



Annual Financial Report

Year Ended September 30, 2024



CITY OF MEADOWS PLACE, TEXAS

ANNUAL FINANCIAL REPORT
For the year ended September 30, 2024

CITY OF MEADOWS PLACE, TEXAS

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
City Council Members of the
City of Meadows Place, Texas

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Meadows Place, Texas (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Crowe LLP

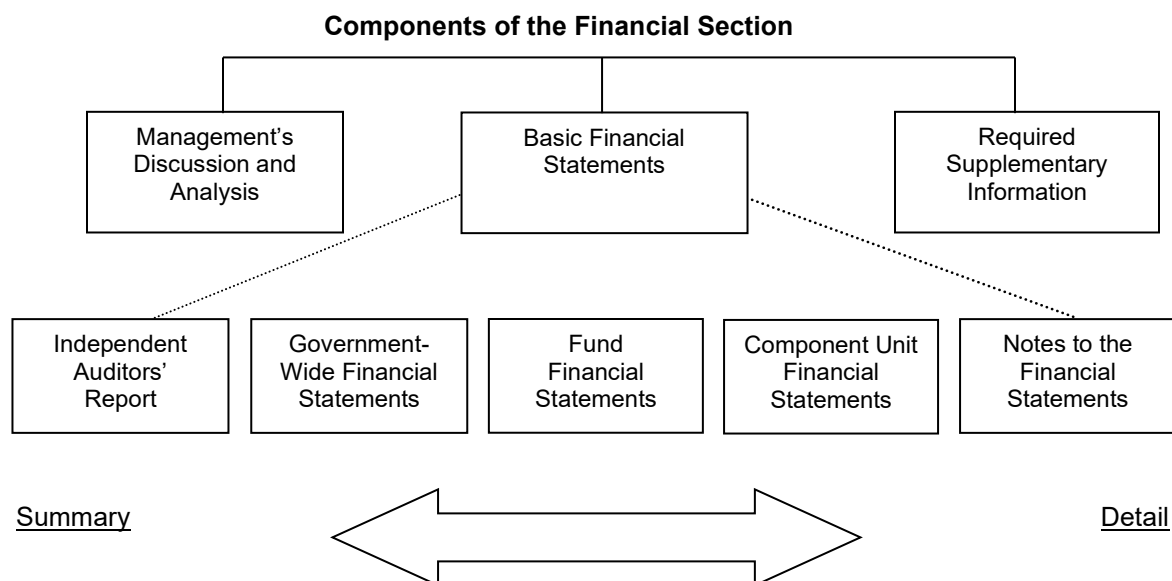
Houston, Texas
May 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Meadows Place, Texas (the "City") for the year ending September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

(Continued)

CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

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

1. *Governmental Activities* – The City's basic services are reported here including general government, public safety, parks and recreation, and public works. Interest payments on the City's debt are also reported here. Sales taxes, property taxes, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water distribution and wastewater collection/treatment and garbage operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation. Financial information for the economic development corporation is reported separately from the financial information presented for the primary government itself.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund. The general fund is always considered a major fund for reporting purposes. The debt service fund did not meet the technical criteria to be presented as a major fund; however, the City has elected to present it as major due to its significance.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with its budget.

Proprietary Fund

The City maintains one type of proprietary fund, an enterprise fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution and wastewater collection/treatment, along with garbage services. The proprietary fund financial statements provide separate information for the utility fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$37,509,742 as of year-end in the primary government. The largest portion of the City's net position, 84 percent, reflects its investments in capital assets (e.g., land, City Hall, streets, and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt, if applicable, must be provided from other sources since the assets themselves cannot be used to liquidate these liabilities. The City has no long-term debt currently outstanding.

CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 7,917,006	\$ 7,244,275	\$ 3,263,063	\$ 2,651,628	\$ 11,180,069	\$ 9,895,903
Capital assets, net	23,461,632	23,610,723	8,229,978	7,238,328	31,691,610	30,849,051
Total assets	<u>31,378,638</u>	<u>30,854,998</u>	<u>11,493,041</u>	<u>9,889,956</u>	<u>42,871,679</u>	<u>40,744,954</u>
DEFERRED OUTFLOWS ON RESOURCES						
Deferred outflows - pensions	577,445	985,652	-	-	577,445	985,652
Deferred outflows - OPEB	14,575	19,585	-	-	14,575	19,585
Total deferred outflows on resources	<u>592,020</u>	<u>1,005,237</u>	<u>-</u>	<u>-</u>	<u>592,020</u>	<u>1,005,237</u>
LIABILITIES						
Long-term liabilities	3,676,418	3,970,588	-	-	3,676,418	3,970,588
Other liabilities	503,132	518,246	1,637,599	1,289,475	2,140,731	1,807,721
Total liabilities	<u>4,179,550</u>	<u>4,488,834</u>	<u>1,637,599</u>	<u>1,289,475</u>	<u>5,817,149</u>	<u>5,778,309</u>
DEFERRED INFLOWS ON RESOURCES						
Deferred inflows - pensions	96,203	-	-	-	96,203	-
Deferred inflows - OPEB	40,605	49,468	-	-	40,605	49,468
Total deferred inflows on resources	<u>136,808</u>	<u>49,468</u>	<u>-</u>	<u>-</u>	<u>136,808</u>	<u>49,468</u>
NET POSITION						
Net investment in capital assets	23,461,632	23,610,723	8,229,978	7,238,328	31,691,610	30,849,051
Restricted	295,320	274,590	-	-	295,320	274,590
Unrestricted	<u>3,897,348</u>	<u>3,436,620</u>	<u>1,625,464</u>	<u>1,362,153</u>	<u>5,522,812</u>	<u>4,798,773</u>
Total net position	<u>\$ 27,654,300</u>	<u>\$ 27,321,933</u>	<u>\$ 9,855,442</u>	<u>\$ 8,600,481</u>	<u>\$ 37,509,742</u>	<u>\$ 35,922,414</u>

A portion of the City's net position, \$295,320 or one percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$5,522,812 or 15 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

Governmental activities total assets experienced an increase primarily related to an increase in capital assets net of accumulated depreciation in the current year. Governmental activities total liabilities increased mainly as a result of increases in the liability related to the City's pension plan.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Business-Type activities total assets experienced a small increase primarily related to an increase in capital assets net of accumulated depreciation in the current year. This increase was offset by decreases in cash. Business-Type activities total liabilities decreased mainly as a result of decreases in accounts payable related to timing of expenditures at year end and decreases in unearned revenue as that revenue was recognized in the current year.

Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 887,092	\$ 1,010,199	\$ 2,151,510	\$ 1,949,533	\$ 3,038,602	\$ 2,959,732
Operating grants and contributions	116,507	238,766	1,202,183	90,102	1,318,690	328,868
Capital grants and contributions	210,942	337,500	-	-	210,942	337,500
General revenues:						
Property taxes	3,991,549	3,704,471	-	-	3,991,549	3,704,471
Sales taxes	1,511,728	1,583,741	-	-	1,511,728	1,583,741
Franchise fees and local taxes	272,985	278,412	-	-	272,985	278,412
Investment earnings	383,688	315,904	130,931	123,158	514,619	439,062
Other revenues	767,773	517,567	279	12,278	768,052	529,845
Total revenues	<u>8,142,264</u>	<u>7,986,560</u>	<u>3,484,903</u>	<u>2,175,071</u>	<u>11,627,167</u>	<u>10,161,631</u>
Expenses						
General government	1,975,685	1,298,397	-	-	1,975,685	1,298,397
Public safety	3,569,316	3,573,816	-	-	3,569,316	3,573,816
Public works	1,227,785	1,288,917	-	-	1,227,785	1,288,917
Parks and recreation	1,037,111	1,032,988	-	-	1,037,111	1,032,988
Utility	-	-	2,229,942	2,025,569	2,229,942	2,025,569
Total expenses	<u>7,809,897</u>	<u>7,194,118</u>	<u>2,229,942</u>	<u>2,025,569</u>	<u>10,039,839</u>	<u>9,219,687</u>
Change in net position	332,367	792,442	1,254,961	149,502	1,587,328	941,944
Beginning net position	<u>27,321,933</u>	<u>26,529,491</u>	<u>8,600,481</u>	<u>8,450,979</u>	<u>35,922,414</u>	<u>34,980,470</u>
Ending net position	<u>\$ 27,654,300</u>	<u>\$ 27,321,933</u>	<u>\$ 9,855,442</u>	<u>\$ 8,600,481</u>	<u>\$ 37,509,742</u>	<u>\$ 35,922,414</u>

For the year ended September 30, 2024, revenues from governmental activities totaled \$8,142,264, a net increase of \$155,704, or two percent, compared to the prior year. This increase is primarily related to increases in property taxes as valuations in the current year increased as well as increase in other revenues to recognize contributions from the Meadows Place EDC.

Expenses for governmental activities increased in comparison to the prior year with a net increase from 2023 of \$615,779, or 9 percent. This increase is mainly due to increases in expenses related to the City's pension plan.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Business-Type activities revenue increased by \$1,309,832, or 60 percent in comparison to prior year. The primary reason for the increase was the recognition of \$1.2 million related to grant funding from the federal government for the ARPA program.

Expenses for business-type activities increased slightly in comparison to the prior year with a net increase from 2023 of \$204,373 or roughly 10 percent. This slight increase is mostly related to increases in costs to provide utility service.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$7,016,894. Of this, \$288,629 is restricted by enabling legislation, \$6,691 is restricted for debt service, \$111,294 is committed for road repairs, \$1,171,408 is committed for facilities improvements, and \$5,438,872 is unassigned.

At the end of the fiscal year, unassigned fund balance in the general fund was \$5,438,872. The general fund had revenues that exceeded expenditures by \$546,602. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 75 percent of total general fund expenditures, while total fund balance represents approximately 97 percent of that same amount.

General fund revenues decreased in the current year compared to prior year, primarily due to decreases in sales taxes as a result of a slight decrease in consumer activity within the City during the year. Investment earnings increased during the year due to changes in the interest rate environment that provided additional returns on the City's investments. The City had a decrease in expenditures related primarily to decreases in capital outlay expenditures.

The debt service fund had a fund balance of \$6,691 as of year end, an increase of \$358, which was a result of delinquent property tax collections during the fiscal year.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were more than budgeted revenues by \$72,161 during the year. This net positive variance is primarily attributable to higher investment earnings than anticipated, as well as additional intergovernmental and sales tax revenue received than anticipated. General fund actual expenditures were less than the final budgeted expenditures by \$135,953 mainly due to less general government expenditures than anticipated. Overall, the general fund experienced a net positive variance of \$208,114 in the change in fund balance from the final amended budget in comparison to actual.

CAPITAL ASSETS

At the end of the year, the City's governmental activities had invested \$23,461,632, net of accumulated depreciation, in a variety of capital assets and infrastructure.

More detailed information about the City's capital assets is presented in note 3 to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total long-term liabilities of \$3,676,418 that consisted of a net pension and total other postemployment benefits liability and compensated absences. The City has no bonded debt outstanding for fiscal year 2024.

More detailed information about the City's long-term liabilities is presented in note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials considered many factors when setting the fiscal year 2024/2025 budget and tax rate. The City adopted a tax rate of \$0.8387 which is an increase from the prior year tax rate of \$0.0391. The tax rate supports the adopted expenditure budget of \$6,989,371.

CONTACTING THE CITY'S FINANCIAL 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.

BASIC FINANCIAL STATEMENTS

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 7,247,021	\$ 2,976,680	\$ 10,223,701	\$ 767,837
Receivables, net	726,959	229,409	956,368	83,581
Internal balances	(56,974)	56,974	-	-
Capital assets:				
Nondepreciable	8,364,097	1,886,985	10,251,082	-
Net depreciable capital assets	15,097,535	6,342,993	21,440,528	-
Total assets	31,378,638	11,493,041	42,871,679	851,418
DEFERRED OUTFLOWS OF				
Deferred outflows - pensions	577,445	-	577,445	-
Deferred outflows - OPEB	14,575	-	14,575	-
Total deferred outflows of resources	592,020	-	592,020	-
LIABILITIES				
Accounts payable and accrued liabilities	475,502	240,626	716,128	6,764
Deposits payable	-	108,550	108,550	-
Unearned revenue	27,630	1,288,423	1,316,053	-
Long-term liabilities				
Long-term liabilities due within one year	96,955	-	96,955	-
Long-term liabilities due in more than one year	3,579,463	-	3,579,463	-
Total liabilities	4,179,550	1,637,599	5,817,149	6,764
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB	40,605	-	40,605	-
Deferred inflows - pensions	96,203	-	96,203	-
Total deferred inflows of resources	136,808	-	136,808	-
NET POSITION				
Net investment in capital assets	23,461,632	8,229,978	31,691,610	-
Restricted				
Enabling legislation	288,629	-	288,629	-
Debt service	6,691	-	6,691	-
Unrestricted	3,897,348	1,625,464	5,522,812	844,654
Total net position	\$ 27,654,300	\$ 9,855,442	\$ 37,509,742	\$ 844,654

See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Government Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities								
General government	\$ 1,975,685	\$ 101,633	\$ 35,165	\$ -	\$ (1,838,887)	\$ -	\$ (1,838,887)	\$ -
Public safety	3,569,316	594,898	81,342	-	(2,893,076)	-	(2,893,076)	-
Public works	1,227,785	190,561	-	210,942	(826,282)	-	(826,282)	-
Parks and recreation	1,037,111	-	-	-	(1,037,111)	-	(1,037,111)	-
Total governmental activities	<u>7,809,897</u>	<u>887,092</u>	<u>116,507</u>	<u>210,942</u>	<u>(6,595,356)</u>	<u>-</u>	<u>(6,595,356)</u>	<u>-</u>
Business-type activities								
Utility	2,229,942	2,151,510	1,202,183	-	-	1,123,751	1,123,751	-
Total business-type activities	<u>2,229,942</u>	<u>2,151,510</u>	<u>1,202,183</u>	<u>-</u>	<u>-</u>	<u>1,123,751</u>	<u>1,123,751</u>	<u>-</u>
Total primary government	<u>\$ 10,039,839</u>	<u>\$ 3,038,602</u>	<u>\$ 1,318,690</u>	<u>\$ 210,942</u>	<u>(6,595,356)</u>	<u>1,123,751</u>	<u>(5,471,605)</u>	<u>-</u>
Component Units								
Meadows Place Economic Development Corporation	\$ 568,957	\$ -	\$ -	\$ -	-	-	-	(568,957)
Total component units	<u>\$ 568,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(568,957)</u>
General revenues								
Taxes								
Property taxes					3,991,549	-	3,991,549	-
Sales taxes					1,511,728	-	1,511,728	477,242
Franchise fees and local taxes					272,985	-	272,985	-
Investment earnings					383,688	130,931	514,619	38,056
Other revenues					767,773	279	768,052	-
Total general revenues and transfers					<u>6,927,723</u>	<u>131,210</u>	<u>7,058,933</u>	<u>515,298</u>
Change in net position					332,367	1,254,961	1,587,328	(53,659)
Beginning net position					<u>27,321,933</u>	<u>8,600,481</u>	<u>35,922,414</u>	<u>898,313</u>
Ending net position					<u>\$ 27,654,300</u>	<u>\$ 9,855,442</u>	<u>\$ 37,509,742</u>	<u>\$ 844,654</u>

See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 7,240,333	\$ 6,688	\$ 7,247,021
Receivables, net	720,257	6,702	726,959
Due from other funds	-	4	4
Total assets	<u>\$ 7,960,590</u>	<u>\$ 13,394</u>	<u>\$ 7,973,984</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 475,502	\$ -	\$ 475,502
Due to other funds	56,978	-	56,978
Unearned revenue	27,630	-	27,630
Total liabilities	<u>560,110</u>	<u>-</u>	<u>560,110</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - liens	157,338	-	157,338
Unavailable revenue - property taxes	232,939	6,703	239,642
Total deferred inflows of resources	<u>390,277</u>	<u>6,703</u>	<u>396,980</u>
FUND BALANCES			
Restricted			
Enabling legislation	288,629	-	288,629
Debt service	-	6,691	6,691
Committed for			
Road repairs	111,294	-	111,294
Facilities improvements	1,171,408	-	1,171,408
Unassigned	5,438,872	-	5,438,872
Total fund balances	<u>7,010,203</u>	<u>6,691</u>	<u>7,016,894</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,960,590</u>	<u>\$ 13,394</u>	<u>\$ 7,973,984</u>

See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balances for governmental funds	\$	7,016,894
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Amounts reported for governmental activities in the Statement of
Net Position are different because:

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

Capital assets - nondepreciable		8,364,097
Capital assets - net depreciable		15,097,535

Long-term liabilities and deferred outflows related to pensions and other
postemployment benefits (OPEB) are not due and payable in the current
period and, therefore, are not reported in the governmental funds.

Net pension liability		(3,457,295)
Deferred outflows - pensions		577,445
Deferred inflows - pensions		(96,203)
Total OPEB liability		(111,395)
Deferred outflows - OPEB		14,575
Deferred inflows - OPEB		(40,605)
Compensated absences due within one year		(96,955)
Noncurrent compensated absences due in more than one year		<u>(10,773)</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		<u>396,980</u>
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Net position of governmental activities	\$	<u>27,654,300</u>
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See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the year ended September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 3,850,660	\$ 4	\$ 3,850,664
Sales taxes	1,511,728	-	1,511,728
Franchise fees and local taxes	272,985	-	272,985
Licenses and permits	101,633	-	101,633
Fines and forfeitures	594,898	-	594,898
Intergovernmental	366,507	-	366,507
Charges for services	190,561	-	190,561
Investment earnings	383,334	354	383,688
Other revenue	517,773	-	517,773
Total revenues	<u>7,790,079</u>	<u>358</u>	<u>7,790,437</u>
Expenditures			
Current			
General government	1,300,009	-	1,300,009
Public safety	3,273,880	-	3,273,880
Public works	1,614,668	-	1,614,668
Parks and recreation	986,304	-	986,304
Capital outlay	68,616	-	68,616
Total expenditures	<u>7,243,477</u>	<u>-</u>	<u>7,243,477</u>
Net change in fund balances	546,602	358	546,960
Beginning fund balances	<u>6,463,601</u>	<u>6,333</u>	<u>6,469,934</u>
Ending fund balances	<u>\$ 7,010,203</u>	<u>\$ 6,691</u>	<u>\$ 7,016,894</u>

See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net changes in fund balances - total governmental funds	\$	546,960
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital purchases		921,625
Capital contributions		210,942
Depreciation/amortization expense		(1,281,658)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		140,885
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are accounted for in the Statement of Activities.

Net change in compensated absences		(29,317)
Net pension liability		330,981
Deferred outflows - pensions		(96,203)
Deferred inflows - pensions		(408,207)
Total OPEB liability		(7,494)
Deferred outflows - OPEB		(5,010)
Deferred inflows - OPEB		8,863

Change in net position of governmental activities	\$	<u>332,367</u>
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See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2024

	Business-Type Activities Utility
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,976,680
Receivables, net	229,409
Due from other funds	56,974
Total current assets	<u>3,263,063</u>
Noncurrent assets	
Capital assets	
Nondepreciable	1,886,985
Depreciable capital assets	18,964,209
Less: accumulated depreciation	<u>(12,621,216)</u>
Total capital assets, net of accumulated depreciation	<u>8,229,978</u>
Total noncurrent assets	<u>8,229,978</u>
Total assets	<u>11,493,041</u>
LIABILITIES	
Current liabilities	
Accounts payable	240,626
Customer deposits	108,550
Unearned revenue	<u>1,288,423</u>
Total liabilities	<u>1,637,599</u>
NET POSITION	
Net investment in capital assets	8,229,978
Unrestricted	<u>1,625,464</u>
Total net position	<u>\$ 9,855,442</u>

See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2024

	Business-Type <u>Activities</u> <u>Utility</u>
Operating revenues	
Charges for services	\$ 2,151,510
Miscellaneous	<u>279</u>
Total operating revenues	<u>2,151,789</u>
Operating expenses	
Contracted and professional services	491,228
Maintenance	1,020,989
Supplies and materials	88,657
Depreciation expense	<u>629,068</u>
Total operating expenses	<u>2,229,942</u>
 Operating (loss)	 <u>(78,153)</u>
Nonoperating revenues (expenses)	
Investment income	130,931
Intergovernmental	<u>1,202,183</u>
Total nonoperating revenues	<u>1,333,114</u>
 Change in net position	 1,254,961
Beginning net position	<u>8,600,481</u>
Ending Net Position	<u>\$ 9,855,442</u>

See notes to financial statements.

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2024

	<u>Activities</u> <u>Utility</u>
Cash flows from operating activities	
Cash received for services	\$ 2,425,886
Cash paid to suppliers	<u>(1,610,992)</u>
Net cash provided by operating activities	<u>814,894</u>
Cash flows from noncapital financing activities	
Intergovernmental revenue	<u>1,202,183</u>
Net cash provided by noncapital financing activities	<u>1,202,183</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	<u>(1,620,718)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,620,718)</u>
Cash flows from investing activities	
Interest on investments	<u>130,931</u>
Net cash provided by investing activities	<u>130,931</u>
Net Increase in cash and cash equivalents	527,290
Beginning cash and cash equivalents	<u>2,449,390</u>
Ending cash and cash equivalents	<u>\$ 2,976,680</u>
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating loss	\$ (78,153)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	629,068
Changes in operating assets and liabilities	
(Increase) decrease in current assets	
Accounts receivable	(27,170)
Due from other funds	(56,974)
Increase (decrease) in current liabilities	
Accounts payable	46,856
Customer deposits	3,450
Unearned revenue	<u>297,817</u>
Net cash provided by operating activities	<u>\$ 814,894</u>

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The City of Meadows Place, Texas (the “City”) was incorporated November of 1983 under the provisions of the State of Texas (the “State”). The City is an independent political subdivision of the State and a General Law City, governed by a 5-member elected council and a mayor, and is considered a primary government. The City Council is the principal legislative body of the City.

The City provides the following services: general administration, public safety, parks and recreation, maintenance and improvements to streets, public improvements, water and wastewater services, and garbage collection.

As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component unit as listed below, although legally separate, is considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

Discretely Presented Component Unit

Meadows Place Economic Development Corporation (EDC) - as a discretely presented component unit. The EDC 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 EDC shall be conveyed to the City. During a prior year, with voter approval, the City converted the EDC from a 4A to a 4B corporation to provide the City greater flexibility in the use of sales tax revenues. The EDC does not qualify as a blended component unit due to services that directly benefit the community rather than the City itself. The EDC does not prepare separate financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following governmental funds:

General Fund: The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and parks and recreation. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund: The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund did not meet the technical criteria to be presented as a major fund; however, due to its significance, the City has elected to present it as a major fund.

The City reports the following enterprise fund:

Utility Fund: The *utility fund* is used to account for the operations that provide water and wastewater services, as well as garbage services. These services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recorded primarily through user charges.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest-earning contracts, such as certificates of deposit, are reported at cost.

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

- Direct obligations of the U.S. government and the State or their agencies or instrumentalities
- Fully collateralized certificates of deposit
- Mutual funds of a specific type
- Investment pools

Receivables: All trade receivables are shown net of an allowance for uncollectibles.

Capital Assets: Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets, engineering fees, and improvements are capitalized as projects are constructed. The City does not capitalize net interest cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of assets are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Assets Depreciation</u>	<u>Estimated Useful Life</u>
Furniture and equipment	2 to 45 years
Vehicles	5 years
Infrastructure	10 to 45 years
Buildings and improvements	40 years

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources are amortized as follows:

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

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

Compensated Employee Absences: It is the City's policy to permit employees to accumulate earned but unused vacation, sick, and compensatory time. Vacation time, per City policy adopted in September of 2024 allows 40 hours of vacation to be carried over to the next year, and the remainder is lost if not taken by September 30. 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 the 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 the date of termination. Compensatory time is paid out as part of the last pay period of the fiscal year.

All eligible time is accrued when incurred in the government-wide financial statements.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. However, the City has no bonded debt outstanding as bonds were paid off in a prior fiscal year.

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

Leases: The City has noncancellable leases to finance the use of various equipment. The City would recognize a liability (the "lease liability") and a right-to-use lease asset (the "lease asset") in the financial statements. The City's leases to report are immaterial to the financial statements as a whole and are not recognized as a lease liability or a lease asset.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements: The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the financial statements. The City’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

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

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pensions: For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Revenues and Expenditures/Expenses:

Program Revenues: Amounts reported as *program revenues* include 1) fines and forfeitures, charges for utility services, garbage services, licenses and permits, and various user fees and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes: Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year. Property values are determined by the appraisal district. Assessed values are determined as of January 1 of each year. Taxes are levied around October/November. Penalties are assessed if not paid by the following February. Taxes are collected by the Fort Bend County Tax Office on behalf of the City.

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

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the debt service fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the department level. City Council may amend the budget throughout the year. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments: As of September 30, 2024, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 8,564,187	0.07
Lone Star	1,044,962	0.07
Total fair value	<u>\$ 9,609,149</u>	
Portfolio weighted average maturity		0.07

As of September 30, 2024, the EDC had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	<u>\$ 757,678</u>	0.07
Portfolio weighted average maturity		0.07

Credit risk - The City's policy requires that investment pools must be rated no lower than 'AA' or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2024, the City's investments in investment pools were rated 'AAA' and 'AAAm' by Standard & Poor's.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. At year end, market values of the City's and EDC's pledged securities and FDIC insurance exceeded bank balances.

Custodial credit risk – investments - For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Lone Star - The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and nonmembers. Lone Star is rated "AAA" by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The City is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. The Government Overnight fund maintains a net asset value of \$1.00.

Receivables: The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Utility</u>	<u>Component Unit</u>
Property taxes	\$ 232,939	\$ 6,702	\$ -	\$ -
Sales taxes	226,594	-	-	75,531
Water and sewer	-	-	169,453	-
Garbage	-	-	35,726	-
Grants	4,239	-	-	-
Lien	159,669	-	-	-
Other	96,816	-	35,230	8,050
Allowance	-	-	(11,000)	-
Total	<u>\$ 720,257</u>	<u>\$ 6,702</u>	<u>\$ 229,409</u>	<u>\$ 83,581</u>

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets: A summary of changes in governmental activities capital assets at year end is as follows:

	Primary Government			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 7,964,981	\$ -	\$ -	\$ 7,964,981
Construction in progress	331,903	67,213	-	399,116
Total capital assets not being depreciated/amortized	8,296,884	67,213	-	8,364,097
Other capital assets				
Buildings and improvements	3,131,877	35,866	-	3,167,743
Furniture and fixtures	347,905	-	-	347,905
Machinery and equipment	1,740,376	382,906	-	2,123,282
Park improvements	2,159,341	190,867	-	2,350,208
Vehicles	953,185	143,985	-	1,097,170
Drainage	291,631	-	-	291,631
Streets and sidewalks	24,506,370	311,730	-	24,818,100
Total other capital assets	33,130,685	1,065,354	-	34,196,039
Less accumulated depreciation for				
Buildings and improvements	(1,758,367)	(171,070)	-	(1,929,437)
Furniture and fixtures	(279,613)	(13,952)	-	(293,565)
Machinery and equipment	(1,013,659)	(196,758)	-	(1,210,417)
Park improvements	(1,222,811)	(165,915)	-	(1,388,726)
Vehicles	(643,851)	(138,840)	-	(782,691)
Drainage	(102,020)	(17,653)	-	(119,673)
Streets and sidewalks	(12,796,525)	(577,470)	-	(13,373,995)
Total accumulated depreciation	(17,816,846)	(1,281,658)	-	(19,098,504)
Other capital assets, net	15,313,839	(216,304)	-	15,097,535
Governmental activities capital assets, net	\$ 23,610,723	\$ (149,091)	\$ -	23,461,632

Depreciation was charged to governmental functions as follows:

General government	\$ 713,251
Public safety	281,042
Public works	48,960
Parks and recreation	238,405
Total governmental activities depreciation expense	<u>\$ 1,281,658</u>

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A summary of changes in the business-type activity capital assets at year-end as follows:

	Primary Government			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<u>Business-type activities</u>				
Capital assets not being depreciated				
Land	\$ 429,185	\$ -	\$ -	\$ 429,185
Construction in progress	221,041	1,236,759	-	1,457,800
Total capital assets not being depreciated	<u>650,226</u>	<u>1,236,759</u>	<u>-</u>	<u>1,886,985</u>
Other capital assets				
Buildings and improvements	21,434	-	-	21,434
Furniture and fixtures	7,330	-	-	7,330
Machinery and equipment	1,352,462	147,579	-	1,500,041
Other assets	42,964	22,503	-	65,467
Water system	4,989,750	190,708	-	5,180,458
Wastewater system	9,473,390	23,169	-	9,496,559
Drainage	2,680,405	-	-	2,680,405
Streets and sidewalks	12,515	-	-	12,515
Total other capital assets	<u>18,580,250</u>	<u>383,959</u>	<u>-</u>	<u>18,964,209</u>
Less accumulated depreciation for				
Buildings and improvements	(6,749)	(522)	-	(7,271)
Furniture and fixtures	(7,330)	-	-	(7,330)
Machinery and equipment	(494,714)	(112,081)	-	(606,795)
Other assets	(34,028)	(4,062)	-	(38,090)
Water system	(3,104,556)	(279,470)	-	(3,384,026)
Wastewater system	(5,882,826)	(198,946)	-	(6,081,772)
Drainage	(2,449,700)	(33,717)	-	(2,483,417)
Streets and sidewalks	(12,245)	(270)	-	(12,515)
Total accumulated depreciation	<u>(11,992,148)</u>	<u>(629,068)</u>	<u>-</u>	<u>(12,621,216)</u>
Other capital assets, net	<u>6,588,102</u>	<u>(245,109)</u>	<u>-</u>	<u>6,342,993</u>
Business-type activities				
capital assets, net	<u>\$ 7,238,328</u>	<u>\$ 991,650</u>	<u>\$ -</u>	<u>\$ 8,229,978</u>

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt: The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2024.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balances</u>
<u>Governmental activities</u>				
Compensated absences	\$ 78,411	\$ 99,887	\$ (70,570)	\$ 107,728
Net pension liability	3,788,276	-	(330,981)	3,457,295
Total OPEB liability	<u>103,901</u>	<u>7,494</u>	<u>-</u>	<u>111,395</u>
 Total governmental activities	<u>\$ 3,970,588</u>	<u>\$ 107,381</u>	<u>\$ (401,551)</u>	<u>\$ 3,676,418</u>
 Long-term debt due in more than one year				<u>\$ 3,579,463</u>

Liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. In general, the City uses the general fund to liquidate governmental long-term liabilities. The City is not obligated in any manner for special assessment debt.

NOTE 4 - OTHER INFORMATION

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

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

The City is not currently a party to any outstanding litigation or lawsuits.

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

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Pension Plan:

Texas Municipal Retirement System

Plan Description: The City participates as one of 909 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.com.

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

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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

	2024	2023
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms: At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to, but not yet receiving, benefits	35
Active employees	<u>38</u>
Total	<u>98</u>

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Contributions: Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.97% and 13.26% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were \$378,955, which were equal to the required contributions.

Net Pension Liability: The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payment growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates 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.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global public equity	35.0%	7.70%
Core fixed income	6.0%	4.90%
Non-core fixed income	20.0%	8.70%
Other public and private markets	12.0%	8.10%
Real estate	12.0%	5.80%
Hedge funds	5.0%	6.90%
Private equity	<u>10.0%</u>	11.80%
Total	<u>100.0%</u>	

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

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 480,498	\$ -	\$ 480,498
Interest	813,628	-	813,628
Difference between expected and actual experience	(50,254)	-	(50,254)
Changes in assumptions	(97,951)	-	(97,951)
Contributions - employer	-	329,979	(329,979)
Contributions - employee	-	192,971	(192,971)
Net investment income	-	960,106	(960,106)
Benefit payments, including refunds of employee contributions	(550,030)	(550,030)	-
Administrative expense	-	(6,111)	6,111
Other changes	-	(43)	43
Net Changes	595,891	926,872	(330,981)
Balance at December 31, 2022	12,088,508	8,300,232	3,788,276
Balance at December 31, 2023	<u>\$ 12,684,399</u>	<u>\$ 9,227,104</u>	<u>\$ 3,457,295</u>

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net position liability	<u>\$ 5,205,882</u>	<u>\$ 3,457,295</u>	<u>\$ 2,019,652</u>

Pension Plan Fiduciary Net Position: Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2024, the City recognized pension expense of \$554,887.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 68,907	\$ 32,621
Net difference between projected and actual investment earnings	220,722	63,582
Contributions subsequent to the measurement date	<u>287,816</u>	<u>-</u>
Total	<u>\$ 577,445</u>	<u>\$ 96,203</u>

\$287,816 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2025.

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

<u>Fiscal Year ended September 30,</u>	<u>Pension Expense</u>
2025	\$ 64,737
2026	37,506
2027	171,151
2028	<u>(79,968)</u>
Total	<u>\$ 193,426</u>

Other Postemployment Benefits:

TMRS - Supplemental Death Benefit (SDBF)

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

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

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF).

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

Participation in the SDBF as of December 31, 2023 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to, but not yet receiving, benefits	8
Active employees	<u>38</u>
Total	<u><u>64</u></u>

Total OPEB Liability: The City's total OPEB liability of \$111,395 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 6,065
Interest	4,269
Difference between expected and actual experience	(5,558)
Changes of assumptions	5,750
Benefit payments	<u>(3,032)</u>
Net changes	7,494
Beginning balance	<u>103,901</u>
Ending balance	<u>\$ 111,395</u>

* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the City's yearly contribution for retirees.

The discount rate decreased from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

	1% Decrease in Discount Rate <u>(2.77%)</u>	Discount Rate <u>(3.77%)</u>	1% Increase in Discount Rate <u>(4.77%)</u>
City's total OPEB liability	<u>\$ 133,739</u>	<u>\$ 111,395</u>	<u>\$ 93,959</u>

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2024, the City recognized OPEB expense of \$6,888. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 1,263	\$ 7,551
Changes in actuarial assumptions	10,924	33,054
Contributions subsequent to the measurement date	<u>2,388</u>	<u>-</u>
 Total	 <u>\$ 14,575</u>	 <u>\$ 40,605</u>

\$2,388 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2025.

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

<u>Fiscal Year ended September 30,</u>	<u>OPEB Expense</u>
2025	\$ (6,614)
2026	(11,443)
2027	(10,384)
2028	<u>23</u>
 Total	 <u>\$ (28,418)</u>

Deferred Compensation Plan: The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Contracts: Summaries of the City's significant contracts are as follows:

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 (the "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% of total plant capacity. During the fiscal year ended September 30, 2024, the City received \$50,076 from the City of Houston for its proportionate share of the Plant's operating costs.

Fort Bend County Water Control and Improvement District No. 2

On May 19, 2008, the City entered into an agreement (the "Agreement") with Fort Bend County Water Control and Improvement District No. 2 (the "District") for participation in a groundwater reduction plan (the "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, which 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 "Subsidence District"). The District includes the City in the Plan.

The District is developing the 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 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 \$309,404 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 the Agreement for the procurement of a surface water supply, a plant site, and feasibility studies, and preparation of the Plan. During a prior fiscal year, this equalization fee was paid in full.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Fort Bend County Mobility Bond Project

On June 22, 2021, the City entered into an interlocal agreement (the "Agreement") with Fort Bend County (the "County") and the City of Stafford for the Mobility Bond Project Fort Bend Project No. 20211 (the "Project") for the construction of a bike trail and sidewalk improvements that will enhance the bicycle and pedestrian traffic circulation in the service area.

The County will provide the funding for eligible Project costs to the City. The County agrees to pay the City an amount equal to the lesser of 80% of eligible Project costs or \$2,900,000.

The funding of the remaining 20% will be split between the City and the City of Stafford. The City of Stafford will advance an amount equal to 20% of the amount budgeted for construction of the Project within the City limits up to a maximum amount of \$230,000. The City will be responsible for the remaining Project costs, which is currently budgeted for \$495,000.

Fund Balance: As of September 30, 2024, the City had \$288,629 restricted for enabling legislation as follows:

Restricted for:

Drug task force	\$ 7,103
Disposed cash	1,211
Right of way	122,925
School crossing	14,687
Child safety	43,160
Court technology	11,525
Building security	24,492
Truancy prevention	55,700
Municipal jury	1,021
Opioid abatement	6,805
Total restricted for enabling legislation	<u>\$ 288,629</u>

On September 30, 2024 the City had \$111,294 in committed fund balance for 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's limit. This reserve was created by the City to provide funding to repair roadways within the City limits. During the current year, the City collected \$190,561 from the monthly fee. The City expended \$217,960 during the current year for these repairs. The City also has \$1,171,408 committed for facilities improvements.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2024

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues				
Property taxes	\$ 3,958,510	\$ 3,958,510	\$ 3,850,660	\$ (107,850)
Sales taxes	1,425,000	1,425,000	1,511,728	86,728
Franchise fees and local taxes	265,000	265,000	272,985	7,985
Licenses and permits	125,000	125,000	101,633	(23,367)
Fines and forfeitures	450,000	450,000	594,898	144,898
Intergovernmental	250,000	331,342	366,507	35,165
Charges for services	189,000	189,000	190,561	1,561
Investment earnings	250,000	250,000	383,334	133,334
Other revenue	482,500	724,066	517,773	(206,293)
Total revenues	<u>7,395,010</u>	<u>7,717,918</u>	<u>7,790,079</u>	<u>72,161</u>
Expenditures				
Current				
General government				
General government	1,368,693	1,368,693	1,260,209	108,484
Council	40,886	40,886	39,800	1,086
Total general government	<u>1,409,579</u>	<u>1,409,579</u>	<u>1,300,009</u>	<u>109,570</u>
Public safety				
Police	2,788,953	2,977,795	2,974,832	2,963
Municipal court	293,250	302,250	299,048	3,202
Total public safety	<u>3,082,203</u>	<u>3,280,045</u>	<u>3,273,880</u>	<u>6,165</u>
Public works	1,217,699	1,622,215	1,614,668	7,547
Parks and recreation	905,529	987,591	986,304	1,287
Capital outlay	-	80,000	68,616	11,384
Total expenditures	<u>6,615,010</u>	<u>7,379,430</u>	<u>7,243,477</u>	<u>135,953</u>
Net change in fund balance	<u>\$ 780,000</u>	<u>\$ 338,488</u>	546,602	<u>\$ 208,114</u>
Beginning fund balance			<u>6,463,601</u>	
Ending fund balance			<u>\$ 7,010,203</u>	

Notes to Required Supplementary Information:

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

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, 2024

	Measurement Year*									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 480,498	\$ 413,200	\$ 363,542	\$ 356,612	\$ 297,024	\$ 278,511	\$ 268,764	\$ 264,811	\$ 227,586	\$ 211,979
Interest (on the total pension liability)	813,628	754,810	697,775	653,336	607,676	567,474	524,412	487,855	470,575	463,068
Difference between expected and actual experience	(50,254)	156,645	188,772	66,346	41,401	41,016	129,289	55,957	12,405	(276,563)
Change of assumptions	(97,951)	-	-	-	61,917	-	-	-	56,198	-
Benefit payments, including refunds of employee contributions	(550,030)	(423,844)	(436,057)	(406,746)	(315,987)	(285,372)	(293,393)	(244,634)	(316,155)	(281,922)
Net change in total pension liability	595,891	900,811	814,032	669,548	692,031	601,629	629,072	563,989	450,609	116,562
Beginning total pension liability	12,088,508	11,187,697	10,373,665	9,704,117	9,012,086	8,410,457	7,781,385	7,217,396	6,766,787	6,650,225
Ending total pension liability	<u>\$ 12,684,399</u>	<u>\$ 12,088,508</u>	<u>\$ 11,187,697</u>	<u>\$ 10,373,665</u>	<u>\$ 9,704,117</u>	<u>\$ 9,012,086</u>	<u>\$ 8,410,457</u>	<u>\$ 7,781,385</u>	<u>\$ 7,217,396</u>	<u>\$ 6,766,787</u>
Plan fiduciary net position										
Contributions - employer	\$ 329,979	\$ 266,286	\$ 221,921	\$ 209,820	\$ 168,878	\$ 144,871	\$ 131,403	\$ 91,630	\$ 103,216	\$ 94,011
Contributions - employee	192,971	168,949	146,001	145,133	122,376	113,944	109,763	106,902	95,912	87,986
Net investment income	960,106	(652,155)	1,038,965	566,135	1,002,765	(201,229)	824,725	380,106	8,468	316,172
Benefit payments, including refunds of employee contributions	(550,030)	(423,844)	(436,057)	(406,746)	(315,987)	(285,372)	(293,393)	(244,634)	(316,155)	(281,922)
Administrative expense	(6,111)	(5,647)	(4,810)	(3,666)	(5,670)	(3,892)	(4,277)	(4,294)	(5,158)	(3,301)
Other	(43)	6,738	32	(143)	(169)	(205)	(216)	(231)	(254)	(271)
Net change in plan fiduciary net position	926,872	(639,673)	966,052	510,533	972,193	(231,883)	768,005	329,479	(113,971)	212,675
Beginning plan fiduciary net position	8,300,232	8,939,905	7,973,853	7,463,320	6,491,127	6,723,010	5,955,005	5,625,526	5,739,497	5,526,822
Ending Plan Fiduciary Net Position	<u>\$ 9,227,104</u>	<u>\$ 8,300,232</u>	<u>\$ 8,939,905</u>	<u>\$ 7,973,853</u>	<u>\$ 7,463,320</u>	<u>\$ 6,491,127</u>	<u>\$ 6,723,010</u>	<u>\$ 5,955,005</u>	<u>\$ 5,625,526</u>	<u>\$ 5,739,497</u>
Net Pension Liability	<u>\$ 3,457,295</u>	<u>\$ 3,788,276</u>	<u>\$ 2,247,792</u>	<u>\$ 2,399,812</u>	<u>\$ 2,240,797</u>	<u>\$ 2,520,959</u>	<u>\$ 1,687,447</u>	<u>\$ 1,826,380</u>	<u>\$ 1,591,870</u>	<u>\$ 1,027,290</u>
Plan fiduciary net position as a percentage of total pension liability	72.74%	68.66%	79.91%	76.87%	76.91%	72.03%	79.94%	76.53%	77.94%	84.82%
Covered Payroll	\$ 2,756,727	\$ 2,413,554	\$ 2,085,726	\$ 2,073,327	\$ 1,748,226	\$ 1,627,768	\$ 1,568,048	\$ 1,527,167	\$ 1,370,174	\$ 1,256,939

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 378,955	\$ 313,933	\$ 234,783	\$ 208,485	\$ 196,202	\$ 162,455	\$ 139,093	\$ 128,761	\$ 100,361	\$ 102,244
Contributions in relation to the actuarially determined contribution	<u>378,955</u>	<u>313,933</u>	<u>247,985</u>	<u>215,801</u>	<u>196,202</u>	<u>162,455</u>	<u>139,093</u>	<u>128,761</u>	<u>100,361</u>	<u>102,244</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,202)</u>	<u>\$ (7,316)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,952,871	\$ 2,677,907	\$ 2,272,132	\$ 2,054,108	\$ 1,957,586	\$ 1,711,428	\$ 1,582,245	\$ 1,604,907	\$ 1,554,311	\$ 1,329,535
Contributions as a percentage of covered payroll	12.83%	11.72%	10.91%	10.51%	10.02%	9.49%	8.79%	8.02%	6.46%	7.69%

Notes to Required Supplementary Information:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12.00% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

3. Other Information:

- 1) Granted 100% ad hoc USA
- 2) Granted 70% ad hoc COLA

There were no benefit changes during the year.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

	Measurement Year*						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability							
Service cost	\$ 6,065	\$ 9,413	\$ 8,343	\$ 6,013	\$ 3,496	\$ 3,581	\$ 2,979
Interest (on the total OPEB liability)	4,269	2,785	2,907	3,135	3,259	3,087	3,003
Difference between expected and actual experience	(5,558)	1,526	(8,420)	1,773	(1,427)	(4,621)	-
Change of assumptions	5,750	(55,388)	4,782	20,614	20,130	(6,913)	8,007
Benefit payments	<u>(3,032)</u>	<u>(2,172)</u>	<u>(2,086)</u>	<u>(622)</u>	<u>(524)</u>	<u>(488)</u>	<u>(470)</u>
Net change in total OPEB liability	7,494	(43,836)	5,526	30,913	24,934	(5,354)	13,519
Beginning total OPEB liability	<u>103,901</u>	<u>147,737</u>	<u>142,211</u>	<u>111,298</u>	<u>86,364</u>	<u>91,718</u>	<u>78,199</u>
Ending total OPEB liability	<u>\$ 111,395</u>	<u>\$ 103,901</u>	<u>\$ 147,737</u>	<u>\$ 142,211</u>	<u>\$ 111,298</u>	<u>\$ 86,364</u>	<u>\$ 91,718</u>
Covered Payroll	\$ 2,952,871	\$ 2,413,554	\$ 2,085,726	\$ 2,073,327	\$ 1,748,226	\$ 1,627,768	\$ 1,568,048
Net OPEB liability as a percentage of covered payroll	3.77%	4.30%	7.08%	6.86%	6.37%	5.31%	5.85%

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

** Due to the SDBF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

(Continued)

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

Notes to Required Supplementary Information:

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.
2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	3.77%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 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 four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% 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.
3. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial study for the period ending December 31, 2022.

There were no benefit changes during the year.