalents	\$ 306,467	\$ 1,324,568	\$ 199,807	\$ 1,830,842	\$ 2,540,009
Investments	4,910,908	3,360,039	3,795,589	12,066,536	11,195,305
Inventory of supplies, at cost	64,557	-	-	64,557	47,477
Other receivables	11,520	6,555	5,300	23,375	35,900
Prepaid expenses	-	165,000	-	165,000	165,000
Total current assets	<u>5,293,452</u>	<u>4,856,162</u>	<u>4,000,696</u>	<u>14,150,310</u>	<u>13,983,691</u>
Property and Equipment, at Cost					
Improvements other than buildings	433,451	-	-	433,451	433,451
Machinery and equipment	6,468,471	-	6,805,156	13,273,627	12,836,198
Construction in progress	-	-	309,147	309,147	230,451
Accumulated depreciation	<u>(5,875,467)</u>	<u>-</u>	<u>(5,622,565)</u>	<u>(11,498,032)</u>	<u>(11,417,801)</u>
Total property and equipment	<u>1,026,455</u>	<u>-</u>	<u>1,491,738</u>	<u>2,518,193</u>	<u>2,082,299</u>
Total assets	<u>6,319,907</u>	<u>4,856,162</u>	<u>5,492,434</u>	<u>16,668,503</u>	<u>16,065,990</u>
Deferred Outflows of Resources					
Deferred pension outflows	35,237	-	55,373	90,610	74,360
Deferred OPEB outflows	60,132	-	71,983	132,115	93,514
Total deferred outflows	<u>95,369</u>	<u>-</u>	<u>127,356</u>	<u>222,725</u>	<u>167,874</u>
Total assets and deferred outflows	<u>\$ 6,415,276</u>	<u>\$ 4,856,162</u>	<u>\$ 5,619,790</u>	<u>\$ 16,891,228</u>	<u>\$ 16,233,864</u>
Liabilities					
Current Liabilities					
Accounts payable and accrued items	\$ 27,701	\$ 294,320	\$ 126,666	\$ 448,687	\$ 434,047
Current portion of net OPEB liability	11,185	-	13,389	24,574	21,955
Current portion of compensated absences	12,342	-	16,763	29,105	29,213
Total current liabilities	<u>51,228</u>	<u>294,320</u>	<u>156,818</u>	<u>502,366</u>	<u>485,215</u>
Noncurrent Liabilities					
Net pension liability	78,415	-	123,224	201,639	438,506
Net OPEB liability, net of current portion	212,521	-	254,403	466,924	417,156
Compensated absences	22,920	-	31,132	54,052	54,252
Total liabilities	<u>365,084</u>	<u>294,320</u>	<u>565,577</u>	<u>1,224,981</u>	<u>1,395,129</u>
Deferred Inflows of Resources					
Deferred pension inflows	116,482	-	183,043	299,525	134,380
Deferred OPEB inflows	36,105	-	43,221	79,326	91,476
Total deferred inflows	<u>152,587</u>	<u>-</u>	<u>226,264</u>	<u>378,851</u>	<u>225,856</u>
Net Position					
Net investment in capital assets	1,026,455	-	1,491,738	2,518,193	2,082,299
Unrestricted	<u>4,871,150</u>	<u>4,561,842</u>	<u>3,336,211</u>	<u>12,769,203</u>	<u>12,530,580</u>
Total net position	<u>5,897,605</u>	<u>4,561,842</u>	<u>4,827,949</u>	<u>15,287,396</u>	<u>14,612,879</u>
Total liabilities, deferred inflows, and net position	<u>\$ 6,415,276</u>	<u>\$ 4,856,162</u>	<u>\$ 5,619,790</u>	<u>\$ 16,891,228</u>	<u>\$ 16,233,864</u>

City of Hurst, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
September 30, 2022 with Comparative
Total for September 30, 2021

	Fleet Service	Loss Reserve	Information Services	Totals	
				2022	2021
Operating Revenues					
Service fees	\$ 1,751,467	\$ 7,317,423	\$ 2,070,046	\$ 11,138,936	\$ 10,144,458
Other	79,390	111,532	2,797	193,719	97,477
Total operating revenues	<u>1,830,857</u>	<u>7,428,955</u>	<u>2,072,843</u>	<u>11,332,655</u>	<u>10,241,935</u>
Operating Expenses					
Personnel services	362,424	7,191,574	554,084	8,108,082	7,608,749
Contractual services	-	-	220,778	220,778	215,901
Repairs and maintenance	56,138	-	549,582	605,720	539,042
Materials and supplies	812,390	-	450,302	1,262,692	1,111,168
Depreciation and amortization	286,610	-	236,576	523,186	595,257
Total operating expenses	<u>1,517,562</u>	<u>7,191,574</u>	<u>2,011,322</u>	<u>10,720,458</u>	<u>10,070,117</u>
Operating income (loss)	313,295	237,381	61,521	612,197	171,818
Non-operating Revenues (Expenses)					
Interest	(73,470)	(36,783)	(63,359)	(173,612)	33,018
Interest expense and fiscal charges	-	-	-	-	-
Gain on sale of property and equipment	13,950	-	-	13,950	153,750
Total nonoperating revenues (expenses)	<u>(59,520)</u>	<u>(36,783)</u>	<u>(63,359)</u>	<u>(159,662)</u>	<u>186,768</u>
Income (loss) before contributions and transfers	253,775	200,598	(1,838)	452,535	358,586
Transfers In					
Transfers In	9,277	200,598	12,107	221,982	847,401
Transfers Out					
Transfers Out	-	-	-	-	(3,168)
Change in Net Position	<u>263,052</u>	<u>401,196</u>	<u>10,269</u>	<u>674,517</u>	<u>1,202,819</u>
Net Position, Beginning of Year	<u>5,634,553</u>	<u>4,160,646</u>	<u>4,817,680</u>	<u>14,612,879</u>	<u>13,410,060</u>
Net Position, End of Year	<u>\$ 5,897,605</u>	<u>\$ 4,561,842</u>	<u>\$ 4,827,949</u>	<u>\$ 15,287,396</u>	<u>\$ 14,612,879</u>

City of Hurst, Texas
Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2022 with Comparative
Total for Year Ended September 30, 2021

	Fleet Service	Loss Reserve	Information Services	Totals	
				2022	2021
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 83,117	\$ 111,532	\$ 2,797	\$ 197,446	\$ 117,361
Receipts from interfund services provided	1,751,467	7,317,423	2,070,046	11,138,936	10,144,458
Payments on behalf of suppliers	(896,674)	(71,008)	(1,147,746)	(2,115,428)	(1,903,805)
Payments on behalf of employees	(399,000)	(7,167,776)	(604,152)	(8,170,928)	(7,610,014)
Net cash provided by operating activities	<u>538,910</u>	<u>190,171</u>	<u>320,945</u>	<u>1,050,026</u>	<u>748,000</u>
Cash Flows from Noncapital Financing Activities					
Transfers to other funds	-	-	-	-	(3,168)
Transfers from other funds	9,277	200,598	12,107	221,982	847,401
Net cash provided by noncapital financing activities	<u>9,277</u>	<u>200,598</u>	<u>12,107</u>	<u>221,982</u>	<u>844,233</u>
Cash Flows from Capital and Related Financing Activities					
Interest payments	-	-	-	-	-
Purchases of property and equipment	(278,892)	-	(680,188)	(959,080)	(135,903)
Proceeds from sale of property and equipment	13,950	-	-	13,950	153,750
Net cash provided by capital and related financing activities	<u>(264,942)</u>	<u>-</u>	<u>(680,188)</u>	<u>(945,130)</u>	<u>17,847</u>
Cash Flows from Investing Activities					
Proceeds from sale/maturity of investments	1,521,940	169,152	1,100,000	2,791,092	9,154,261
Purchase of investments	(1,508,577)	(856,896)	(1,296,850)	(3,662,323)	(9,610,043)
Interest received on investments	(73,470)	(27,843)	(63,501)	(164,814)	39,380
Net cash provided by investing activities	<u>(60,107)</u>	<u>(715,587)</u>	<u>(260,351)</u>	<u>(1,036,045)</u>	<u>(416,402)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>223,138</u>	<u>(324,818)</u>	<u>(607,487)</u>	<u>(709,167)</u>	<u>1,193,678</u>
Cash and Cash Equivalents, Beginning of Year	<u>83,329</u>	<u>1,649,386</u>	<u>807,294</u>	<u>2,540,009</u>	<u>1,346,331</u>
Cash and Cash Equivalents, End of Year	<u>\$ 306,467</u>	<u>\$ 1,324,568</u>	<u>\$ 199,807</u>	<u>\$ 1,830,842</u>	<u>\$ 2,540,009</u>
Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities					
Operating income (loss)	\$ 313,295	\$ 237,381	\$ 61,521	\$ 612,197	\$ 171,818
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	286,610	-	236,576	523,186	595,257
Change in assets and deferred outflows:					
Other receivables	3,727	-	-	3,727	19,884
Inventory of supplies	(17,080)	-	-	(17,080)	(7,721)
Deferred pension outflows	(6,319)	-	(9,931)	(16,250)	12,987
Deferred OPEB outflows	(17,569)	-	(21,032)	(38,601)	(29,866)
Change in liabilities and deferred inflows:					
Accounts payable and other liabilities	(14,177)	(47,210)	75,719	14,332	5,312
Net pension liability	(92,115)	-	(144,752)	(236,867)	(30,073)
Net OPEB liability	23,845	-	28,542	52,387	24,878
Deferred pension inflows	64,223	-	100,922	165,145	(5,219)
Deferred OPEB inflows	(5,530)	-	(6,620)	(12,150)	(9,257)
Net Cash Provided by Operating Activities	<u>\$ 538,910</u>	<u>\$ 190,171</u>	<u>\$ 320,945</u>	<u>\$ 1,050,026</u>	<u>\$ 748,000</u>

Statistical Section (Unaudited)



City of Hurst, Texas

Table Descriptions

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

<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.	96-100
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.	101-108
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.	109-113
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.	114-115
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.	116-118

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 121,033,272	\$ 117,648,033	\$ 120,518,416	\$ 116,996,558
Restricted	18,778,425	25,403,597	21,707,954	24,767,252
Unrestricted	<u>31,971,587</u>	<u>28,731,273</u>	<u>23,104,601</u>	<u>16,858,946</u>
 Total governmental activities net position	 <u>\$ 171,783,284</u>	 <u>\$ 171,782,903</u>	 <u>\$ 165,330,971</u>	 <u>\$ 158,622,756</u>
Business-type Activities				
Net investment in capital assets	\$ 32,065,030	\$ 32,606,567	\$ 33,786,264	\$ 36,190,346
Restricted	8,680,903	10,031,203	11,358,914	12,911,394
Unrestricted	<u>7,565,755</u>	<u>6,500,430</u>	<u>3,816,191</u>	<u>468,067</u>
 Total business-type activities net position	 <u>\$ 48,311,688</u>	 <u>\$ 49,138,200</u>	 <u>\$ 48,961,369</u>	 <u>\$ 49,569,807</u>
Primary Government				
Net investment in capital assets	\$ 153,098,302	\$ 150,254,600	\$ 154,304,680	\$ 153,186,904
Restricted	27,459,328	35,434,800	33,066,868	37,678,646
Unrestricted	<u>39,537,342</u>	<u>35,231,703</u>	<u>26,920,792</u>	<u>17,327,013</u>
 Total primary government net position	 <u>\$ 220,094,972</u>	 <u>\$ 220,921,103</u>	 <u>\$ 214,292,340</u>	 <u>\$ 208,192,563</u>

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

Table A-1

Fiscal Year Ended					
2017	2018 (a)	2019	2020	2021	2022
\$ 114,347,361	\$ 113,020,392	\$ 111,980,392	\$ 109,339,694	\$ 107,239,312	\$ 107,071,255
16,117,137	16,581,980	15,961,153	19,240,287	21,240,054	24,870,497
23,931,997	9,991,473	7,530,751	7,676,690	12,937,321	25,260,442
<u>\$ 154,396,495</u>	<u>\$ 139,593,845</u>	<u>\$ 135,472,296</u>	<u>\$ 136,256,671</u>	<u>\$ 141,416,687</u>	<u>\$ 157,202,194</u>
\$ 38,973,677	\$ 40,834,276	\$ 41,683,200	\$ 42,263,651	\$ 41,558,248	\$ 44,943,007
-	-	-	-	-	-
12,949,090	10,738,394	10,025,806	10,367,091	13,555,313	15,286,641
<u>\$ 51,922,767</u>	<u>\$ 51,572,670</u>	<u>\$ 51,709,006</u>	<u>\$ 52,630,742</u>	<u>\$ 55,113,561</u>	<u>\$ 60,229,648</u>
\$ 153,321,038	\$ 153,854,668	\$ 153,663,592	\$ 151,603,345	\$ 148,797,560	\$ 152,014,262
16,117,137	16,581,980	15,961,153	19,240,287	21,240,054	24,870,497
36,881,087	20,729,867	17,556,557	18,043,781	26,492,634	40,547,083
<u>\$ 206,319,262</u>	<u>\$ 191,166,515</u>	<u>\$ 187,181,302</u>	<u>\$ 188,887,413</u>	<u>\$ 196,530,248</u>	<u>\$ 217,431,842</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 4,230,124	\$ 4,337,097	\$ 5,256,773	\$ 8,168,344
Public safety	21,410,618	21,306,312	23,039,603	24,614,274
Culture and recreation	10,890,525	10,845,533	11,142,994	12,112,717
Public works	4,873,864	4,655,157	4,756,586	5,174,276
Interest expense	2,099,507	1,980,775	2,146,970	2,328,484
Total governmental activities expenses	<u>43,504,638</u>	<u>43,124,874</u>	<u>46,342,926</u>	<u>52,398,095</u>
Business-type activities				
Water and sewer	18,163,625	18,757,469	19,752,412	20,384,872
Stormwater management services	653,428	730,385	689,554	879,123
Conference and meeting center	2,118,967	2,024,417	2,004,236	2,362,568
Hurst Public Facility Corporation	-	-	-	-
Total business-type activities expenses	<u>20,936,020</u>	<u>21,512,271</u>	<u>22,446,202</u>	<u>23,626,563</u>
Total primary government expenses	<u>\$ 64,440,658</u>	<u>\$ 64,637,145</u>	<u>\$ 68,789,128</u>	<u>\$ 76,024,658</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 14,015	\$ 14,900	\$ 22,670	\$ 18,470
Public safety	3,520,712	3,150,918	3,278,888	3,551,541
Culture and recreation	1,151,018	1,144,472	1,004,909	1,156,952
Public works	655,304	657,700	630,248	682,420
Operating grants and contributions	844,446	669,691	738,969	862,969
Capital grants and contributions	78,548	78,875	28,803	218,830
Total governmental activities program revenues	<u>6,264,043</u>	<u>5,716,556</u>	<u>5,704,487</u>	<u>6,491,182</u>
Business-type activities				
Charges for services				
Water and sewer services	19,814,150	19,031,909	19,609,118	19,892,629
Stormwater management services	1,081,300	1,086,935	1,094,476	1,098,287
Hurst Public Facility Corporation	-	-	-	-
Conference and meeting center	2,031,709	2,003,045	1,927,152	2,553,445
Operating grants and contributions	-	-	-	44,622
Capital grants and contributions	616,666	114,148	680,309	693,753
Total business-type activities program revenues	<u>23,543,825</u>	<u>22,236,037</u>	<u>23,311,055</u>	<u>24,282,736</u>
Total primary government program revenues	<u>\$ 29,807,868</u>	<u>\$ 27,952,593</u>	<u>\$ 29,015,542</u>	<u>\$ 30,773,918</u>

Table A-2

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	5,503,950	\$	8,330,340	\$	8,148,665	\$	6,919,302	\$	4,958,838	\$	4,109,697
	26,946,144		25,445,464		27,277,634		25,752,945		24,389,940		25,461,659
	12,554,825		12,836,977		12,386,690		10,637,396		11,383,530		11,639,982
	4,928,786		3,869,464		5,085,774		4,929,958		4,116,324		4,958,387
	1,888,355		2,042,840		1,711,724		1,135,394		1,724,654		1,476,018
	<u>51,822,060</u>		<u>52,525,085</u>		<u>54,610,487</u>		<u>49,374,995</u>		<u>46,573,286</u>		<u>47,645,743</u>
	20,090,660		20,542,607		21,842,377		21,415,506		19,737,759		21,143,906
	1,015,099		936,108		950,588		911,776		932,360		1,011,047
	2,654,063		2,777,085		3,608,240		2,151,646		1,877,996		2,465,978
	-		-		-		-		6,189		6,549
	<u>23,759,822</u>		<u>24,255,800</u>		<u>26,401,205</u>		<u>24,478,928</u>		<u>22,554,304</u>		<u>24,627,480</u>
\$	<u>75,581,882</u>	\$	<u>76,780,885</u>	\$	<u>81,011,692</u>	\$	<u>73,853,923</u>	\$	<u>69,127,590</u>	\$	<u>72,273,223</u>
\$	19,165	\$	135,242	\$	159,535	\$	131,383	\$	422,983	\$	630,363
	3,229,547		2,894,515		2,597,631		2,024,041		1,449,576		2,504,688
	1,244,593		1,256,034		1,290,885		492,827		843,374		1,124,631
	780,953		802,568		1,058,007		790,736		831,192		818,958
	1,613,979		1,960,737		1,504,425		3,270,198		1,889,171		1,516,275
	265,990		111,051		116,567		-		-		-
	<u>7,154,227</u>		<u>7,160,147</u>		<u>6,727,050</u>		<u>6,709,185</u>		<u>5,436,296</u>		<u>6,594,915</u>
	21,183,069		22,394,948		21,229,151		21,779,611		21,575,460		24,479,806
	1,375,194		1,104,982		1,137,792		1,102,664		1,106,028		1,106,059
	-		-		-		-		200,991		158,693
	2,811,704		3,147,745		3,269,784		1,804,763		1,783,144		2,394,881
	10,931		5,947		-		-		-		-
	811,985		179,560		629,288		466,764		404,716		369,783
	<u>26,192,883</u>		<u>26,833,182</u>		<u>26,266,015</u>		<u>25,153,802</u>		<u>25,070,339</u>		<u>28,509,222</u>
\$	<u>33,347,110</u>	\$	<u>33,993,329</u>	\$	<u>32,993,065</u>	\$	<u>31,862,987</u>	\$	<u>30,506,635</u>	\$	<u>35,104,137</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Net (Expense)/Revenue				
Governmental activities	\$(37,240,595)	\$(37,408,318)	\$(40,638,439)	\$(45,906,913)
Business-type activities	<u>2,607,805</u>	<u>723,766</u>	<u>864,853</u>	<u>656,173</u>
Total primary government net expense	<u><u>\$(34,632,790)</u></u>	<u><u>\$(36,684,552)</u></u>	<u><u>\$(39,773,586)</u></u>	<u><u>\$(45,250,740)</u></u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes, penalty and interest	\$ 13,191,743	\$ 13,545,880	\$ 14,087,316	\$ 13,982,919
Sales taxes	18,419,603	19,376,108	20,716,458	20,685,644
Franchise taxes	2,953,568	3,088,049	3,038,771	2,967,123
Occupancy taxes	593,921	565,970	646,284	716,281
Investment earnings (losses)	396,545	318,888	275,954	385,477
Grants and contributions	-	-	-	-
Miscellaneous	784,102	513,042	1,172,033	280,870
Transfers	<u>38,331</u>	<u>-</u>	<u>76,667</u>	<u>180,384</u>
Total governmental activities	<u><u>\$ 36,377,813</u></u>	<u><u>\$ 37,407,937</u></u>	<u><u>\$ 40,013,483</u></u>	<u><u>\$ 39,198,698</u></u>
Business-type activities				
Investment earnings (losses)	\$ 117,280	\$ 102,566	\$ 104,120	\$ 132,649
Miscellaneous	-	-	-	-
Transfers	<u>(38,331)</u>	<u>-</u>	<u>(76,667)</u>	<u>(180,384)</u>
Total business-type activities	<u>78,949</u>	<u>102,566</u>	<u>27,453</u>	<u>(47,735)</u>
Total primary government	<u><u>\$ 36,456,762</u></u>	<u><u>\$ 37,510,503</u></u>	<u><u>\$ 40,040,936</u></u>	<u><u>\$ 39,150,963</u></u>
Change in Net Position				
Governmental activities	\$ (862,782)	\$ (381)	\$ (624,956)	\$ (6,708,215)
Business-type activities	<u>2,686,754</u>	<u>826,332</u>	<u>892,306</u>	<u>608,438</u>
Total primary government	<u><u>\$ 1,823,972</u></u>	<u><u>\$ 825,951</u></u>	<u><u>\$ 267,350</u></u>	<u><u>\$ (6,099,777)</u></u>

Table A-2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$(44,667,833)	\$(45,364,938)	\$(47,883,437)	\$(42,665,810)	\$(41,136,990)	\$(41,050,828)
<u>2,433,061</u>	<u>2,577,382</u>	<u>(135,190)</u>	<u>674,874</u>	<u>2,516,035</u>	<u>3,881,742</u>
<u>\$(42,234,772)</u>	<u>\$(42,787,556)</u>	<u>\$(48,018,627)</u>	<u>\$(41,990,936)</u>	<u>\$(38,620,955)</u>	<u>\$(37,169,086)</u>
\$ 14,814,146	\$ 15,383,521	\$ 16,292,473	\$ 18,389,781	\$ 19,906,761	\$ 20,699,923
20,043,791	20,935,157	20,661,292	19,777,236	21,994,035	24,292,054
2,961,774	2,975,917	2,935,945	2,669,328	2,563,184	2,663,951
705,786	768,618	905,677	660,845	613,169	958,104
430,170	799,902	1,539,049	1,160,273	136,883	(812,485)
-	-	-	-	-	9,606,179
1,251,454	1,245,930	1,189,108	692,722	983,535	774,268
<u>234,451</u>	<u>225,000</u>	<u>238,344</u>	<u>100,000</u>	<u>99,439</u>	<u>(1,345,659)</u>
<u>\$ 40,441,572</u>	<u>\$ 42,334,045</u>	<u>\$ 43,761,888</u>	<u>\$ 43,450,185</u>	<u>\$ 46,297,006</u>	<u>\$ 56,836,335</u>
\$ 154,350	\$ 249,592	\$ 509,870	\$ 346,862	\$ 66,223	\$ (111,314)
-	-	-	-	-	-
<u>(234,451)</u>	<u>(225,000)</u>	<u>(238,344)</u>	<u>(100,000)</u>	<u>(99,439)</u>	<u>1,345,659</u>
<u>(80,101)</u>	<u>24,592</u>	<u>271,526</u>	<u>246,862</u>	<u>(33,216)</u>	<u>1,234,345</u>
<u>\$ 40,361,471</u>	<u>\$ 42,358,637</u>	<u>\$ 44,033,414</u>	<u>\$ 43,697,047</u>	<u>\$ 46,263,790</u>	<u>\$ 58,070,680</u>
\$ (4,226,261)	(3,030,893)	(4,121,549)	784,375	5,160,016	15,785,507
<u>2,352,960</u>	<u>2,601,974</u>	<u>136,336</u>	<u>921,736</u>	<u>2,482,819</u>	<u>5,116,087</u>
<u>\$ (1,873,301)</u>	<u>\$ (428,919)</u>	<u>\$ (3,985,213)</u>	<u>\$ 1,706,111</u>	<u>\$ 7,642,835</u>	<u>\$ 20,901,594</u>

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 1,883	\$ 1,883	\$ 1,883	\$ 1,883
Restricted	1,637,359	1,854,120	2,344,861	3,104,302
Committed	255,713	198,349	305,069	365,042
Assigned	519,597	560,867	586,595	581,219
Unassigned	<u>7,616,609</u>	<u>8,389,715</u>	<u>9,049,255</u>	<u>9,172,096</u>
Total general fund	<u>\$ 10,031,161</u>	<u>\$ 11,004,934</u>	<u>\$ 12,287,663</u>	<u>\$ 13,224,542</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	28,314,389	24,936,284	19,363,093	21,662,950
Committed	-	-	-	-
Assigned	<u>21,302,952</u>	<u>22,228,199</u>	<u>18,697,454</u>	<u>17,066,513</u>
Total all other governmental funds	<u>\$ 49,617,341</u>	<u>\$ 47,164,483</u>	<u>\$ 38,060,547</u>	<u>\$ 38,729,463</u>

Note: The City changed the classifications used to report fund balances when it implemented GASB Statement 54 in fiscal year 2011 and applied retrospectively to the comparative information shown for fiscal year 2010.

Table A-3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,883	\$ 2,401	\$ 1,883	\$ 1,881	\$ 1,883	\$ 1,883
4,086,043	5,446,104	5,083,249	5,844,743	6,139,054	6,852,281
-	-	-	-	-	-
568,555	18,254	23,575	29,620	29,630	26,558
<u>9,162,496</u>	<u>8,989,839</u>	<u>9,702,437</u>	<u>9,584,839</u>	<u>9,544,066</u>	<u>21,031,771</u>
<u>\$ 13,818,977</u>	<u>\$ 14,456,598</u>	<u>\$ 14,811,144</u>	<u>\$ 15,461,083</u>	<u>\$ 15,714,633</u>	<u>\$ 27,912,493</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,851,969	14,292,760	23,756,410	21,575,718	18,318,313	22,640,273
-	-	-	-	-	17,814,621
<u>18,295,467</u>	<u>18,887,440</u>	<u>17,682,803</u>	<u>19,946,306</u>	<u>22,251,573</u>	<u>(4,729)</u>
<u>\$ 33,147,436</u>	<u>\$ 33,180,200</u>	<u>\$ 41,439,213</u>	<u>\$ 41,522,024</u>	<u>\$ 40,569,886</u>	<u>\$ 40,450,165</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 35,218,498	\$ 36,605,578	\$ 38,494,929	\$ 38,414,972
Licenses/permits	713,052	725,334	707,089	782,782
Support from governmental entities	921,963	745,240	767,772	874,576
Charges for services	2,003,246	1,893,181	1,699,806	2,035,396
Fines and fees	2,631,489	2,520,998	2,405,478	2,448,040
Investment earnings (losses)	384,411	261,494	218,049	313,953
Miscellaneous	583,476	507,367	1,068,886	543,025
Total revenues	<u>42,456,135</u>	<u>43,259,192</u>	<u>45,362,009</u>	<u>45,412,744</u>
Expenditures				
General government	2,164,066	2,315,113	2,976,887	3,268,525
Public safety	19,999,125	20,214,409	20,798,447	21,506,049
Culture and recreation	8,685,188	8,434,981	8,436,777	9,344,037
Public works	1,753,187	1,540,946	1,754,088	2,095,586
Capital outlay	8,128,080	14,132,822	15,866,943	6,787,480
Debt service				
Principal	3,218,161	3,327,924	3,459,807	3,134,902
Interest	2,162,350	2,089,622	2,206,311	2,287,885
Bond issuance costs	-	-	-	-
Total expenditures	<u>46,110,157</u>	<u>52,055,817</u>	<u>55,499,260</u>	<u>48,424,464</u>
Excess of revenues over (under) expenditures	(3,654,022)	(8,796,625)	(10,137,251)	(3,011,720)
Other Financing Sources (Uses)				
Capital lease	-	-	490,105	-
Proceeds from borrowing	-	7,355,000	2,625,000	4,905,000
Proceeds from refunding	-	5,705,000	3,235,000	11,240,000
Premium on bond issuance	-	603,685	574,285	1,931,800
Payments to escrow agent	-	(5,984,367)	(3,505,346)	(12,517,062)
Transfers in	4,118,286	4,084,294	3,475,606	3,414,597
Transfers out	(5,045,560)	(4,446,072)	(4,578,606)	(4,356,820)
Total other financing sources (uses)	<u>(927,274)</u>	<u>7,317,540</u>	<u>2,316,044</u>	<u>4,617,515</u>
Net Change in Fund Balances	<u>\$ (4,581,296)</u>	<u>\$ (1,479,085)</u>	<u>\$ (7,821,207)</u>	<u>\$ 1,605,795</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>16.50%</u>	<u>16.67%</u>	<u>16.68%</u>	<u>14.97%</u>

Table A-4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 38,900,450	\$ 40,069,713	\$ 40,797,443	\$ 41,476,811	\$ 44,978,994	\$ 48,720,756
878,517	825,525	1,091,085	811,270	861,307	861,582
1,613,979	1,960,737	1,504,425	3,270,198	1,889,171	11,122,454
2,065,177	2,126,300	2,319,048	1,527,628	6,925,652	2,349,819
2,436,813	2,516,568	1,498,576	1,120,244	700,005	620,296
412,492	774,577	1,290,490	975,831	103,865	(638,873)
1,195,603	1,056,666	1,081,968	619,891	732,308	566,599
<u>47,503,031</u>	<u>49,330,086</u>	<u>49,583,035</u>	<u>49,801,873</u>	<u>56,191,302</u>	<u>63,602,633</u>
3,664,549	3,472,880	4,380,033	4,722,080	6,394,535	4,076,566
23,618,438	23,423,951	23,808,440	23,035,269	24,703,321	24,967,834
9,950,204	10,078,424	9,893,956	8,100,441	9,413,588	9,453,611
2,109,784	2,036,102	2,317,724	2,371,726	3,410,230	3,046,937
8,313,541	4,132,380	3,762,850	5,706,338	6,682,999	5,244,739
3,466,724	3,428,872	3,065,000	3,400,000	3,600,000	3,600,000
2,119,020	1,961,100	1,855,604	2,055,757	1,679,755	1,612,804
-	-	-	-	205,774	-
<u>53,242,260</u>	<u>48,533,709</u>	<u>49,083,607</u>	<u>49,391,611</u>	<u>56,090,202</u>	<u>52,002,491</u>
(5,739,229)	796,377	499,428	410,262	101,100	11,600,142
-	-	-	-	-	-
1,180,000	-	9,175,000	575,000	-	1,975,000
1,500,000	-	-	-	13,350,000	-
-	-	453,618	-	-	70,638
(1,478,363)	-	-	-	(13,404,894)	-
3,395,882	3,790,919	3,552,517	4,588,565	4,099,745	26,583,718
<u>(3,845,882)</u>	<u>(3,916,911)</u>	<u>(5,067,004)</u>	<u>(4,841,077)</u>	<u>(4,844,539)</u>	<u>(28,151,359)</u>
<u>751,637</u>	<u>(125,992)</u>	<u>8,114,131</u>	<u>322,488</u>	<u>(799,688)</u>	<u>477,997</u>
<u>\$ (4,987,592)</u>	<u>\$ 670,385</u>	<u>\$ 8,613,559</u>	<u>\$ 732,750</u>	<u>\$ (698,588)</u>	<u>\$ 12,078,139</u>
<u>14.20%</u>	<u>13.82%</u>	<u>12.18%</u>	<u>14.27%</u>	<u>12.02%</u>	<u>12.55%</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
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
2021	20,408,258	21,862,706	131,331	2,563,183	44,965,477
2022	20,806,467	24,163,862	156,847	2,663,951	47,791,127

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

Table B-1

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Appraised Value	Tax-Exempt Property	Total Direct Tax Rate
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
2021	2,324,192	1,447,024	51,848	3,823,064	335,010	0.625
2022	2,526,894	1,460,400	25,992	4,013,286	318,917	0.625

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			Tarrant County College
	Basic Rate	General Debt Service	Total Direct Rate	HEB School District	Tarrant County	Hospital	
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
2021	0.504186	0.120973	0.625	1.19800	0.23400	0.22443	0.13017
2022	0.516794	0.108365	0.625	1.16080	0.22900	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	2013			2022		
	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.	\$ 155,325,841	1	7.05%	\$ 118,764,982	1	3.42%
Shops at Northeast Mall LLC			-	67,000,000	2	1.93%
Westdale Hills 2013 LP			-	52,735,110	3	1.52%
Cooks creek 255 LLC			-	32,900,000	4	0.95%
Kelly-Moore Paint Co. Inc.	31,162,035	2	1.41%	32,201,535	5	0.93%
WWC LII LP			-	32,010,000	6	0.92%
Mayfair Station LLC	16,215,000	8	0.74%	26,131,080	7	0.75%
Oncor Electric Delivery	15,483,551	9	0.70%	21,507,988	8	0.62%
Wal-Mart Real Estate Bus Trust	23,441,341	4	1.06%	20,103,267	9	0.58%
Kroger Market Street Village			-	19,950,000	10	0.57%
Dillard Tx LP	25,244,152	3	1.15%	-		0.00%
Hurst City Apt Partners Ltd.	18,337,700	5	0.83%	-		0.00%
Somerset Village Partners LP	16,647,380	6	0.76%	16,647,380		0.48%
Macy's Texas	16,448,341	7	0.75%	-		0.00%
Cook Children's Medical Center	14,080,089	10	0.64%	-		0.00%
Total	\$ 332,385,430		15.08%	\$ 439,951,342		12.66%

Source: Tarrant Appraisal District

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

Table B-4

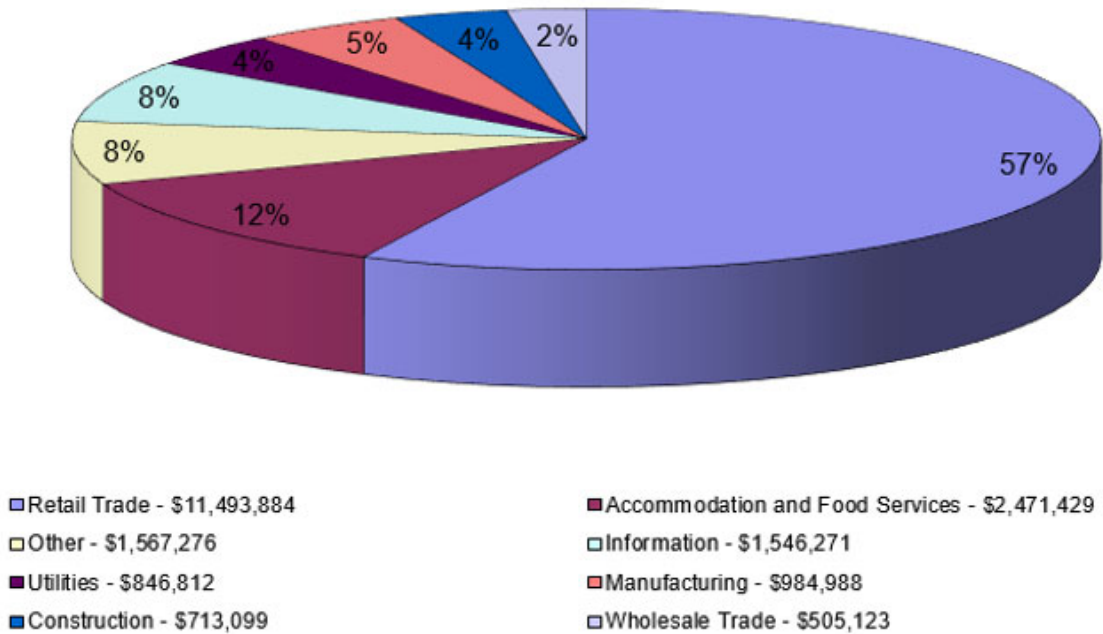
Fiscal Year Ended Sept 30.	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 13,169,789	\$ 13,098,911	99.5%	\$ 69,952	\$ 13,168,863	100.0%
2014	13,492,137	13,408,082	99.4%	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%
2021	20,514,104	20,296,780	98.9%	6,604	20,303,384	99.0%
2022	20,768,009	20,666,468	99.5%	1,158	20,667,626	99.5%

Source: Tarrant County tax assessor and collector.

City of Hurst, Texas
Sales Tax Sources by NAICS Code
September 30, 2021

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 and 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
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
2021	11,163,917	729,012	10,434,905	5,647,809	5,582,137	268,886	5,313,251
2022	12,303,493	178,388	12,125,105	6,097,685	6,151,956	-	6,151,956
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						
2.00%	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, 2021

Table B-7

	Consumption (1,000 Gallons)	Water Amount	Sewer Amount	Total Bill
Westdale Asset Mgr.	82,851	\$ 698,622	\$ 404,276	\$ 1,102,898
City of Hurst	82,026	612,051	83,285	\$695,336
Brookwind Ltd.	30,513	250,283	175,125	\$425,408
Tarrant County College	23,554	172,288	46,072	\$218,360
Wellesley Park Apts	23,354	193,101	130,561	\$323,662
Tribecca 601 Brown 88 LLC	19,445	163,022	115,457	\$278,479
Hurst-Euless-Bedford ISD	16,846	126,248	30,541	\$156,789
T. S. Asset Calloway	14,085	124,065	95,772	\$219,836
Barrington Crossing Apartments	13,554	105,785	81,905	\$187,690
Valley Oaks Apartments, LLC	<u>13,547</u>	<u>138,656</u>	<u>118,999</u>	<u>\$257,655</u>
Total	<u>261,570</u>	<u>\$ 2,163,344</u>	<u>\$ 1,230,355</u>	<u>\$ 3,393,699</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 and Notes	Sales Tax Revenue Bonds	Water Revenue Bonds	Certificates of Obligation	Revenue and General Obligation Refunding				
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	
2021	39,135	-	14,095	-	-	2,040	5,310	60,580	4.70%	1,483	
2022	36,343	-	15,105	-	-	1,925	4,332	57,706	4.42%	1,427	

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	<u>General Bonded Debt Outstanding</u>				Net Bonded Debt	Percentage of Appraised Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Total	Less Debt Service Fund			
2013	\$ 35,764	\$ 28,597	\$ 64,361	\$ 1,182	\$ 63,179	1.93%	\$ 1,654
2014	37,847	30,897	68,744	1,146	67,598	1.86%	1,766
2015	35,385	30,455	65,840	1,084	64,756	2.03%	1,689
2016	45,190	21,375	66,565	997	65,568	1.86%	1,708
2017	46,275	17,585	63,860	1,048	62,812	2.06%	1,635
2018	43,565	17,380	60,945	1,373	59,572	1.54%	1,551
2019	47,650	18,195	65,845	1,171	64,674	1.57%	1,679
2020	48,343	17,515	65,858	1,135	64,723	1.36%	1,663
2021	44,445	16,135	60,580	1,134	59,446	1.30%	1,527
2022	40,676	17,030	57,706	1,141	56,565	1.25%	1,244

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, 2021
(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	\$ 50,311	100%	\$ 50,311
Debt Repaid with Property Taxes			
Hurst-Eules-Bedford Independent School District	321,965 *	13.36%	43,015
Birdville Independent School District	408,955 *	9.85%	40,282
Grapevine/Colleyville Independent School District	311,711 *	0.56%	1,746
Tarrant County	404,360 *	1.60%	6,470
Tarrant County College District	610,315 *	1.60%	9,765
Tarrant County Hospital District	12,825 *	1.60%	205
Keller Independent School District	836,595 *	0.22%	1,841
Subtotal, overlapping debt			<u>103,323</u>
Total direct and overlapping debt			<u>\$ 153,634 ^b</u>

^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, 2022, was:

Maximum rate per \$100 valuation under Article XI	\$ 2.500000
City of Hurst's 2020-21 rate	<u>0.625159</u>
Margin	<u><u>\$ 1.874841</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	
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%
2021	21,575,460	17,472,191	2,269,774	-	-	0.00%
2022	24,479,806	19,182,933	5,296,873	-	-	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	
\$ 4,501,528	\$ 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	-	-	-
5,318,285	2,904,874	2,413,411	-	-	-
6,151,956	3,497,697	2,654,259	-	-	-

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
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%
2021	38,930	1,228,280	31,551	37.0	13.6	6,132	4.6%
2022	40,430	1,306,374	32,312	37.8	13.7	6,118	3.4%

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	2013			2022		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Bell Helicopter Textron, Inc.	7,000	1	34.87%	4,200	1	21.15%
North East Mall (Collective employment of stores other than major employers listed)	1,800	2	8.97%	1,706	2	8.59%
Shops at Northeast Mall (Outside)	790	3	3.94%	800	3	4.03%
HEB ISD			0.00%	693	4	3.49%
Tarrant County College	500	4	2.49%	575	5	2.90%
Walmart Supercenter	450	5	2.24%	479	6	2.41%
City of Hurst	379	6	1.89%	412	7	2.07%
Dillard's Department Store	375	7	1.87%	338	8	1.70%
Macy's	220	8	1.10%	231	9	1.16%
J.C. Penney Company	190	9	0.95%	225	10	1.13%
Target Superstore	175	10	0.87%	-		-
Total	11,879		59.17%	9,659		48.65%

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				
	2013	2014	2015	2016	2017
General Government					
Management services	8.5	8.7	7.0	8.0	8.0
Finance	10.0	10.0	9.0	9.0	9.0
Planning	6.0	6.0	6.0	6.0	6.0
Building	2.0	3.0	2.0	2.0	2.0
Other	26.5	38.2	42.0	36.5	34.2
Conference Center	30.0	21.3	24.2	24.2	21.7
Police					
Officers	72.0	75.0	75.0	75.0	75.0
Civilians	48.5	54.5	49.5	48.5	48.5
Fire					
Firefighters and officers	60.0	56.0	56.0	56.0	56.0
Civilians	1.5	1.9	1.6	1.6	1.5
Other Public Works					
Engineering	9.0	8.7	9.2	9.2	9.2
Other	22.0	19.6	19.8	23.9	23.9
Parks and Recreation	44.5	67.2	69.2	66.1	70.2
Library	28.5	27.5	26.7	26.7	28.3
Water	26.0	23.7	23.5	19.0	19.0
Wastewater	9.0	9.0	9.0	10.0	10.0
Total	404.0	430.3	429.7	421.7	422.5

Source: Human Resources and Budget Offices.

Table E-1

Fiscal Year				
2018	2019	2020	2021	2022
8.0	7.0	7.0	7.0	7.5
9.0	9.0	9.0	9.0	10.0
6.0	6.0	6.0	6.0	5.0
2.0	2.0	2.0	2.0	2.0
35.1	34.0	34.0	34.0	30.8
21.7	21.7	21.7	21.7	21.5
75.0	75.0	75.0	75.0	74.0
48.5	56.5	56.5	56.5	56.5
56.0	56.0	56.0	56.0	56.0
1.5	1.5	1.5	1.0	1.0
9.0	9.0	9.0	9.0	8.0
23.9	24.6	24.6	23.6	23.5
72.9	49.5	49.5	58.5	65.0
28.3	23.5	23.5	23.5	23.5
19.0	19.0	19.0	19.0	19.0
10.0	10.0	10.0	10.0	10.0
425.9	404.4	404.4	411.8	413.3

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

Function/Program	Fiscal Year				
	2013	2014	2015	2016	2017
General Government					
Building permits issued					
Commercial					
Number issued	165	136	111	123	136
Estimated cost	\$ 53,890,287	\$ 14,761,218	\$ 34,515,346	\$ 35,918,137	\$ 24,515,873
Residential					
Number issued	141	144	128	191	158
Estimated cost	\$ 3,994,351	\$ 4,787,971	\$ 3,111,349	\$ 4,831,284	\$ 3,514,922
Public Safety					
Police					
Physical arrests	3,088	2,857	2,897	2,592	2,607
Parking violations	186	141	197	152	168
Traffic violations	14,161	17,894	15,996	15,327	14,942
Fire/Emergency Medical Services					
Emergency responses	4,597	4,468	4,702	4,811	4,873
Patients transported	2,209	2,170	2,040	2,267	2,216
Fires extinguished	106	91	86	112	100
Average Response Time:					
Fire	4:36	5:11	5:01	5:06	4:35
EMS	4:43	5:06	5:03	4:28	4:59
Inspections	1,545	1,412	847	579	300
Public Works					
Street resurfacing (miles)	9	5	8	7	7
Potholes repaired (sq. yards)	43,000	26,000	11,537	12,200	6,612
Culture and Recreation					
Parks and recreation					
Athletic field reservations issued	120	88	92	87	60
Recreation center admissions	368,034	296,719	290,380	281,861	270,356
Library					
Volumes in collection	160,844	161,608	142,851	145,474	142,751
Total volumes borrowed	444,705	434,205	405,826	378,417	348,932
Water and Sewer					
Water customer billings at 9/30	11,526	12,237	12,226	12,257	12,327
Water main breaks	38	56	84	40	27
Average daily consumption (millions of gallons)	5.65	5.16	4.96	4.90	5.02

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				
2018	2019	2020	2021	2022
132	145	95	81	225
\$ 14,936,691	\$ 48,862,248	\$ 29,666,561	\$ 5,935,919	\$ 68,955,551
124	98	102	127	413
\$ 5,161,297	\$ 83,202 (a)	\$ - (a)	\$ 34,002 (a)	\$ 34,669 (a)
2,351	1,901	1,493	1,618	1,458
148	93	96	76	194
13,581	10,590	6,592	4,644	3,112
4,996	4,867	4,911	5,385	5,312
2,065	2,131	2,136	2,340	2,279
122	85	88	107	139
5:07	5:01	5:25	5:57	5:44
5:09	5:36	5:07	5:01	5:05
1,584	1,651	600	195	344
6	7	6	5	5
4,540	2,317	2,539	728	715
51	55	17	11	468
240,979	236,039	128,271	116,210	135,529
135,659	124,157	120,707	122,145	123,381
416,395	411,691	242,686	253,296	290,074
12,193	12,385	12,385	12,393	12,318
41	39	39	31	57
5.23	4.88	4.96	5.03	3.22

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

Function/Program	Fiscal Year Ended				
	2013	2014	2015	2016	2017
Police					
Stations	1	1	1	1	1
Store fronts	2	2	3	2	2
Patrol units	30	30	27	26	28
Fire Stations	3	3	3	3	3
Other Public Works					
Streets (miles)	146	146	146	148	148
Traffic signals	41	55	55	56	56
Parks and Recreation					
Acreage	280	280	290	280	280
Playgrounds	16	16	16	16	16
Family aquatic centers	2	2	2	2	2
Water					
Water mains (miles)	204.00	199.00	201.11	204.00	205.00
Fire hydrants	1,268	1,205	1,233	1,226	1,235
Storage capacity (millions of gallons)	8.30	8.00	9.40	9.40	9.40
Wastewater					
Sanitary sewers (miles)	156.00	154.20	153.06	154.50	154.50
Storm sewers (miles)	86.00	86.00	88.95	86.00	86.00

Sources: Various city departments.

Table E-3

Fiscal Year Ended				
2018	2019	2020	2021	2022
1	1	1	1	1
2	2	2	2	2
28	28	28	28	27
3	3	3	3	3
148	148	148	148	148
56	56	56	56	56
280	280	280	280	280
16	16	16	16	15
2	2	2	2	2
205	205	205	205	210
1,240	1,330	1,339	1,339	1,356
9.4	9.4	9.4	9.4	9.4
154.84	155.00	155.00	155.00	150.90
86.00	86.00	86.00	86.00	92.90

