

**CITY OF MEADOWS PLACE, TEXAS**  
**FORT BEND COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2014**



**CITY OF MEADOWS PLACE, TEXAS**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2014**



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## **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, 2014, 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.





Honorable Mayor and City Council  
City of Meadows Place, Texas

## **Opinion**

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, 2014, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 8, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 39 and the Texas Municipal Retirement System Trend Data on page 40 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

December 16, 2014



**CITY OF MEADOWS PLACE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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, 2014. Please read it in conjunction with the City's financial statements, which begin on page 9.

**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 similar to a private-sector business. The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position on page 9 presents information on all of the City's assets and liabilities, 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 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 on pages 10 and 11 presents information showing how the City's net position changed during the most recent fiscal year. All of the revenues and expenses are taken into account as soon as the underlying event giving rise to the item occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 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, 2014**

**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, customer service revenues, 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 on pages 12 and 13 and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances on pages 15 and 16. The focus in the fund 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 on page 14 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities on page 17 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. The notes to the financial statements can be found on pages 18 through 37 in this report.

**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 on page 39 of this report. The City's progress in funding its obligation to provide pension benefits to its employees is included as RSI on Page 40 of this report.

**CITY OF MEADOWS PLACE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**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 exceeded liabilities by \$24,675,326 as of September 30, 2014. This compares with assets exceeding liabilities by \$23,014,363 as of September 30, 2013.

A portion of the City's net position reflects its net investment in capital assets (e.g. buildings, land, streets, sidewalks, 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, 2014, and September 30, 2013:

	Summary of Changes in the Statement of Net Position - Governmental Activities		
	2014	2013	Change Positive (Negative)
Current and Other Assets	\$ 5,682,385	\$ 5,728,810	\$ (46,425)
Capital Assets (Net of Accumulated Depreciation)	22,451,133	21,058,893	1,392,240
Total Assets	\$ 28,133,518	\$ 26,787,703	\$ 1,345,815
Long-Term Liabilities	\$ 2,311,616	\$ 2,665,469	\$ 353,853
Other Liabilities	1,146,576	1,107,871	(38,705)
Total Liabilities	\$ 3,458,192	\$ 3,773,340	\$ 315,148
Net Position:			
Net Investment in Capital Assets	\$ 19,980,452	\$ 18,301,418	\$ 1,679,034
Restricted	733,084	689,287	43,797
Unrestricted	3,961,790	4,023,658	(61,868)
Total Net Position	\$ 24,675,326	\$ 23,014,363	\$ 1,660,963

\*

\* As Adjusted, Note 13

**CITY OF MEADOWS PLACE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following table provides a summary of the City's operations for the years ended September 30, 2014, and September 30, 2013. The City's net position related to governmental activities increased by \$1,660,963, accounting for a 7.2% increase in net position. This compares with an increase of \$241,348 in the prior fiscal year.

	Summary of Changes in the Statement of Activities - Governmental Activities		
	2014	2013	Change Positive (Negative)
Revenues:			
Charges for Services	\$ 2,188,412	\$ 2,225,072	\$ (36,660)
Grant Revenue	23,046	27,048	(4,002)
General Revenues:			
Property Taxes	2,513,286	2,432,014	81,272
Sales Taxes	841,579	834,178	7,401
Investment Revenues	3,492	6,630	(3,138)
Other Revenues	1,435,753	293,127	1,142,626
Total Revenues	\$ 7,005,568	\$ 5,818,069	\$ 1,187,499
Expenses:			
General Government	\$ 775,007	\$ 778,146	\$ 3,139
Municipal Court	96,644	100,175	3,531
Public Works	674,851	795,262	120,411
Police Department	1,413,979	1,492,835	78,856
Parks and Recreation	415,507	450,662	35,155
Public Utilities	1,870,346	1,853,774	(16,572)
Interest on Long-Term Debt	98,271	105,867	7,596
Total Expenses	\$ 5,344,605	\$ 5,576,721	\$ 232,116
Change in Net Position	\$ 1,660,963	\$ 241,348	\$ 1,419,615
Net Position, Beginning of Year	23,014,363	22,773,015	241,348
Net Position, End of Year	\$ 24,675,326	\$ 23,014,363	\$ 1,660,963

\*

\* As Adjusted, Note 13

**CITY OF MEADOWS PLACE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS**

The City's combined fund balances as of September 30, 2014, were \$4,827,679, a decrease of \$81,210 from the prior year.

The General Fund fund balance decreased by \$46,312, primarily due to operations costs and capital costs being higher than revenues.

The Debt Service Fund fund balance increased by \$25,009, primarily due to the structure of the debt service requirements.

The Capital Projects Fund fund balance decreased by \$59,907, primarily due to capital outlay.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City amended the budget during the current fiscal year. Actual revenue was \$387,361 more than budgeted revenue and actual expenditures were \$75,775 more than budgeted expenditures. See the budget to actual comparison on page 39.

**CAPITAL ASSETS**

Capital assets as of September 30, 2014, total \$22,451,133 (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			
	2014	2013	Change Positive (Negative)
Land	\$ 8,368,166	\$ 8,363,976	\$ 4,190
Construction in Progress	1,955,114	393,693	1,561,421
Buildings	1,092,193	1,129,433	(37,240)
Furniture and Fixtures	13,646	15,244	(1,598)
Machinery and Equipment	754,595	587,475	167,120
Park Improvements	769,093	755,637	13,456
Vehicles	154,475	76,707	77,768
Water System	1,336,293	1,441,663	(105,370)
Wastewater System	4,960,631	5,161,443	(200,812)
Drainage	556,242	567,464	(11,222)
Streets and Sidewalks	2,490,685	2,566,158	(75,473)
Total Net Capital Assets	<u>\$ 22,451,133</u>	<u>\$ 21,058,893</u>	<u>\$ 1,392,240</u>

\*

\* As Adjusted, Note 13

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, 2014**

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the City had total debt payable of \$2,625,527. Of this amount bond debt payable was \$2,565,000 and note payable was \$60,527. The changes in the debt position of the City during the fiscal year ended September 30, 2014, are summarized as follows:

Bond Debt Payable, October 1, 2013	\$ 2,925,000
Less: Bond Principal Paid	<u>360,000</u>
Bond Debt Payable, September 30, 2014	<u>\$ 2,565,000</u>

The City's outstanding bonds carry an underlying rating issued by Moody's Investor Service of "Aa3" and underlying rating issued by S&P of "AA".

Note Payable, October 1, 2013	\$ 35,415
Add: Proceeds - 2013 Chevy Tahoe	49,000
Less: Bond Principal Paid	<u>23,888</u>
Note Payable, September 30, 2014	<u>\$ 60,527</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, 2014**

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
	<u>Governmental Activites</u>	<u>Meadows Economic Development Corporation</u>
<b>ASSETS</b>		
Cash and Cash Equivalents, Note 5	\$ 5,328,644	\$ 903,292
Receivables:		
Property Taxes	101,993	
Penalty and Interest on Delinquent Taxes	43,328	
Service Accounts (Net of Reserve for Doubtful Accounts of \$3,000)	101,187	
Garbage Receivable	36,461	
Road Use Fee Receivable	10,817	
Franchise Fees	38,000	
Liens	12,251	
Due From Component Unit	9,704	
Land, Note 6	8,368,166	
Construction in Progress, Note 6	1,955,114	
Capital Assets (Net of Accumulated Depreciation), Note 6	12,127,853	
<b>TOTAL ASSETS</b>	<u>\$ 28,133,518</u>	<u>\$ 903,292</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 662,685	\$ 465
Accrued Compensated Absences, Note 4	52,356	
Accrued Bond Interest Payable	6,420	
Due to Primary Government		9,704
Due to Others		
Security Deposits	46,700	
Unearned Taps		
Long-Term Liabilities:		
Due Within One Year, Note 3	378,415	
Due After One Year, Note 3	2,311,616	
<b>TOTAL LIABILITIES</b>	<u>\$ 3,458,192</u>	<u>\$ 10,169</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 19,980,452	\$
Restricted For:		
Debt Service	649,022	
Special Projects	84,062	
Unrestricted	3,961,790	893,123
<b>TOTAL NET POSITION</b>	<u>\$ 24,675,326</u>	<u>\$ 893,123</u>

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

**CITY OF MEADOWS PLACE, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

		Program Revenues	
	Expenses	Charges for Services	Grants
<b>GOVERNMENTAL ACTIVITIES</b>			
General Government	\$ 775,007	\$ 117,859	\$
Municipal Court	96,644	16,456	
Public Works	674,851		
Police Department	1,413,979	368,662	23,046
Parks and Recreation	415,507	42,953	
Public Utilities	1,870,346	1,642,482	
Interest on Long-Term Debt	98,271		
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 5,344,605</b>	<b>\$ 2,188,412</b>	<b>\$ 23,046</b>
 <b>COMPONENT UNIT</b>	 <b>\$ 45,079</b>	 <b>\$ - 0 -</b>	 <b>\$ - 0 -</b>
 <b>GENERAL REVENUES:</b>			
Property Taxes			
Sales Taxes			
Franchise Fees			
Investment Income			
Contributions			
Other Revenues			
<b>TOTAL GENERAL REVENUES</b>			
 <b>CHANGE IN NET POSITION</b>			
 <b>NET POSITION - OCTOBER 1, 2013, AS ADJUSTED, NOTE 13</b>			
<b>NET POSITION - SEPTEMBER 30, 2014</b>			

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

<u>Net (Expense) Revenue and Changes in Net Position</u>	
<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
<u>Governmental Activities</u>	<u>Meadows Economic Development Corporation</u>
\$ (657,148)	\$
(80,188)	
(674,851)	
(1,022,271)	
(372,554)	
(227,864)	
(98,271)	
<u>\$ (3,133,147)</u>	<u>\$ - 0 -</u>
<u>\$ - 0 -</u>	<u>\$ (45,079)</u>
\$ 2,513,286	\$
841,579	279,124
300,276	
3,492	261
1,114,295	
21,182	2,000
<u>\$ 4,794,110</u>	<u>\$ 281,385</u>
\$ 1,660,963	\$ 236,306
23,014,363	656,817
<u>\$ 24,675,326</u>	<u>\$ 893,123</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, 2014**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash and Cash Equivalents, Note 5	\$ 4,454,957	\$ 624,337
Receivables:		
Property Taxes	80,364	21,629
Penalty and Interest on Delinquent Taxes	33,852	9,476
Service Accounts (Net of Allowance for Doubtful Accounts of \$3,000)	101,187	
Garbage Receivable	36,461	
Road Use Fee Receivable	10,817	
Franchise Fees	38,000	
Liens	12,251	
Due from Component Unit	9,704	
<b>TOTAL ASSETS</b>	<b>\$ 4,777,593</b>	<b>\$ 655,442</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 632,685	\$
Due to Primary Government		
Security Deposits	46,700	
<b>TOTAL LIABILITIES</b>	<b>\$ 679,385</b>	<b>\$ - 0 -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 80,364	\$ 21,629
Penalty and Interest on Delinquent Taxes	33,852	9,476
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 114,216</b>	<b>\$ 31,105</b>
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Future Debt Service		624,337
Restricted for Special Projects, Note 12	84,062	
Assigned for Construction Project, Note 2		
Unassigned	3,899,930	
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,983,992</b>	<b>\$ 624,337</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,777,593</b>	<b>\$ 655,442</b>

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

<u>Capital Projects Fund</u>	<u>Primary Government Total</u>	<u>Discretely Presented Component Unit</u>
\$ 249,350	\$ 5,328,644	\$ 903,292
	101,993	
	43,328	
	101,187	
	36,461	
	10,817	
	38,000	
	12,251	
	9,704	
<u>\$ 249,350</u>	<u>\$ 5,682,385</u>	<u>\$ 903,292</u>
\$ 30,000	\$ 662,685	\$ 465
		9,704
	46,700	
<u>\$ 30,000</u>	<u>\$ 709,385</u>	<u>\$ 10,169</u>
\$	\$ 101,993	\$
	43,328	
<u>\$ - 0 -</u>	<u>\$ 145,321</u>	<u>\$ - 0 -</u>
\$ 219,350	\$ 219,350	\$
	624,337	
	84,062	
		216,000
	3,899,930	677,123
<u>\$ 219,350</u>	<u>\$ 4,827,679</u>	<u>\$ 893,123</u>
<u>\$ 249,350</u>	<u>\$ 5,682,385</u>	<u>\$ 903,292</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, 2014**

Total Fund Balances - Governmental Funds \$ 4,827,679

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. 22,451,133

Deferred tax revenues and deferred penalty and interest revenues on delinquent taxes for the 2013 and prior tax levies became part of recognized revenue in the governmental activities of the City. 145,321

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	\$	(52,356)	
Accrued Bond Interest Payable		(6,420)	
Bonds Payable Within One Year		(355,000)	
Bonds Payable After One Year		(2,274,504)	
Note Payable Due Within One Year		(23,415)	
Note Payable Due After One Year		(37,112)	
		(2,748,807)	(2,748,807)

Total Net Position - Governmental Activities \$ 24,675,326

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, 2014**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property Taxes and Penalties	\$ 2,008,264	\$ 497,333
City Sales Taxes	841,579	
Public Utilities	1,642,482	
Franchise Fees	300,276	
Fines and Forfeitures	385,118	
Licenses and Permits	97,934	
Investment Revenues	3,323	76
Contributions	1,114,295	
Other	107,521	
<b>TOTAL REVENUES</b>	<u>\$ 6,500,792</u>	<u>\$ 497,409</u>
<b>EXPENDITURES</b>		
Service Operations:		
General Government	\$ 556,622	\$ 6,315
Municipal Court	92,981	
Public Works	673,773	
Police Department	1,329,929	
Parks and Recreation	340,118	
Public Utilities Water/Sewer	1,486,820	
Capital Outlay	2,089,739	
Debt Service:		
Principal	23,888	360,000
Interest	2,234	106,085
<b>TOTAL EXPENDITURES</b>	<u>\$ 6,596,104</u>	<u>\$ 472,400</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (95,312)</u>	<u>\$ 25,009</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Note Proceeds, Note 3	<u>\$ 49,000</u>	<u>\$</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ (46,312)	\$ 25,009
<b>FUND BALANCES - OCTOBER 1, 2013</b>	<u>4,030,304</u>	<u>599,328</u>
<b>FUND BALANCES - SEPTEMBER 30, 2014</b>	<u>\$ 3,983,992</u>	<u>\$ 624,337</u>

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



<u>Capital Projects Fund</u>	<u>Primary Government Total</u>	<u>Discretely Presented Component Unit</u>
\$	\$ 2,505,597	\$
	841,579	279,124
	1,642,482	
	300,276	
	385,118	
	97,934	
93	3,492	261
	1,114,295	
	107,521	2,000
<u>\$ 93</u>	<u>\$ 6,998,294</u>	<u>\$ 281,385</u>
\$	\$ 562,937	\$ 23,994
	92,981	
	673,773	
	1,329,929	
	340,118	
	1,486,820	
60,000	2,149,739	21,085
	383,888	
	108,319	
<u>\$ 60,000</u>	<u>\$ 7,128,504</u>	<u>\$ 45,079</u>
<u>\$ (59,907)</u>	<u>\$ (130,210)</u>	<u>\$ 236,306</u>
<u>\$</u>	<u>\$ 49,000</u>	<u>\$</u>
\$ (59,907)	\$ (81,210)	\$ 236,306
<u>279,257</u>	<u>4,908,889</u>	<u>656,817</u>
<u>\$ 219,350</u>	<u>\$ 4,827,679</u>	<u>\$ 893,123</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, 2014**

Net Change in Fund Balances - Governmental Funds \$ (81,210)

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. 7,689

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. (778,584)

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. 2,170,824

Governmental funds do not account for the increase in accrued compensated absences. However, in the Statement of Activities, the increase is recorded as part of the current year expense. (2,692)

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. 383,888

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. 10,048

Governmental funds report proceeds from the issuance of debt as other financing sources. However, in the Statement of Net Position, long-term liabilities are increased by debt proceeds and the Statement of Activities is not affected. (49,000)

Change in Net Position - Governmental Activities \$ 1,660,963

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, 2014**

**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 highways and streets, public improvements, 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 or not 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 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 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, 2014**

**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 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, 2014**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

The City's fund financial statements include a Balance Sheet and a 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, customer service revenues, 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 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, 2014**

**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. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
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, 2014**

**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.

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. Cash in all funds is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

Pensions

For employees of the City, a pension plan has been established. See Note 8.

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.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

*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.

*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. The City does not have any 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. The Meadows Economic Development Corporation assigned \$100,000 for roadway improvements to Kirkwood Road; \$80,000 for roadway improvements to Dorrance Lane; and \$36,000 for roadway improvements to West Airport Road.

*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.



**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 3. LONG-TERM DEBT (Continued)**

Pertinent data related to the General Obligation Bonds is shown below.

	Series 2005	Series 2010 Refunding
Amount Outstanding – September 30, 2014	\$ 860,000	\$ 1,705,000
Interest Rates	3.75% - 4.30%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	March 15, 2015/2025	March 15, 2015/2020
Interest Payment Dates	March 15/ September 15	March 15/ September 15
Callable Dates	March 15, 2015*	N/A

\* Callable at a price of par plus accrued interest to the date of redemption. Series 2005 term bonds maturing in 2015, 2017, 2019, 2021, 2023 and 2025 are term bonds subject to mandatory redemption.

The following is a summary of transactions regarding long-term liabilities for the year ended September 30, 2014:

	October 1, 2013	Additions	Retirements	September 30, 2014
Bonds Payable	\$ 2,925,000	\$ -0-	\$ 360,000	\$ 2,565,000
Note Payable	35,415	49,000	23,888	60,527
Unamortized Discounts	(13,647)		(2,113)	(11,534)
Unamortized Premiums	89,964		13,926	76,038
Long-Term debt, Net	\$ 3,036,732	\$ 49,000	\$ 395,701	\$ 2,690,031
		Amount Due Within One Year		\$ 378,415
		Amount Due After One Year		2,311,616
		Long-Term debt, Net		\$ 2,690,031

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of September 30, 2014, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 355,000	\$ 94,910	\$ 449,910
2016	355,000	82,293	437,293
2017	350,000	68,257	418,257
2018	350,000	54,290	404,290
2019	355,000	40,190	395,190
2020-2024	700,000	73,997	773,997
2025	100,000	2,150	102,150
	<u>\$ 2,565,000</u>	<u>\$ 416,087</u>	<u>\$ 2,981,087</u>

During the year ended September 30, 2014, the City levied an ad valorem debt service tax at the rate of \$0.17817 per \$100 of assessed valuation, which resulted in a tax levy of \$491,921 on the adjusted taxable valuation of \$275,951,657 for the 2013 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:

- Levy Date - October 1, or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Upon receipt but not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

On October 22, 2012, the City entered into a \$47,463 note with Government Capital Corporation to fund the acquisition of a 2012 Chevy Tahoe. Annual installments of \$12,942 are due each February 15, beginning February 15, 2013 and ending February 15, 2016.

On November 12, 2013, the City entered into a \$49,000 note with Government Capital Corporation to fund the acquisition of a 2013 Chevy Tahoe. Annual installments of \$13,181 are due each February 15, beginning February 15, 2014 and ending February 15, 2017.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of September 30, 2014, the debt service requirements on the note outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 23,415	\$ 2,708	\$ 26,123
2016	24,474	1,649	26,123
2017	12,638	543	13,181
	\$ 60,527	\$ 4,900	\$ 65,427

The City uses available monies in the General Fund to pay interest and principal on the note when due.

**NOTE 4. ACCRUED COMPENSATED EMPLOYEE ABSENCES**

The liability for accrued compensated absences at September 30, 2014, is accounted for in the Statement of Net Position and is comprised of the following components:

Sick Leave	\$ <u>52,356</u>
------------	------------------

Employees are allowed to earn twelve sick leave days per year. Employees may accumulate up to 36 sick leave days. Upon termination of employment, whether voluntary or involuntary, including retirement, employees receive payment for a maximum of 50 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 150 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.

**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 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.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Deposits

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 \$1,038,166 and the bank balance was \$1,100,152. Of the bank balance, \$253,256 was covered by federal depository insurance and the balance was collateralized with securities held in a third party depository in the City’s name.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2014, are part of cash and cash equivalents as listed below:

	Cash
GENERAL FUND	\$ 563,784
DEBT SERVICE FUND	469,905
COMPONENT UNIT	4,477
TOTAL DEPOSITS	\$ 1,038,166

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 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.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The City invests in TexPool and Lone Star, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the TexPool. Federated Investors, Inc. manage the daily operations of the TexPool under a contract with the Comptroller. Lone Star is governed by an 11 member board, all of whom are participants in the pool. First Public serves as the administrator of Lone Star. The fair value of the City's position in the pool is the same as the value of pool shares.

As of September 30, 2014, 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	\$ 3,114,190	\$ 3,114,190	\$	\$	\$
Lone Star	776,983	776,983			
<u>DEBT SERVICE FUND</u>					
TexPool	154,432	154,432			
<u>CAPITAL PROJECTS FUND</u>					
TexPool	249,350	249,350			
<u>COMPONENT UNIT</u>					
TexPool	898,815	898,815			
<b>TOTAL INVESTMENTS</b>	<u>\$ 5,193,770</u>	<u>\$ 5,193,770</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2014, the City's investment in TexPool and Lone Star were rated 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 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.

**NOTE 6. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2014:

	October 1, 2013	Increases	Decreases	September 30, 2014
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 8,363,976	\$ 4,190	\$	\$ 8,368,166
Construction in Progress	393,693	2,170,824	609,403	1,955,114
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 8,757,669</b>	<b>\$ 2,175,014</b>	<b>\$ 609,403</b>	<b>\$ 10,323,280</b>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 1,844,700	\$ 7,100		\$ 1,851,800
Furniture and Fixtures	260,152	679		260,831
Machinery and Equipment	1,215,136	251,748		1,466,884
Park Improvements	1,107,030	72,992		1,180,022
Vehicles	345,452	129,358	(60,838)	413,972
Water System	4,192,941	7,637		4,200,578
Wastewater System	9,008,246	1		9,008,247
Drainage	2,593,799	40,861		2,634,660
Streets and Sidewalks	12,225,580	94,837		12,320,417
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 32,793,036</b>	<b>\$ 605,213</b>	<b>\$ (60,838)</b>	<b>\$ 33,337,411</b>

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 6. CAPITAL ASSETS (Continued)**

	October 1, 2013	Increases	Decreases	September 30, 2014
<b>Accumulated Depreciation</b>				
Buildings	\$ 715,267	\$ 44,340		\$ 759,607
Furniture and Fixtures	244,908	2,277		247,185
Machinery and Equipment	627,661	84,628		712,289
Park Improvements	351,393	59,536		410,929
Vehicles	268,745	51,590	(60,838)	259,497
Water System	2,751,278	113,007		2,864,285
Wastewater System	3,846,803	200,813		4,047,616
Drainage	2,026,335	52,083		2,078,418
Streets and Sidewalks	9,659,422	170,310		9,829,732
<b>Total Accumulated Depreciation</b>	<u>\$ 20,491,812</u>	<u>\$ 778,584</u>	<u>\$ (60,838)</u>	<u>\$ 21,209,558</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 12,301,224</u>	<u>\$ (173,371)</u>	<u>\$ - 0 -</u>	<u>\$ 12,127,853</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 21,058,893</u>	<u>\$ 2,001,643</u>	<u>\$ 609,403</u>	<u>\$ 22,451,133</u>

The City's capital assets included donations of \$1,029,877, most of which were donated land and improvements for parks and recreational facilities. Remaining amounts have been provided by expenditures of the General and Capital Projects Funds. Depreciation categorized by department at September 30, 2014, follows:

General Government	\$ 209,804
Municipal Court	3,334
Public Works	2,123
Police Department	107,376
Public Utilities	382,746
Parks and Recreation	73,201
Total Depreciation Expense	<u>\$ 778,584</u>

**NOTE 7. MAINTENANCE AND OPERATIONS TAX LEVY**

During the current fiscal year, the City levied a 2013 maintenance and operations tax at the rate of \$0.71683 per \$100 of valuation. The levy was based upon a total adjusted property valuation of \$275,951,657. This tax levy resulted in a total tax amount of \$1,979,143. The revenue derived from this levy is deposited into the combined General Fund and Public Utilities Fund of the City.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8. PENSION PLAN**

Plan Description

The City provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

Benefits

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

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100%,	100%,
Annuity Increase (to retirees)	70% of CPI	70% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for the City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocation annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.



**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8. PENSION PLAN (Continued)**

Contributions (Continued)

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation as of September 30, 2014, are as follows:

Annual Required Contribution (ARC)		\$	94,994
Actual Contributions Made			94,994
Increase in Pension Obligation		\$	-0-
Net Pension Obligation, beginning of year			
Net Pension Obligation, end of year		\$	-0-

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Actual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 97,259	\$ 97,259	100%	\$ -0-
2013	\$ 92,387	\$ 92,387	100%	\$ -0-
2014	\$ 94,994	\$ 94,994	100%	\$ -0-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011, and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Actuarial Methods and Assumptions

	12/31/11	12/31/12	12/31/13
Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Remaining Amortization Period	11.1 Years- Closed Period	8.0 Years- Closed Period	8.0 Years- Closed Period
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8. PENSION PLAN (Continued)**

Actuarial Methods and Assumptions (Continued)

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	0.0%

Funding Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 96.6% funded. The actuarial accrued liability for benefits was \$5,391,714 and the actuarial value of the assets was \$5,208,074, resulting in an unfunded actuarial accrued liability (UAAL) of \$183,640. The covered payroll (annual payroll of active employees covered by the plan) was \$1,250,847, and the ratio of the UAAL to the covered payroll was 14.7%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Supplemental Death Benefits Plan

The City also participates in the cost-sharing multiple-employer defined benefit group term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The 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.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8. PENSION PLAN (Continued)**

Supplemental Death Benefits Plan (Continued)

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

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 career.

The City's contribution for the retirees to the TMRS SBDF for the years ended 2014, 2013 and 2012 were \$2,217, \$2,236 and \$2,383, respectively, which equaled the required contributions each year.

**NOTE 9. 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, 2014, the City received \$46,992 from the City of Houston for their proportionate share of the plant's operating costs.

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 is willing to include the City in the groundwater reduction plan.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 9. CONTRACTS (Continued)**

Fort Bend County Water Control & Improvement District No. 2 (Continued)

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 will include 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. As of year end, the pumpage fee is \$1.20 per 1,000 gallons. A groundwater credit will be 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 \$197,770 in pumpage fees. The City will also pay 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 total \$328,054 plus interest calculated at 4.44% per year. The equalization fee is 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

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 final 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 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. During the prior fiscal year, the City completed the design phase of the project.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 9.      CONTRACTS** (Continued)

Fort Bend County (Continued)

During the current year, the City paid \$1,547,631 to TxDOT for this project, \$1,114,295 from the County and \$433,337 of City funds. The project is in progress at year end.

Texas Department of Transportation

On October 7, 2009, the City entered into a Local Transportation Project Advance Funding Agreement with TxDOT. TxDOT awarded grant funds to the City to provide for the design and environmental phase of the Improvements to West Airport Boulevard from US 59 to Kirkwood project (the “project”). See Note 11.

On November 26, 2013, the City entered into an Advance Funding Agreement with TxDOT for the project. This agreement replaces the previous agreement to include the design, environmental and construction phases of the project. TxDOT will be responsible for securing the Federal and State share of the funding required for the development and construction of the project. The City will be responsible for all non-federal or non-state participation costs, including any overruns in excess of the approved budget. At least 60 days prior to the date set for receipt of construction bids, the City will remit its financial share for TxDOT’s estimated construction oversight and construction cost. Funds received by TxDOT will be deposited in an escrow account to be managed by TxDOT and may only be applied to this project. At the completion of the project, TxDOT will perform an audit of the project costs, funds due will be paid promptly paid by the owing party, any excess funds will be returned to the City. The agreement will remain in effect until the project is completed and accepted by all parties. The City will be solely responsible for any adjustment, removal or relocation of utility facilities.

**NOTE 10.      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, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The City, along with other participating entities, 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.

**CITY OF MEADOWS PLACE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 11. GRANT REVENUES**

On February 24, 2014, the City received an allocation from the Law Enforcement Officer Standards and Education account in the amount of \$1,551. 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.

September 1, 2013, the City received a grant from Texas Department of Public Safety in the amount of \$19,560. These funds were used for the purchase of radios at a cost of \$19,533.

On October 27, 2009, the City received a grant from the Texas Department of Transportation (“TxDOT”) in the amount of \$320,000. These funds were used to finance the design of improvements to West Airport from U.S. 59 to Kirkwood. The City’s required match is \$80,000. As of September 30, 2014, the City recorded \$395,692 as the costs of this project. TxDOT reimbursed the City for \$301,732 in a prior fiscal year. The engineering portion of the project was completed during the current year at a total cost of \$395,654. TxDOT has reimbursed the City a total of \$305,656, of which \$1,962 was received in the current year.

**NOTE 12. RESTRICTED FOR SPECIAL PROJECTS**

As of September 30, 2014, the City had \$84,062 restricted by state law for special projects; \$3,256 for Police Department Drug Task Force, \$47,078 for Child Safety Programs, \$12,090 for Children’s Programs, and \$21,638 for Public, Educational, and Governmental cable programming.

**NOTE 13. PRIOR PERIOD ADJUSTMENT**

During the current year, the City evaluated capitalized assets and determined the following changes were needed: remove assets the City no longer owns, add assets that were previously expensed and adjust the estimated useful life of some assets. The effect of these adjustments is as follows:

Net Position - October 1, 2013	\$ 21,658,239
Effect of Adjustment	1,356,124
Net Position - October 1, 2013, As Adjusted	<u>\$ 23,014,363</u>

**CITY OF MEADOWS PLACE, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2014**





**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, 2014**

	General Fund			Variance Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
<b>REVENUES</b>				
Property Taxes and Penalties	\$ 1,903,360	\$ 1,903,360	\$ 2,008,264	\$ 104,904
City Sales Taxes	737,000	737,000	841,579	104,579
Public Utilities	1,616,992	1,616,992	1,642,482	25,490
Franchise Fees	260,000	260,000	300,276	40,276
Fines and Forfeitures	400,000	400,000	385,118	(14,882)
Licenses and Permits	10,000	10,000	97,934	87,934
Investment Revenue	5,000	5,000	3,323	(1,677)
Contributions		1,114,295	1,114,295	
Other	45,700	66,784	107,521	40,737
<b>TOTAL REVENUES</b>	<u>\$ 4,978,052</u>	<u>\$ 6,113,431</u>	<u>\$ 6,500,792</u>	<u>\$ 387,361</u>
<b>EXPENDITURES</b>				
General Government	\$ 512,405	\$ 512,405	\$ 556,622	\$ (44,217)
Municipal Court	100,113	100,113	92,981	7,132
Public Works	733,031	713,031	673,773	39,258
Police Department	1,415,960	1,417,511	1,329,929	87,582
Parks and Recreation	418,935	438,935	340,118	98,817
Public Utilities Water/Sewer	1,470,501	1,470,501	1,486,820	(16,319)
Capital Outlay	169,000	1,867,833	2,089,739	(221,906)
Debt Service:				
Principal			23,888	(23,888)
Interest			2,234	(2,234)
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,819,945</u>	<u>\$ 6,520,329</u>	<u>\$ 6,596,104</u>	<u>\$ (75,775)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 158,107</u>	<u>\$ (406,898)</u>	<u>\$ (95,312)</u>	<u>\$ 311,586</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Note Proceeds	\$	\$	\$ 49,000	\$ 49,000
Transfer from Component Unit		433,341		(433,341)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ 433,341</u>	<u>\$ 49,000</u>	<u>\$ (384,341)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 158,107</u>	<u>\$ 26,443</u>	<u>\$ (46,312)</u>	<u>\$ (72,755)</u>
<b>FUND BALANCE – OCTOBER 1, 2013</b>	<u>4,030,304</u>	<u>4,030,304</u>	<u>4,030,304</u>	
<b>FUND BALANCE – SEPTEMBER 30, 2014</b>	<u>\$ 4,188,411</u>	<u>\$ 4,056,747</u>	<u>\$ 3,983,992</u>	<u>\$ (72,755)</u>

See accompanying independent auditor's report.

**CITY OF MEADOWS PLACE, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM TREND DATA  
SEPTEMBER 30, 2014**

<b>Fiscal Year (1)</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Percentage Funded</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Annual Covered Payroll</b>	<b>Actuarial Accrued Liability as a Percent of Covered Payroll</b>
2011-12	\$ 4,456,252	\$ 4,543,138	98.10%	\$ 86,886	\$ 1,314,990	6.6%
2012-13	\$ 4,842,859	\$ 4,761,617	101.30%	\$ (63,242)	\$ 1,283,614	(4.9)%
2013-14	\$ 5,208,074	\$ 5,391,714	96.60%	\$ 183,640	\$ 1,250,847	14.7%

(1) Trend data presented is audited information as of December 31 of the previous year, which is the fiscal year of the Texas Municipal Retirement System.

See accompanying independent auditor's report.

**CITY OF MEADOWS PLACE, TEXAS**

**OTHER SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2014**



**CITY OF MEADOWS PLACE, TEXAS**  
**SCHEDULE OF REVENUES – BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>Property Taxes and Penalties:</b>				
Property Taxes	\$ 1,887,860	\$ 1,887,860	\$ 1,983,434	\$ 95,574
Penalties and Interest	15,500	15,500	24,830	9,330
<b>Total Property Taxes and Penalties</b>	<b>\$ 1,903,360</b>	<b>\$ 1,903,360</b>	<b>\$ 2,008,264</b>	<b>\$ 104,904</b>
<b>City Sales Taxes:</b>				
Sales Tax	\$ 490,000	\$ 490,000	\$ 558,248	\$ 68,248
1/2 % Ad Valorem Sales Tax	245,000	245,000	279,124	34,124
Mixed Beverage Sales Tax	2,000	2,000	4,207	2,207
<b>Total City Sales Taxes</b>	<b>\$ 737,000</b>	<b>\$ 737,000</b>	<b>\$ 841,579</b>	<b>\$ 104,579</b>
<b>Public Utilities:</b>				
Service Fees - Water	\$ 710,000	\$ 710,000	\$ 638,913	\$ (71,087)
Service Fees - Sewer	500,000	500,000	504,518	4,518
Garbage Fees	330,000	330,000	332,659	2,659
Road Use Fees			86,934	86,934
City of Houston	46,992	46,992	46,992	
Late Fees	30,000	30,000	32,319	2,319
Miscellaneous			147	147
<b>Total Public Utilities</b>	<b>\$ 1,616,992</b>	<b>\$ 1,616,992</b>	<b>\$ 1,642,482</b>	<b>\$ 25,490</b>
<b>Franchise Fees</b>	<b>\$ 260,000</b>	<b>\$ 260,000</b>	<b>\$ 300,276</b>	<b>\$ 40,276</b>
<b>Fines and Forfeitures:</b>				
Fines and Forfeitures	\$ 400,000	\$ 400,000	\$ 368,662	\$ (31,338)
Court Cost 10% Administrative			16,456	16,456
<b>Total Fines and Forfeitures</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>	<b>\$ 385,118</b>	<b>\$ (14,882)</b>
<b>Licenses and Permits</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 97,934</b>	<b>\$ 87,934</b>
<b>Interest</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 3,323</b>	<b>\$ (1,677)</b>
<b>Other Revenues:</b>				
Newsletter Advertising	\$ 12,000	\$ 12,000	\$ 13,489	\$ 1,489
Miscellaneous Revenue	2,100	2,100	6,436	4,336
Rentals	8,600	8,600	12,670	4,070
Programs	23,000	23,000	30,283	7,283
Donations			97	97
Grant		21,084	23,046	1,962
Contribution from Fort Bend County		1,114,295	1,114,295	
Gain on Disposal of Asset			21,500	21,500
<b>Total Other Revenues</b>	<b>\$ 45,700</b>	<b>\$ 1,181,079</b>	<b>\$ 1,221,816</b>	<b>\$ 40,737</b>
<b>Total Revenues</b>	<b>\$ 4,978,052</b>	<b>\$ 6,113,431</b>	<b>\$ 6,500,792</b>	<b>\$ 387,361</b>

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, 2014**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>General Government:</b>				
Personnel	\$ 268,115	\$ 268,115	\$ 264,202	\$ 3,913
Operating and Other	244,290	244,290	292,420	(48,130)
<b>Total General Government</b>	<u>\$ 512,405</u>	<u>\$ 512,405</u>	<u>\$ 556,622</u>	<u>\$ (44,217)</u>
<b>Municipal Court:</b>				
Personnel	\$ 91,563	\$ 91,563	\$ 85,748	\$ 5,815
Operating and Other	8,550	8,550	7,233	1,317
<b>Total Municipal Court</b>	<u>\$ 100,113</u>	<u>\$ 100,113</u>	<u>\$ 92,981</u>	<u>\$ 7,132</u>
<b>Public Works:</b>				
Personnel	\$ 220,467	\$ 200,467	\$ 167,691	\$ 32,776
Operating and Other	512,564	512,564	506,082	6,482
<b>Total Public Works</b>	<u>\$ 733,031</u>	<u>\$ 713,031</u>	<u>\$ 673,773</u>	<u>\$ 39,258</u>
<b>Police Department:</b>				
Personnel	\$ 1,154,660	\$ 1,154,660	\$ 1,110,909	\$ 43,751
Operating and Other	261,300	262,851	219,020	43,831
<b>Total Police Department</b>	<u>\$ 1,415,960</u>	<u>\$ 1,417,511</u>	<u>\$ 1,329,929</u>	<u>\$ 87,582</u>
<b>Parks and Recreation:</b>				
Personnel	\$ 199,240	\$ 219,240	\$ 195,926	\$ 23,314
Operating and Other	219,695	219,695	144,192	75,503
<b>Total Parks and Recreation</b>	<u>\$ 418,935</u>	<u>\$ 438,935</u>	<u>\$ 340,118</u>	<u>\$ 98,817</u>
<b>Public Utilities:</b>				
Personnel	\$ 89,361	\$ 89,361	\$ 89,923	\$ (562)
Operating and Other	1,381,140	1,381,140	1,396,897	(15,757)
<b>Total Public Utilities Water/Sewer</b>	<u>\$ 1,470,501</u>	<u>\$ 1,470,501</u>	<u>\$ 1,486,820</u>	<u>\$ (16,319)</u>
<b>Capital Outlay</b>	<u>\$ 169,000</u>	<u>\$ 1,867,833</u>	<u>\$ 2,089,739</u>	<u>\$ (221,906)</u>
<b>Debt Service:</b>				
Principal	\$	\$	\$ 23,888	\$ (23,888)
Interest			2,234	(2,234)
	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 26,122</u>	<u>\$ (26,122)</u>
<b>Total Expenditures</b>	<u>\$ 4,819,945</u>	<u>\$ 6,520,329</u>	<u>\$ 6,596,104</u>	<u>\$ (75,775)</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, 2014**

	Debt Service Fund		
	Original Budget*	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes and Penalties	\$ 473,500	\$ 497,333	\$ 23,833
Investment Revenue	200	76	(124)
<b>TOTAL REVENUES</b>	<b>\$ 473,700</b>	<b>\$ 497,409</b>	<b>\$ 23,709</b>
<b>EXPENDITURES</b>			
General Government	\$ 6,225	\$ 6,315	\$ (90)
Bond Principal	360,000	360,000	
Bond Interest	106,085	106,085	
<b>TOTAL EXPENDITURES</b>	<b>\$ 472,310</b>	<b>\$ 472,400</b>	<b>\$ (90)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,390</b>	<b>\$ 25,009</b>	<b>\$ 23,619</b>
<b>FUND BALANCES – OCTOBER 1, 2013</b>	<b>599,328</b>	<b>599,328</b>	
<b>FUND BALANCES – SEPTEMBER 30, 2014</b>	<b>\$ 600,718</b>	<b>\$ 624,337</b>	<b>\$ 23,619</b>

\* The budget amendment affected only the General Fund portion of the City Budget, therefore, the Amended Budget has not been included in this comparison.

See accompanying independent auditor's report.

**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, 2014**

	<u>Economic Development Corporation</u>		
	<u>Original Budget*</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
City Sales Taxes	\$ 245,000	\$ 279,124	\$ 34,124
Investment Revenue		261	261
Other		2,000	2,000
<b>TOTAL REVENUES</b>	<u>\$ 245,000</u>	<u>\$ 281,385</u>	<u>\$ 36,385</u>
<b>EXPENDITURES</b>			
General Government	\$ 92,800	\$ 23,994	\$ 68,806
Capital Outlay	100,000	21,085	78,915
<b>TOTAL EXPENDITURES</b>	<u>\$ 192,800</u>	<u>\$ 45,079</u>	<u>\$ 147,721</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 52,200	\$ 236,306	\$ 184,106
<b>FUND BALANCES – OCTOBER 1, 2013</b>	<u>656,817</u>	<u>656,817</u>	<u>                    </u>
<b>FUND BALANCES – SEPTEMBER 30, 2014</b>	<u>\$ 709,017</u>	<u>\$ 893,123</u>	<u>\$ 184,106</u>

\* The budget amendment affected only the General Fund portion of the City Budget, therefore, the Amended Budget has not been included in this comparison.

See accompanying independent auditor's report.



**CITY OF MEADOWS PLACE, TEXAS  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2014**

**GENERAL OBLIGATION BONDS  
SERIES - 2005**

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
2015	\$ 60,000	\$ 34,085	\$ 94,085
2016	65,000	31,693	96,693
2017	65,000	29,157	94,157
2018	70,000	26,490	96,490
2019	75,000	23,590	98,590
2020	75,000	20,553	95,553
2021	80,000	17,376	97,376
2022	85,000	13,951	98,951
2023	90,000	10,275	100,275
2024	95,000	6,342	101,342
2025	100,000	2,150	102,150
	<u>\$ 860,000</u>	<u>\$ 215,662</u>	<u>\$ 1,075,662</u>

See accompanying independent auditor's report.

**CITY OF MEADOWS PLACE, TEXAS  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2014**

**GENERAL OBLIGATION REFUNDING  
BONDS SERIES - 2010**

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
2015	\$ 295,000	\$ 60,825	\$ 355,825
2016	290,000	50,600	340,600
2017	285,000	39,100	324,100
2018	280,000	27,800	307,800
2019	280,000	16,600	296,600
2020	275,000	5,500	280,500
2021			0
2022			0
2023			0
2024			0
2025			0
	<u>\$ 1,705,000</u>	<u>\$ 200,425</u>	<u>\$ 1,905,425</u>

See accompanying independent auditor's report.

**CITY OF MEADOWS PLACE, TEXAS  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2014**

**ANNUAL REQUIREMENTS  
FOR ALL SERIES**

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2015	355,000	94,910	449,910
2016	355,000	82,293	437,293
2017	350,000	68,257	418,257
2018	350,000	54,290	404,290
2019	355,000	40,190	395,190
2020	350,000	26,053	376,053
2021	80,000	17,376	97,376
2022	85,000	13,951	98,951
2023	90,000	10,275	100,275
2024	95,000	6,342	101,342
2025	100,000	2,150	102,150
	<u>\$ 2,565,000</u>	<u>\$ 416,087</u>	<u>\$ 2,981,087</u>

See accompanying independent auditor's report.

**CITY OF MEADOWS PLACE, TEXAS  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2013
City of Meadows Place, Texas General Obligation Bonds - Series 2005	\$ 1,295,000	\$ 920,000
City of Meadows Place, Texas General Obligation Refunding Bonds - Series 2010	<u>2,940,000</u>	<u>2,005,000</u>
<b>TOTAL</b>	<b><u>\$ 4,235,000</u></b>	<b><u>\$ 2,925,000</u></b>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2014</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 60,000	\$ 36,335	\$ 860,000	Bank of New York Jacksonville, FL
	300,000	69,750	1,705,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 360,000</u>	<u>\$ 106,085</u>	<u>\$ 2,565,000</u>	

See accompanying independent auditor's report.

