

CITY OF MEADOWS PLACE, TEXAS

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

CITY OF MEADOWS PLACE, TEXAS

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

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McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Meadows Place, Texas
Fort Bend County, Texas

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Honorable Mayor and City Council
City of Meadows Place, Texas

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of City Contributions-Pensions, the Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios and the Schedule of City Contributions-Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

February 23, 2021

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Management's discussion and analysis of the City of Meadows Place, Texas (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) the government-wide financial statements, (2) the fund financial statements and (3) the notes to the financial statements. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business and are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position includes all the City's assets, liabilities, and deferred inflows and outflows of resources with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole, is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. water and wastewater systems, streets and sidewalks, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities reports how the City's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, including police, public works, municipal courts, parks, public utilities and general administration. Property taxes, sales taxes, franchise fees, water and wastewater fees, fines and forfeitures finance most of these activities.
- **Component Unit** – The City includes one separate legal entity in its report – the Meadows Place Economic Development Corporation. Although legally separate, this component unit is included because the City is financially accountable for it.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FUND FINANCIAL STATEMENTS

The financial statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, sales taxes, franchises fees, fines and forfeiture revenues, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Governmental funds are reported in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The focus in the fund financial statements provides a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the City and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The City adopts an annual unappropriated budget for its General Fund. A budgetary comparison schedule is included as RSI for the General Fund. In addition, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of City of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of City Contributions – Net Other Postemployment Benefits are included as RSI.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. In the case of the governmental activities of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$34,001,739 as of September 30, 2020. This compares with assets and deferred outflows of resources exceeding liabilities and deferred inflows by \$33,803,989 as of September 30, 2019.

A portion of the City's net position reflects its net investment in capital assets (e.g. buildings, land, streets, sidewalks, vehicles, equipment, water and wastewater facilities, and infrastructure, less any debt used to acquire those assets that is still outstanding).

The following table provides a comparative analysis of the Statement of Net Position as of September 30, 2020, and September 30, 2019:

	Summary of Changes in the Statement of Net Position - Governmental Activities		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 8,171,890	\$ 9,434,824	\$ (1,262,934)
Capital Assets (Net of Accumulated Depreciation)	<u>28,775,998</u>	<u>27,500,994</u>	<u>1,275,004</u>
Total Assets	<u>\$ 36,947,888</u>	<u>\$ 36,935,818</u>	<u>\$ 12,070</u>
Deferred Outflow of Resources	<u>\$ 667,839</u>	<u>\$ 815,151</u>	<u>\$ (147,312)</u>
Net Pension Liability	\$ 2,240,797	\$ 2,520,959	\$ 280,162
Net OPEB Liability	111,298	86,364	(24,934)
Other Liabilities	<u>633,002</u>	<u>1,076,645</u>	<u>443,643</u>
Total Liabilities	<u>\$ 2,985,097</u>	<u>\$ 3,683,968</u>	<u>\$ 698,871</u>
Deferred Inflow of Resources	<u>\$ 628,891</u>	<u>\$ 263,012</u>	<u>\$ (365,879)</u>
Net Position:			
Net Investment in Capital Assets	\$ 28,777,281	\$ 27,243,634	\$ 1,533,647
Restricted	388,849	1,247,649	(858,800)
Unrestricted	<u>4,835,609</u>	<u>5,312,706</u>	<u>(477,097)</u>
Total Net Position	<u>\$ 34,001,739</u>	<u>\$ 33,803,989</u>	<u>\$ 197,750</u>

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the City's operations for the years ended September 30, 2020, and September 30, 2019. The City's net position related to governmental activities increased by \$197,750. This compares with an increase of \$3,969,252 in the prior fiscal year.

	Summary of Changes in the Statement of Activities - Governmental Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Charges for Services	\$ 2,481,763	\$ 2,618,235	\$ (136,472)
Grant Revenue	206,537	8,439	198,098
General Revenues:			
Property Taxes	3,086,086	3,020,327	65,759
Sales Taxes	1,207,742	1,093,672	114,070
Investment Revenues	84,452	213,745	(129,293)
Other Revenues	455,242	3,931,034	(3,475,792)
Total Revenues	<u>\$ 7,521,822</u>	<u>\$ 10,885,452</u>	<u>\$ (3,363,630)</u>
Expenses:			
Council	\$ 36,815	\$ 41,332	\$ 4,517
General Government	1,290,849	1,242,280	(48,569)
Municipal Court	246,912	195,888	(51,024)
Public Works	740,294	710,617	(29,677)
Police Department	2,381,765	2,260,162	(121,603)
Parks and Recreation	806,091	844,327	38,236
Public Utilities	1,821,709	1,609,617	(212,092)
Interest on Long-Term Debt	(363)	11,977	12,340
Total Expenses	<u>\$ 7,324,072</u>	<u>\$ 6,916,200</u>	<u>\$ (407,872)</u>
Change in Net Position	\$ 197,750	\$ 3,969,252	\$ (3,771,502)
Net Position, Beginning of Year	<u>33,803,989</u>	<u>29,834,737</u>	<u>3,969,252</u>
Net Position, End of Year	<u>\$ 34,001,739</u>	<u>\$ 33,803,989</u>	<u>\$ 197,750</u>

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's combined fund balances as of September 30, 2020, were \$7,495,650, a decrease of \$1,096,361 from the prior year.

The General Fund fund balance decreased by \$930,729, primarily due to construction costs related to Kirkwood reconstruction project.

The Debt Service Fund fund balance decreased by \$143,870, primarily due to the payoff of outstanding debt.

The Capital Projects Fund fund balance decreased by \$21,762, primarily due to capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did amend the budget during the current fiscal year. Actual revenue was \$289,750 more than budgeted revenue and actual expenditures were \$987,029 more than budgeted expenditures.

CAPITAL ASSETS

Capital assets as of September 30, 2020, total \$28,775,998 (net of accumulated depreciation) and include land, buildings, sidewalks, streets, vehicles and equipment as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Land	\$ 8,394,166	\$ 8,394,166	\$
Construction in Progress	4,092,451	2,681,803	1,410,648
Buildings	1,647,161	1,741,595	(94,434)
Furniture and Fixtures	121,407	144,209	(22,802)
Machinery and Equipment	1,162,570	981,232	181,338
Park Improvements	872,896	849,772	23,124
Vehicles	338,345	300,472	37,873
Water System	918,523	939,879	(21,356)
Wastewater System	4,133,786	4,280,439	(146,653)
Drainage	546,738	583,321	(36,583)
Streets and Sidewalks	6,547,955	6,604,106	(56,151)
Total Net Capital Assets	<u>\$ 28,775,998</u>	<u>\$ 27,500,994</u>	<u>\$ 1,275,004</u>

Additional information on the City's capital assets can be found in Note 6 of this report.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

LONG-TERM DEBT ACTIVITY

During the current fiscal year, the City made the final payment on bond debt. The changes in the debt position of the City during the fiscal year ended September 30, 2020, are summarized as follows:

Bond Debt Payable, October 1, 2019	\$ 275,000
Less: Bond Principal Paid	<u>275,000</u>
Bond Debt Payable, September 30, 2020	<u>\$ - 0 -</u>

CONTACTING THE CITY'S MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Meadows Place, Texas, One Troyan Drive, Meadows Place Texas 77477.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government	Discretely Presented Component Unit
	Governmental Activites	Meadows Place Economic Development Corporation
ASSETS		
Cash and Cash Equivalents	\$ 7,812,557	\$ 878,740
Receivables:		
Property Taxes	89,634	
Penalty and Interest on Delinquent Taxes	29,352	
Service Accounts (Net of Reserve for Doubtful Accounts of \$11,000)	120,328	
Garbage Receivable	33,401	
Other	84,613	
Liens	1,991	
Due From Component Unit	14	
Land	8,394,166	
Construction in Progress	4,092,451	
Capital Assets (Net of Accumulated Depreciation)	16,289,381	
TOTAL ASSETS	\$ 36,947,888	\$ 878,740
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	\$ 646,311	\$
Deferred Outflows - Other Postemployment Benefits	21,528	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 667,839	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 37,615,727	\$ 878,740
LIABILITIES		
Accounts Payable	\$ 475,754	\$ 117
Accrued Compensated Absences	75,748	
Due to Primary Government		14
Security Deposits	81,500	
Long-Term Liabilities:		
Net Pension Liability	2,240,797	
Net Other Postemployment Benefit Plan Liability	111,298	
TOTAL LIABILITIES	\$ 2,985,097	\$ 131

The accompanying notes to the financial
statements are an integral part of this report.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government	Discretely Presented Component Unit
	Governmental Activities	Meadows Place Economic Development Corporation
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	\$ 620,870	\$
Deferred Inflows - Other Postemployment Benefits	8,021	
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 628,891	\$ - 0 -
NET POSITION		
Net Investment in Capital Assets	\$ 28,777,281	\$
Restricted For:		
Debt Service	18,012	
Special Projects-State Law	270,752	
Special Project-S. Kirkwood Reconstruction	100,085	
Unrestricted	4,835,609	878,609
TOTAL NET POSITION	\$ 34,001,739	\$ 878,609

The accompanying notes to the financial
statements are an integral part of this report.

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CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues	
	Expenses	Charges for Services	Grants
GOVERNMENTAL ACTIVITIES			
Council	\$ 36,815	\$	\$
General Government	1,290,849	186,550	
Municipal Court	246,912	18,305	
Public Works	740,294		
Police Department	2,381,765	348,315	206,537
Parks and Recreation	806,091	23,742	
Public Utilities	1,821,709	1,904,851	
Interest on Long-Term Debt	(363)		
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 7,324,072</u>	<u>\$ 2,481,763</u>	<u>\$ 206,537</u>
COMPONENT UNIT	<u>\$ 104,531</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
GENERAL REVENUES:			
Property Taxes			
Sales Taxes			
Franchise Fees			
Investment Income			
Other Revenues			
Transfer from Component Unit			
TOTAL GENERAL REVENUES			
CHANGE IN NET POSITION			
NET POSITION - OCTOBER 1, 2019			
NET POSITION - SEPTEMBER 30, 2020			

The accompanying notes to the financial
statements are an integral part of this report.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Discretely Presented Component Unit
Governmental Activities	Meadows Place Economic Development Corporation
\$ (36,815)	\$
(1,104,299)	
(228,607)	
(740,294)	
(1,826,913)	
(782,349)	
83,142	
363	
<u>\$ (4,635,772)</u>	<u>\$ - 0 -</u>
<u>\$ - 0 -</u>	<u>\$ (104,531)</u>
\$ 3,086,086	\$
1,207,742	371,243
277,624	
84,452	8,804
25,618	
<u>152,000</u>	<u>(152,000)</u>
<u>\$ 4,833,522</u>	<u>\$ 228,047</u>
\$ 197,750	\$ 123,516
<u>33,803,989</u>	<u>755,093</u>
<u>\$ 34,001,739</u>	<u>\$ 878,609</u>

The accompanying notes to the financial statements are an integral part of this report.

CITY OF MEADOWS PLACE, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 7,809,495	\$ 1,779
Receivables:		
Property Taxes	78,602	11,032
Service Accounts (Net of Allowance for Doubtful Accounts of \$11,000)	120,328	
Garbage Receivable	33,401	
Other	84,613	
Liens	1,991	
Due from Component Unit	14	
TOTAL ASSETS	<u>\$ 8,128,444</u>	<u>\$ 12,811</u>
LIABILITIES		
Accounts Payable	\$ 475,754	\$
Security Deposits	81,500	
TOTAL LIABILITIES	<u>\$ 557,254</u>	<u>\$ - 0 -</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 78,602</u>	<u>\$ 11,032</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Future Debt Service		1,779
Restricted for Special Projects-State Law	270,752	
Restricted for Special Projects-S. Kirkwood Reconstruction	100,085	
Committed for Road Repairs	154,252	
Committed for Facilities Improvements	50,000	
Unassigned	6,917,499	
TOTAL FUND BALANCES	<u>\$ 7,492,588</u>	<u>\$ 1,779</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,128,444</u>	<u>\$ 12,811</u>

The accompanying notes to the financial
statements are an integral part of this report.

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 1,283	\$ 7,812,557
	89,634
	120,328
	33,401
	84,613
	1,991
	14
<u>\$ 1,283</u>	<u>\$ 8,142,538</u>
\$	\$ 475,754
	81,500
<u>\$ - 0 -</u>	<u>\$ 557,254</u>
<u>\$ - 0 -</u>	<u>\$ 89,634</u>
\$ 1,283	\$ 1,283
	1,779
	270,752
	100,085
	154,252
	50,000
	6,917,499
<u>\$ 1,283</u>	<u>\$ 7,495,650</u>
<u>\$ 1,283</u>	<u>\$ 8,142,538</u>

The accompanying notes to the financial
statements are an integral part of this report.

CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds \$ 7,495,650

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

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 28,775,998

Portions of the change in net pension liability and net other post employment benefit liability that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources. 38,948

Deferred inflows of resources related to property tax revenues receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the City. 118,986

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Compensated Absences	\$ (75,748)	
Net Pension Liability	(2,240,797)	
Net Other Postemployment Benefit Liability	<u>(111,298)</u>	<u>(2,427,843)</u>
Total Net Position - Governmental Activities		<u>\$ 34,001,739</u>

The accompanying notes to the financial
statements are an integral part of this report.

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CITY OF MEADOWS PLACE, TEXAS
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes and Penalties	\$ 2,929,575	\$ 135,461
City Sales Taxes	1,207,742	
Public Utilities	1,904,851	
Franchise Fees	277,624	
Fines and Forfeitures	366,620	
Licenses and Permits	125,621	
Investment Revenues	82,935	1,356
Other	291,208	
TOTAL REVENUES	<u>\$ 7,186,176</u>	<u>\$ 136,817</u>
EXPENDITURES		
Service Operations:		
Council	\$ 36,815	\$
General Government	800,382	187
Municipal Court	232,026	
Public Works	708,501	
Police Department	2,001,590	
Parks and Recreation	627,425	
Public Utilities Water/Sewer	1,427,403	
Capital Outlay	2,434,763	
Debt Service:		
Principal		275,000
Interest		5,500
TOTAL EXPENDITURES	<u>\$ 8,268,905</u>	<u>\$ 280,687</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,082,729)</u>	<u>\$ (143,870)</u>
OTHER FINANCING SOURCES (USES)		
Transfers From Component Unit	<u>\$ 152,000</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCES	\$ (930,729)	\$ (143,870)
FUND BALANCES - OCTOBER 1, 2019	<u>8,423,317</u>	<u>145,649</u>
FUND BALANCES - SEPTEMBER 30, 2020	<u>\$ 7,492,588</u>	<u>\$ 1,779</u>

The accompanying notes to the financial
statements are an integral part of this report.

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$	\$ 3,065,036
	1,207,742
	1,904,851
	277,624
	366,620
	125,621
161	84,452
	291,208
<u>\$ 161</u>	<u>\$ 7,323,154</u>
\$	\$ 36,815
	800,569
	232,026
6,518	715,019
	2,001,590
	627,425
	1,427,403
15,405	2,450,168
	275,000
	5,500
<u>\$ 21,923</u>	<u>\$ 8,571,515</u>
<u>\$ (21,762)</u>	<u>\$ (1,248,361)</u>
<u>\$ - 0 -</u>	<u>\$ 152,000</u>
\$ (21,762)	\$ (1,096,361)
23,045	8,592,011
<u>\$ 1,283</u>	<u>\$ 7,495,650</u>

The accompanying notes to the financial
statements are an integral part of this report.

CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Governmental Funds \$ (1,096,361)

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. 21,050

The changes in the net pension liability as well as deferred inflows and outflows of resources are recorded as pension expense in the government-wide financial statements. (249,101)

The changes in the net OPEB liability as well as deferred inflows and outflows of resources are recorded as OPEB expense in the government-wide financial statements. (8,862)

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (1,200,782)

Governmental funds report capital expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 2,475,786

Governmental funds do not account for an increase or decrease in accrued compensated absences. However, in the Statement of Activities, the change is recorded as part of the current year expense. (24,843)

Governmental funds report principal payments on debt as expenditures. However, in the Statement of Net Position, principal payments are reported as decreases in long-term liabilities. 275,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. 5,863

Change in Net Position - Governmental Activities \$ 197,750

The accompanying notes to the financial
statements are an integral part of this report.

CITY OF MEADOWS PLACE, TEXAS
COMPONENT UNIT BALANCE SHEET
FOR THE YEAR ENDED SEPTEMBER 30, 2020

ASSETS

Cash and Cash Equivalents	\$ 878,740
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LIABILITIES

Accounts Payable	\$ 117
Due to Primary Government	<u>14</u>

TOTAL LIABILITIES	\$ 131
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FUND BALANCE

Assigned for 2021 Budget	\$ 323,400
Unassigned	<u>555,209</u>

TOTAL FUND BALANCE	\$ 878,609
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TOTAL LIABILITIES AND FUND BALANCE	\$ 878,740
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The accompanying notes to the financial
statements are an integral part of this report.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF REVENUES EXPENDITURES AND CHANGE IN
FUND BALANCE – COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

REVENUES

City Sales Taxes	\$ 371,243
Investment Revenues	<u>8,804</u>
TOTAL REVENUES	<u>\$ 380,047</u>

EXPENDITURES

Service Operations:	
General Government	\$ 76,319
Capital Outlay	<u>28,212</u>
TOTAL EXPENDITURES	<u>\$ 104,531</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES**

\$ 275,516

OTHER FINANCING SOURCES (USES)

Transfers (Out) To Primary	<u>\$ (152,000)</u>
----------------------------	---------------------

NET CHANGE IN FUND BALANCE \$ 123,516

FUND BALANCE - OCTOBER 1, 2019 755,093

FUND BALANCE - SEPTEMBER 30, 2020 **\$ 878,609**

The accompanying notes to the financial
statements are an integral part of this report.

CITY OF MEADOWS PLACE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. CREATION OF CITY

The City of Meadows Place (the “City”) was incorporated in November of 1983 under the provisions of the State of Texas. The City is governed by an elected five-member council and a mayor. The City provides the following services; public safety, maintenance and improvements to streets, public improvements, water and wastewater services, garbage collection, and general administration services.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (US GAAP) applicable to state and local governments. US GAAP for local governments include those principles prescribed by GASB, the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

GASB has established the criteria for determining whether a given entity is a component unit. The criteria are (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit’s board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The City is an independent political subdivision of the State of Texas and is considered a primary government. Based on these considerations, the City’s financial statements include the Meadows Place Economic Development Corporation. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Discretely Presented Component Units

Meadows Place Economic Development Corporation (the “Corporation”) has been included in the reporting entity as a discretely presented component unit. The Corporation was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors is appointed by and serves at the discretion of City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, all assets of the Corporation shall be conveyed to the City.

During a prior year, with voter approval, the City converted the Corporation from a 4A to a 4B corporation to provide the City greater flexibility in the use of sales tax revenues.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components-Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets– This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the City’s policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain total revenue and expense of the government-wide Statement of Activities.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The City's fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The City has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, sales taxes, franchises fees, fines and forfeiture revenues, customer service revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The City uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The City considers revenue reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Property taxes considered available by the City and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the City does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Infrastructure assets are capitalized if they have an original cost greater than \$2,500 and a useful life over two years. Any other capital assets with a total cost of \$1,000 or more will also be capitalized. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
Furniture & Fixtures	3-20
Machinery & Equipment	5-45
Vehicles	5
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Park Improvements	10-25
Streets & Sidewalks	30

Program Revenues

In the Statement of Activities, program revenues include fines and forfeitures, charges for utility services, garbage services, grant proceeds, licenses and permits, and various user fees.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

In compliance with governmental accounting principles, the City Council annually adopts an unappropriated budget for the General Fund, Debt Service Fund and Component Unit. The General Fund budget was amended during the current fiscal year. The budgets for the Debt Service Fund and Component Unit were not amended during the current fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, Debt Service Fund and Component Unit presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the city.

Pension and Other Postemployment Benefits

Employees of the City participate in the TMRS defined benefit pension plan and the TMRS Group Term Life Insurance program. Further information is provided in Notes 8 and 9.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The City does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Committed: amounts that can be spent only for purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. See Note 15 for description of committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The City has not adopted a formal policy regarding the assignment of fund balances. For fiscal year ending September 30, 2020, the Meadows Place Economic Development Corporation has assigned \$323,400 of the fund balance to cover a portion of the 2021 budget.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The City's General Obligation Bonds are payable from and secured by property taxes in accordance with underlying ordinances and resolutions authorizing their issuance. Also, in accordance with authorizing ordinances and resolutions, separate Debt Service Funds have been established and are being maintained for these debt issues. Any revenues from investments in these funds will be used to pay principal and interest on these debt issues. Pertinent data related to the General Obligation Bonds is shown below.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended September 30, 2020:

	October 1, 2019	Additions	Retirements	September 30, 2020
Bonds Payable	\$ 275,000	\$	\$ 275,000	\$ -0-
Unamortized Discounts	(966)		(966)	
Unamortized Premiums	6,371		6,371	
Long-Term Debt, Net	<u>\$ 280,405</u>	<u>\$ -0-</u>	<u>\$ 280,405</u>	<u>\$ -0-</u>

During the year ended September 30, 2020, the City levied an ad valorem debt service tax at the rate of \$0.036497 per \$100 of assessed valuation, which resulted in a tax levy of \$134,479 on the adjusted taxable valuation of \$368,125,440 for the 2019 tax year. The bond orders require the City to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 related to maintenance and operations tax. The City's tax calendar is as follows:

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. ACCRUED COMPENSATED EMPLOYEE ABSENCES

The liability for accrued compensated absences at September 30, 2020, is accounted for in the Statement of Net Position and is comprised of the following components:

Sick Leave	\$ <u>75,748</u>
------------	------------------

Employees are allowed to earn twelve sick leave days per year. Employees may accumulate up to 72 sick leave days. Upon termination of employment, whether voluntary or involuntary, including retirement, employees receive payment for a maximum of 25 percent of accumulated sick leave days at their base salary in effect at date of termination.

Employees are allowed to earn up to 120 hours of comp-time for overtime hours worked. Upon termination of employment, whether voluntary or involuntary, including retirement, employees receive payment for 50 percent of accumulated comp-time earned at their base salary in effect at date of termination. During a prior year, the City began paying all accumulated comp-time in the last payroll period of the fiscal year.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4. ACCRUED COMPENSATED EMPLOYEE ABSENCES (Continued)

Vacation time, per City policy, is lost if not taken by September 30. As a result of the COVID-19 pandemic, the City is permitting employees to carryover unused vacation time to be taken in the next fiscal year.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Cash and cash equivalents include petty cash on hand in various departments, time deposit accounts, and deposits in TexPool, TexPool Prime and Lone Star Investment Pool.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the City of securities eligible under the laws of Texas to secure the funds of the City, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the City's deposits was \$660,235 and the bank balance was \$748,248. The City was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2020, are part of cash and cash equivalents as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 637,153
COMPONENT UNIT	<u>23,082</u>
TOTAL DEPOSITS	<u><u>\$ 660,235</u></u>

Investments

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all City funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the City's financial requirements, first; preservation and safety of

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth.

The City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest City funds without express written authority from the City Council.

Texas statutes include specifications for and limitations applicable to the City and its authority to purchase investments as defined in the Public Funds Investment Act. The City has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The City's investment policy may be more restrictive than the Public Funds Investment Act.

The City invests in TexPool, TexPool Prime and Lone Star, external investment pools that are not SEC-registered. The Texas State Comptroller of Public Accounts has oversight of TexPool and TexPool Prime. Federated Investors, Inc. manages the daily operations of TexPool and TexPool Prime under a contract with the Comptroller. Lone Star is distributed by First Public, LLC a subsidiary of the Texas Association of School Boards. The City measures its investments in these pools at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from the pools.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 4,130,207	\$ 4,130,207	\$	\$	\$
TexPool Prime	2,219,059	2,219,059			
Lone Star	823,076	823,076			
<u>DEBT SERVICE FUND</u>					
TexPool	1,779	1,779			
<u>CAPITAL PROJECTS FUND</u>					
TexPool	1,283	1,283			
<u>COMPONENT UNIT</u>					
TexPool	262,355	262,355			
TexPool Prime	593,303	593,303			
TOTAL INVESTMENTS	\$ 8,031,062	\$ 8,031,062	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the City's investment in TexPool, TexPool Prime and Lone Star were rated AAAm, AAAm and AAA, respectively, by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City considers the investments in TexPool, TexPool Prime and Lone Star to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the City, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets. All cash and investments of the Component Unit are restricted for activities of the economic development corporation.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2020:

	October 1, 2019	Increases	Decreases	September 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 8,394,166	\$	\$	\$ 8,394,166
Construction in Progress	<u>2,681,803</u>	<u>2,478,380</u>	<u>1,067,732</u>	<u>4,092,451</u>
Total Capital Assets Not Being Depreciated	<u>\$ 11,075,969</u>	<u>\$ 2,478,380</u>	<u>\$ 1,067,732</u>	<u>\$ 12,486,617</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 2,904,702	\$ 49,362	\$ 3,029	\$ 2,951,035
Furniture and Fixtures	355,235			355,235
Machinery and Equipment	1,789,995	325,262	64,812	2,050,445
Park Improvements	1,641,444	121,109		1,762,553
Vehicles	673,381	133,622	92,003	715,000
Water System	3,552,926	62,543		3,615,469
Wastewater System	9,359,548	71,039		9,430,587
Drainage	2,917,921	15,405		2,933,326
Streets and Sidewalks	<u>17,664,619</u>	<u>289,390</u>		<u>17,954,009</u>
Total Capital Assets Subject to Depreciation	<u>\$ 40,859,771</u>	<u>\$ 1,067,732</u>	<u>\$ 159,844</u>	<u>\$ 41,767,659</u>
Accumulated Depreciation				
Buildings	\$ 1,163,107	\$ 141,740	\$ 973	\$ 1,303,874
Furniture and Fixtures	211,026	22,802		233,828
Machinery and Equipment	808,763	143,386	64,274	887,875
Park Improvements	791,672	97,985		889,657
Vehicles	372,909	95,749	92,003	376,655
Water System	2,613,047	83,899		2,696,946
Wastewater System	5,079,109	217,692		5,296,801
Drainage	2,334,600	51,988		2,386,588
Streets and Sidewalks	<u>11,060,513</u>	<u>345,541</u>		<u>11,406,054</u>
Total Accumulated Depreciation	<u>\$ 24,434,746</u>	<u>\$ 1,200,782</u>	<u>\$ 157,250</u>	<u>\$ 25,478,278</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,425,025</u>	<u>\$ (133,050)</u>	<u>\$ 2,594</u>	<u>\$ 16,289,381</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,500,994</u>	<u>\$ 2,345,330</u>	<u>\$ 1,070,326</u>	<u>\$ 28,775,998</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6. CAPITAL ASSETS (Continued)

The City's capital assets included donations of \$1,054,877, consisting of donated land, police department training equipment, and improvements for parks and recreational facilities. Remaining amounts have been provided by expenditures of the General and Capital Projects Funds and the Component Unit. Depreciation categorized by department at September 30, 2020, follows:

General Government	\$ 442,222
Municipal Court	1,758
Public Works	6,758
Police Department	208,404
Public Utilities	394,306
Parks and Recreation	<u>147,334</u>
Total Depreciation Expense	<u>\$ 1,200,782</u>

NOTE 7. MAINTENANCE AND OPERATIONS TAX LEVY

During the current fiscal year, the City levied a maintenance and operations tax at the rate of \$0.795503 per \$100 of valuation. The levy was based upon a total adjusted property valuation of \$368,125,440 for the 2019 tax year. This tax levy resulted in a total tax amount of \$2,931,159. The revenue derived from this levy is deposited into the combined General Fund and Public Utilities Fund of the City.

NOTE 8. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained from TMRS' website at www.TMRS.com. All eligible employees of the city are required to participate in TMRS.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided

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

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

Vesting and Retirement Eligibility

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. TMRS members vest after five years of service. If a vested member leaves covered employment before reaching retirement eligibility, the member may leave their deposits with TMRS, earn interest on the deposits, and upon reaching age 60, apply for and receive a monthly retirement payment. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

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

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled but not yet receiving benefits	31
Active employees	<u>30</u>
Total	<u><u>79</u></u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

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 the City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the current fiscal year. The contribution rates for the City were 9.80% and 10.26% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$196,202, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions: inflation 2.5% per year, overall payroll growth 2.75% per year and an investment rate of return 6.75%, net of pension plan investment expense, including inflation. Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 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 Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs 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, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimate of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Asset Allocation December 31, 2019
Global Equity	35.00%	36.20%
Core Fixed Income	10.00%	12.30%
Non-Core Fixed Income	20.00%	18.70%
Real Estate	10.00%	8.50%
Real Return	10.00%	11.00%
Absolute Return	10.00%	8.70%
Private Equity	5.00%	2.90%
Private Equity	0.00%	1.70%
Total	<u>100.00%</u>	<u>100.00%</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

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 the 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.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2018	\$ 9,012,086	\$ 6,491,127	\$ 2,520,959
Changes for the year:			
Service Costs	297,024		297,024
Interest (on the Total Pension Liability)	607,676		607,676
Difference between expected and actual experience	41,401		41,401
Changes of assumptions	61,917		61,917
Benefit payments, including refunds of employee contributions	(315,987)	(315,987)	
Contributions - employer		168,878	(168,878)
Contributions - employee		122,376	(122,376)
Net investment income		1,002,765	(1,002,765)
Administrative Expense		(5,670)	5,670
Other		(169)	169
Balances of December 31, 2019	<u>\$ 9,704,117</u>	<u>\$ 7,463,320</u>	<u>\$ 2,240,797</u>

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

	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net pension liability	<u>\$ 3,625,630</u>	<u>\$ 2,240,797</u>	<u>\$ 1,103,952</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

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 from TMRS' website at www.TMRS.com.

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

For the year ended September 30, 2020, the City recognized pension expense of \$445,303.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 53,249	\$
Changes in actuarial assumptions	43,865	
Difference between projected and actual investment earnings	393,020	620,870
Contributions by the City subsequent to the measurement date	156,177	
Total	<u>\$ 646,311</u>	<u>\$ 620,870</u>

\$156,177 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to December 31, 2019 will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ (15,187)
2021	(33,664)
2022	31,037
2023	(112,922)
	<u>\$ (130,736)</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

The City also participates in the group-term life insurance plan, administered by TMRS, known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during the employee’s entire careers. The contribution rates for the City were 0.14%, 0.14% and 0.16% for the calendar years ended December 31, 2020, 2019, and 2018, respectively. The City’s contribution for the retirees to the TMRS SDBF for the fiscal years ended September 30, 2020, 2019 and 2018 were \$2,741, \$2,472, and \$2,631, respectively, which equaled the required contributions each year.

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

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled but not yet receiving benefits	9
Active employees	<u>30</u>
Total	<u><u>52</u></u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The assumptions are summarized below:

Inflation - 2.5% per year

Salary Increases - 3.5% to 11.5% including inflation

Investment Rate of Return (Discount Rate) - 2.75% based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019

Retirees' Share of benefit related costs - \$-0-

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

Mortality rates were based on the following:

Service retirees – 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP.

Disabled retirees – 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Discount Rate

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions discussed below. The discount rate reflects the long-term rate of return funding valuation assumption of 3.31%. The TMRS SDBF is treated as an unfunded OPEB plan because the SDBF covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date of December 31, 2019. As of December 31, 2019, the discount rate used in the development of the Total OPEB Liability was 2.75% compared to 3.71% as of December 31, 2018.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Change in Total OPEB Liability for measurement year ended December 31, 2019 are as follows:

	Total OPEB Liability
Balances of December 31, 2018	\$ 86,364
Changes for the year:	
Service Costs	3,496
Interest on Total OPEB Liability	3,259
Differences between expected and actual experience	(1,427)
Changes in assumptions or other inputs	20,130
Benefit payments	(524)
Balances of December 31, 2019	\$ 111,298

For the year ended September 30, 2020, the City recognized OPEB expense of \$9,680.

Sensitivity Analysis – The following presents the net OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB Liability	\$ 137,308	\$ 111,298	\$ 91,496

As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 3,902
Changes in assumptions and other inputs	19,367	4,119
Contributions by the City subsequent to the measurement date	2,161	
Total	\$ 21,528	\$ 8,021

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources related to OPEB resulting from contributions subsequent to December 31, 2019 will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020 in the amount of \$2,161. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2020	\$	2,925
2021		2,842
2022		1,428
2023		3,638
2024		<u>513</u>

NOTE 10. RETIREMENT PLAN

In July 2015, the city established a 457b deferred compensation plan for its employees, in the form of The International City Management Association (“ICMA”) Retirement Corporation Deferred Compensation Plan and Trust. The plan is a qualified prototype plan approved by the Internal Revenue Service and administered by Vantage Trust, which also serves as custodian of assets of the plan. The assets of the plan are held in trust, with the City serving as trustee. The plan became effective October 1, 2015.

The 457(b) retirement plan is a defined contribution plan open to regular full-time employees only and is funded by the City. Employees contribute to the plan and each employee participant directs the investment in his/her respective account.

During the current year, employees contributed \$24,175 to the plan.

NOTE 11. CONTRACTS

City of Houston

The Meadows Municipal Utility District (“MUD”), which was dissolved and added to City operations in 1993, had contracted with the City of Houston in a prior year for the use of capacity in the MUD’s sewage treatment plant. Under the terms of the contract (which has been continued with the City), the City operates and owns the plant and charges the City of Houston for a proportionate share of the plant’s operating costs. The City of Houston’s contracted plant capacity is 67,500 gallons per day for 180 connections which represents approximately 4.5 percent of total plant capacity. During the fiscal year ended September 30, 2020, the City received \$45,848 from the City of Houston for their proportionate share of the plant’s operating costs.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11. CONTRACTS (Continued)

Fort Bend County Water Control & Improvement District No. 2

On May 19, 2008, the City entered into an agreement with Fort Bend County Water Control and Improvement District No. 2 (the "District") for participation in a groundwater reduction plan. The agreement was effective as of January 1, 2008. The District has an existing surface water supply contract with the Gulf Coast Water Authority, owns a site for a surface water treatment plant and is developing a regional groundwater reduction plan to meet the regulatory plan requirement of the Fort Bend County Subsidence District. The District includes the City in the groundwater reduction plan.

The District is developing the groundwater reduction plan for the benefit of the participants and shall act as the administrator in implementing the plan and maintaining the surface water fund. The surface water fund is a separate account owned and administered by the District for the benefit of the participants and shall only be used to pay costs associated with the groundwater reduction plan and its implementation and the issuance and payment of any bonds. The District will be responsible for designing the plan to meet the requirements of the subsidence district. The District includes the City as a participant in the plan and will include the pumpage from permitted wells owned by the City in their request for the subsidence district's certification of the plan.

The City will pay the District a monthly pumpage fee for all groundwater pumped by the City from its permitted wells and for all water supplied to the City by the District. The pumpage fee at fiscal year-end is \$2.00 per 1,000 gallons. A groundwater credit is applied on a monthly basis and deducted from the monthly pumpage fee. As of year-end, the groundwater credit is \$0.45 per 1,000 gallons. During the current fiscal year, the City recorded \$257,243 in pumpage fees.

The City paid an equalization fee on a monthly basis as a unit charge of \$0.20 per 1,000 gallons of groundwater pumped by the City from a permitted well and/or for water supplied to the City by the District until the City's equalization fee payments totaled \$328,054 plus interest calculated at 4.44% per year. The equalization fee was the City's pro rata share of the District's historical costs incurred prior to the effective date of this agreement for the procurement of a surface water supply, a plant site and feasibility studies and preparation of the groundwater reduction plan. During a prior fiscal year, this equalization fee was paid in full.

Fort Bend County-West Airport Boulevard

On June 23, 2009, the City entered into an interlocal agreement with Fort Bend County for Improvements to West Airport Boulevard from US 59 to Kirkwood. The County's sole obligation is to provide funding to the City of an amount equal to the lesser of 1) 72% of the total project cost or 2) \$2,385,000. The County will forward the lesser amount upon completion of the final design of the project. The City's responsibility was for managing the design of the project in accordance with the Advance Funding Agreement with the Texas Department of

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11. CONTRACTS (Continued)

Fort Bend County-West Airport Boulevard (Continued)

Transportation (“TxDOT”). Any funding required for the project in excess of the County’s contribution set forth above, will be the sole responsibility of the City.

Upon completion of the project each party will maintain that portion of the project within its own jurisdiction. This project was completed in a prior year, with TxDOT paying \$1,547,631 for this project, \$1,114,295 from the County and \$433,337 of City funds. The City recorded \$212,297 due to Fort Bend County for additional City costs. During a prior year, the balance due to Fort Bend County was recorded as an increase to the amount contributed by the County for the Kirkwood Road project.

Fort Bend County-Kirkwood Road

On June 23, 2009, the City entered into an interlocal agreement with Fort Bend County for Improvements to Kirkwood Road. The County’s sole obligation is to provide funding to the City of \$1,500,000. The County will forward this amount upon completion of the final design of the project. The City’s responsibility is for managing the design of the project in accordance the Advance Funding Agreement with TxDOT. Any funding required for the project in excess of the County’s contribution set forth above, will be the sole responsibility of the City. Upon completion of the project each party will maintain that portion of the project within its own jurisdiction.

On September 18, 2018, the agreement was amended. The funds due to the County related to the West Airport project of \$212,297, will be held by the City for use on the Kirkwood project. The County will reallocate \$1,270,706 originally set aside for the West Airport project to the Kirkwood project, and remains committed to the initial financial obligation of \$1,500,000. The County’s total maximum financial obligation to provide funding under the Kirkwood agreement is increased to an amount not to exceed \$2,983,003. During a prior year, the City received \$2,770,705 from Fort Bend County for this project and the balance due to the County for the West Airport Boulevard construction was recorded as an increase in the amount contributed by the county for a total contribution of \$2,983,003. As of September 30, 2020, \$3,998,378 has been expended for this project. At year-end, this project was still in progress.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, mobile equipment, general liability, automobile, auto physical damage, boiler and machinery, errors and omissions, law enforcement liability and workers compensation coverage. The City, along with other participating entities,

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12. RISK MANAGEMENT (Continued)

contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 13. GRANT REVENUES

On February 21, 2020, the City received an allocation from the Law Enforcement Officer Standards and Education account in the amount of \$1,519. These funds were provided by the Texas Comptroller of Public Accounts and were used in the current year to provide necessary training to full-time, fully paid law enforcement support personnel of the City.

On October 10, 2019, the City was awarded a grant in the amount of \$46,352, to provide funds for interoperable radio purchase. These funds were provided by the US Department of Homeland Security. During the current year, the City spent \$46,804 for the purchase of this equipment.

On October 30, 2019, the City was awarded grant in the amount of \$32,954, to provide funds to for car camera equipment. These funds were provided by the US Department of Justice. During the current year, the City spent \$32,251 for the purchase of this equipment.

On May 26, 2020, the City entered into an agreement with Fort Bend County for Coronavirus Aid, Relief, and Economic Security Act ("CARES") funding to provide up to \$253,935, for necessary expenditures related to COVID-19 incurred between March 1 and December 30, 2020. During the current year, the City submitted reimbursement requests in the amount of \$129,613. As of September 30, 2020, the City has recorded \$38,315 as receivable.

NOTE 14. RESTRICTED FOR SPECIAL PROJECTS

As of September 30, 2020, the City had \$270,752 restricted by state law for special projects: \$4,466 for Police Department Drug Task Force; \$58,733 for Child Safety Programs; \$13,490 for Children's Programs; \$87,319 for Public, Educational, and Governmental cable programming; \$17,859 for Court Technology; and \$88,885 for Court Security.

NOTE 15. COMMITTED FOR SPECIAL PROJECTS

As of September 30, 2020, the City had \$154,252 in the Road Use Fee Reserve. A monthly fee of \$10 is included in the monthly billing for services to residents and businesses within the City limits. This fund was created by the City to provide funding to repair roadways within the City limits. During the current year, the City collected \$189,938 from the monthly fee. The City expended \$187,505 during the current year for these repairs.

On August 28, 2018, by City Ordinance, \$50,000 was committed for possible future capital improvements to City Facilities.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 16. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the City. The City is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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CITY OF MEADOWS PLACE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes and Penalties	\$ 2,969,776	\$ 2,969,776	\$ 2,929,575	\$ (40,201)
City Sales Taxes	979,000	1,069,000	1,207,742	138,742
Public Utilities	1,859,000	1,859,000	1,904,851	45,851
Franchise Fees	275,000	275,000	277,624	2,624
Fines and Forfeitures	445,000	445,000	366,620	(78,380)
Licenses and Permits	75,000	75,000	125,621	50,621
Investment Revenues	120,000	120,000	82,935	(37,065)
Other	143,650	83,650	291,208	207,558
TOTAL REVENUES	<u>\$ 6,866,426</u>	<u>\$ 6,896,426</u>	<u>\$ 7,186,176</u>	<u>\$ 289,750</u>
EXPENDITURES				
Council	\$ 40,186	\$ 40,186	\$ 36,815	\$ 3,371
General Government	972,449	1,010,549	800,382	210,167
Municipal Court	261,212	261,212	232,026	29,186
Public Works	1,085,249	1,085,249	708,501	376,748
Police Department	2,224,201	2,230,201	2,001,590	228,611
Parks and Recreation	744,829	693,233	627,425	65,808
Public Utilities Water/Sewer	1,712,450	1,712,450	1,427,403	285,047
Capital Outlay	65,000	248,796	2,434,763	(2,185,967)
TOTAL EXPENDITURES	<u>\$ 7,105,576</u>	<u>\$ 7,281,876</u>	<u>\$ 8,268,905</u>	<u>\$ (987,029)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (239,150)</u>	<u>\$ (385,450)</u>	<u>\$ (1,082,729)</u>	<u>\$ (697,279)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Component Unit	<u>\$ 2,000</u>	<u>\$ - 0 -</u>	<u>\$ 152,000</u>	<u>\$ 152,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (237,150)</u>	<u>\$ (385,450)</u>	<u>\$ (930,729)</u>	<u>\$ (545,279)</u>
FUND BALANCE – OCTOBER 1, 2019	<u>8,423,317</u>	<u>8,423,317</u>	<u>8,423,317</u>	
FUND BALANCE – SEPTEMBER 30, 2020	<u><u>\$ 8,186,167</u></u>	<u><u>\$ 8,037,867</u></u>	<u><u>\$ 7,492,588</u></u>	<u><u>\$ (545,279)</u></u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Year Ended December 31, 2019	Year Ended December 31, 2018
Total Pension Liability		
Service Cost	\$ 297,024	\$ 278,511
Interest (on the Total Pension Liability)	607,676	567,474
Difference between expected and actual experience	41,401	41,016
Changes of assumptions	61,917	
Benefit payments, including refunds of employee contributions	<u>(315,987)</u>	<u>(285,372)</u>
Net change in total pension liability	\$ 692,031	\$ 601,629
Total pension liability, beginning	<u>9,012,086</u>	<u>8,410,457</u>
Total pension liability, ending (a)	<u><u>\$ 9,704,117</u></u>	<u><u>\$ 9,012,086</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 168,878	\$ 144,871
Contributions - employee	122,376	113,944
Net investment income	1,002,765	(201,229)
Benefit payments, including refunds of employee contributions	(315,987)	(285,372)
Administrative Expense	(5,670)	(3,892)
Other	<u>(169)</u>	<u>(205)</u>
Net Change in plan fiduciary net position	\$ 972,193	\$ (231,883)
Plan Fiduciary net position, beginning	<u>6,491,127</u>	<u>6,723,010</u>
Plan Fiduciary net position, ending (b)	<u><u>\$ 7,463,320</u></u>	<u><u>\$ 6,491,127</u></u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u><u>\$ 2,240,797</u></u>	<u><u>\$ 2,520,959</u></u>
Plan fiduciary net position as a percentage of the total pension liability	76.91%	72.03%
Covered-employee payroll	\$ 1,748,226	\$ 1,627,768
Net pension liability as a percentage of covered employee payroll	128.18%	154.87%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 268,764	\$ 264,811	\$ 227,586	\$ 211,979
524,412	487,855	470,575	463,068
129,289	55,957	12,405	(276,563)
		56,198	
<u>(293,393)</u>	<u>(244,634)</u>	<u>(316,155)</u>	<u>(281,922)</u>
\$ 629,072	\$ 563,989	\$ 450,609	\$ 116,562
<u>7,781,385</u>	<u>7,217,396</u>	<u>6,766,787</u>	<u>6,650,225</u>
<u>\$ 8,410,457</u>	<u>\$ 7,781,385</u>	<u>\$ 7,217,396</u>	<u>\$ 6,766,787</u>
\$ 131,403	\$ 91,630	\$ 103,216	\$ 94,011
109,763	106,902	95,912	87,986
824,725	380,106	8,468	316,172
(293,393)	(244,634)	(316,155)	(281,922)
(4,277)	(4,294)	(5,158)	(3,301)
<u>(216)</u>	<u>(231)</u>	<u>(254)</u>	<u>(271)</u>
\$ 768,005	\$ 329,479	\$ (113,971)	\$ 212,675
<u>5,955,005</u>	<u>5,625,526</u>	<u>5,739,497</u>	<u>5,526,822</u>
<u>\$ 6,723,010</u>	<u>\$ 5,955,005</u>	<u>\$ 5,625,526</u>	<u>\$ 5,739,497</u>
<u>\$ 1,687,447</u>	<u>\$ 1,826,380</u>	<u>\$ 1,591,870</u>	<u>\$ 1,027,290</u>
79.94%	76.53%	77.94%	84.82%
\$ 1,568,048	\$ 1,527,167	\$ 1,370,174	\$ 1,256,939
107.61%	119.59%	116.18%	81.73%

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSIONS
SEPTEMBER 30, 2020

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2020	\$ 196,202	\$ 196,202	\$ -0-	\$ 1,957,586	10.02%
2019	\$ 162,455	\$ 162,455	\$ -0-	\$ 1,711,428	9.49%
2018	\$ 139,093	\$ 139,093	\$ -0-	\$ 1,582,245	8.79%
2017	\$ 128,761	\$ 128,761	\$ -0-	\$ 1,604,907	8.02%
2016	\$ 100,361	\$ 100,361	\$ -0-	\$ 1,554,311	6.46%
2015	\$ 102,244	\$ 102,244	\$ -0-	\$ 1,329,535	7.69%
2014	\$ 94,994	\$ 94,994	\$ -0-	\$ 1,250,535	7.60%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with Scale UMP.

Other Information:

Notes	1) Granted 100% ad hoc USC. 2) Granted 70% ad hoc COLA.
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See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability			
Service Cost	\$ 3,496	\$ 3,581	\$ 2,979
Interest (on the Total OPEB Liability)	3,259	3,087	3,003
Difference between expected and actual experience	(1,427)	(4,621)	
Changes of assumptions or other inputs	20,130	(6,913)	8,007
Benefit payments	(524)	(488)	(470)
Net change in total OPEB liability	\$ 24,934	\$ (5,354)	\$ 13,519
Total OPEB liability, beginning	86,364	91,718	78,199
Total OPEB liability, ending	<u>\$ 111,298</u>	<u>\$ 86,364</u>	<u>\$ 91,718</u>
OPEB Covered-employee payroll	\$ 1,748,226	\$ 1,627,768	\$ 1,568,048
Net OPEB liability as a percentage of covered employee payroll	6.37%	5.31%	5.85%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2020	\$ 2,741	\$ 2,741	\$ -0-	\$ 1,957,586	0.14%
2019	\$ 2,472	\$ 2,472	\$ -0-	\$ 1,711,428	0.14%
2018	\$ 2,631	\$ 2,631	\$ -0-	\$ 1,582,245	0.17%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS – OTHER
POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Valuation Date:

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	Straight line method over expected working life
Asset Valuation Method	Does Not Apply
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	3.71% based on Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2018
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement 68.
Mortality Rates – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP.
Mortality Rates -Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

Notes: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Property Taxes and Penalties:				
Property Taxes	\$ 2,951,776	\$ 2,951,776	\$ 2,910,697	\$ (41,079)
Penalties and Interest	18,000	18,000	18,878	878
Total Property Taxes and Penalties	<u>\$ 2,969,776</u>	<u>\$ 2,969,776</u>	<u>\$ 2,929,575</u>	<u>\$ (40,201)</u>
City Sales Taxes:				
Sales Tax	\$ 650,000	\$ 740,000	\$ 832,486	\$ 92,486
1/2 % Ad Valorem Sales Tax	325,000	325,000	371,243	46,243
Mixed Beverage Sales Tax	4,000	4,000	4,013	13
Total City Sales Taxes	<u>\$ 979,000</u>	<u>\$ 1,069,000</u>	<u>\$ 1,207,742</u>	<u>\$ 138,742</u>
Public Utilities:				
Service Fees - Water	\$ 724,000	\$ 724,000	\$ 755,535	\$ 31,535
Reconnect Fees			25	25
Service Fees - Sewer	544,000	544,000	554,436	10,436
Garbage Fees	330,000	330,000	334,738	4,738
Road Use Fees	189,000	189,000	189,938	938
City of Houston	50,000	50,000	45,848	(4,152)
Late Fees	22,000	22,000	24,331	2,331
Total Public Utilities	<u>\$ 1,859,000</u>	<u>\$ 1,859,000</u>	<u>\$ 1,904,851</u>	<u>\$ 45,851</u>
Franchise Fees	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 277,624</u>	<u>\$ 2,624</u>
Fines and Forfeitures:				
Fines and Forfeitures	\$ 445,000	\$ 445,000	\$ 348,315	\$ (96,685)
Court Cost 10% Administrative			18,305	18,305
Total Fines and Forfeitures	<u>\$ 445,000</u>	<u>\$ 445,000</u>	<u>\$ 366,620</u>	<u>\$ (78,380)</u>
Licenses and Permits	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 125,621</u>	<u>\$ 50,621</u>
Interest	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 82,935</u>	<u>\$ (37,065)</u>
Other Revenues:				
Newsletter Advertising	\$ 7,500	\$ 7,500	\$ 6,614	\$ (886)
Miscellaneous Revenue	61,100	1,100	30,815	29,715
Rentals	15,500	15,500	8,487	(7,013)
Programs	59,550	59,550	15,255	(44,295)
Grants			206,537	206,537
Gain on Disposal of Asset			23,500	23,500
Total Other Revenues	<u>\$ 143,650</u>	<u>\$ 83,650</u>	<u>\$ 291,208</u>	<u>\$ 207,558</u>
Total Revenues	<u>\$ 6,866,426</u>	<u>\$ 6,896,426</u>	<u>\$ 7,186,176</u>	<u>\$ 289,750</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Council				
Personnel	\$ 26,286	\$ 26,286	\$ 26,127	\$ 159
Operating and Other	13,900	13,900	10,688	3,212
Total Council	<u>\$ 40,186</u>	<u>\$ 40,186</u>	<u>\$ 36,815</u>	<u>\$ 3,371</u>
General Government:				
Personnel	\$ 546,473	\$ 546,473	\$ 447,490	\$ 98,983
Operating and Other	425,976	464,076	352,892	111,184
Total General Government	<u>\$ 972,449</u>	<u>\$ 1,010,549</u>	<u>\$ 800,382</u>	<u>\$ 210,167</u>
Municipal Court:				
Personnel	\$ 203,062	\$ 203,062	\$ 194,975	\$ 8,087
Operating and Other	58,150	58,150	37,051	21,099
Total Municipal Court	<u>\$ 261,212</u>	<u>\$ 261,212</u>	<u>\$ 232,026</u>	<u>\$ 29,186</u>
Public Works:				
Personnel	\$ 229,198	\$ 229,198	\$ 216,016	\$ 13,182
Operating and Other	856,051	856,051	492,485	363,566
Total Public Works	<u>\$ 1,085,249</u>	<u>\$ 1,085,249</u>	<u>\$ 708,501</u>	<u>\$ 376,748</u>
Police Department:				
Personnel	\$ 1,928,030	\$ 1,928,030	\$ 1,774,581	\$ 153,449
Operating and Other	296,171	302,171	227,009	75,162
Total Police Department	<u>\$ 2,224,201</u>	<u>\$ 2,230,201</u>	<u>\$ 2,001,590</u>	<u>\$ 228,611</u>
Parks and Recreation:				
Personnel	\$ 382,976	\$ 354,976	\$ 339,553	\$ 15,423
Operating and Other	361,853	338,257	287,872	50,385
Total Parks and Recreation	<u>\$ 744,829</u>	<u>\$ 693,233</u>	<u>\$ 627,425</u>	<u>\$ 65,808</u>
Public Utilities:				
Operating and Other	<u>\$ 1,712,450</u>	<u>\$ 1,712,450</u>	<u>\$ 1,427,403</u>	<u>\$ 285,047</u>
Capital Outlay	<u>\$ 65,000</u>	<u>\$ 248,796</u>	<u>\$ 2,434,763</u>	<u>\$ (2,185,967)</u>
Total Expenditures	<u>\$ 7,105,576</u>	<u>\$ 7,281,876</u>	<u>\$ 8,268,905</u>	<u>\$ (987,029)</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes and Penalties	\$ 141,100	\$ 135,461	\$ (5,639)
Investment Revenue	<u>50</u>	<u>1,356</u>	<u>1,306</u>
TOTAL REVENUES	<u>\$ 141,150</u>	<u>\$ 136,817</u>	<u>\$ (4,333)</u>
EXPENDITURES			
General Government	\$ 200	\$ 187	\$ 13
Bond Principal	275,000	275,000	
Bond Interest	<u>5,500</u>	<u>5,500</u>	
TOTAL EXPENDITURES	<u>\$ 280,700</u>	<u>\$ 280,687</u>	<u>\$ 13</u>
NET CHANGE IN FUND BALANCE	\$ (139,550)	\$ (143,870)	\$ (4,320)
FUND BALANCES – OCTOBER 1, 2019	<u>145,649</u>	<u>145,649</u>	
FUND BALANCES – SEPTEMBER 30, 2020	<u>\$ 6,099</u>	<u>\$ 1,779</u>	<u>\$ (4,320)</u>

The Debt Service Fund budget was not amended.

See accompanying independent auditor's report.

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CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Economic Development Corporation		
	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
City Sales Taxes	\$ 325,000	\$ 371,243	\$ 46,243
Investment Revenue	7,000	8,804	1,804
TOTAL REVENUES	<u>\$ 332,000</u>	<u>\$ 380,047</u>	<u>\$ 48,047</u>
EXPENDITURES			
General Government	\$ 143,400	\$ 76,319	\$ 67,081
Capital Outlay	315,000	28,212	286,788
TOTAL EXPENDITURES	<u>\$ 458,400</u>	<u>\$ 104,531</u>	<u>\$ 353,869</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (126,400)</u>	<u>\$ 275,516</u>	<u>\$ 401,916</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out) To Primary Government	<u>\$ (2,000)</u>	<u>\$ (152,000)</u>	<u>\$ (150,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (128,400)</u>	<u>\$ 123,516</u>	<u>\$ 251,916</u>
FUND BALANCES – OCTOBER 1, 2019	<u>755,093</u>	<u>755,093</u>	
FUND BALANCES – SEPTEMBER 30, 2020	<u><u>\$ 626,693</u></u>	<u><u>\$ 878,609</u></u>	<u><u>\$ 251,916</u></u>

See accompanying independent auditor's report.

**CITY OF MEADOWS PLACE, TEXAS
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2019
City of Meadows Place, Texas General Obligation Refunding Bonds - Series 2010	<u>\$ 2,940,000</u>	<u>\$ 275,000</u>

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions			Bonds Outstanding September 30, 2020	Paying Agent
Bonds Sold	Retirements			
	Principal	Interest		
\$ - 0 -	\$ 275,000	\$ 5,500	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

