

**CITY OF MIDLOTHIAN, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2014**

**As Prepared By:**

**Finance Department**

**City of Midlothian, Texas**

**CITY OF MIDLOTHIAN, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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## **INTRODUCTORY SECTION**



February 24, 2015

*Citizens of Midlothian, Honorable Mayor and Members of City Council  
City of Midlothian  
Midlothian, Texas*

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Midlothian, Texas for the fiscal year ended September 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Midlothian's financial statements have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Midlothian for the fiscal year ended September 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Midlothian's financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City of Midlothian, incorporated in 1888, is located in the northwest part of Ellis County, approximately 25 miles southwest of Dallas, on U.S. Highway 67, and ten miles northwest of Waxahachie, on U.S. Highway 287. The City of Midlothian is part of the Dallas/Fort Worth Metroplex and encompasses an approximate area of 53.85 square miles, with an estimated

population of 21,347. The City of Midlothian is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City is a home rule city, operating under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan, at-large basis. Council members serve three (3) year staggered terms so that at least two members are elected every year.

The City provides to its citizens those services that have proven to be necessary and meaningful and which the City can provide at the lowest practicable cost. These services include police and fire protection, emergency ambulance service, water and sewer services, park and recreational facilities, street improvements, and general administrative services. The City includes all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria other governmental organizations are included in the City's financial statements (see Note 1B of the Notes to the Financial Statements). The discretely presented Component Units included are Midlothian Economic Development (MED), the Midlothian Community Development Corporation (MCDC) and the Midlothian Development Authority (MDA). The MED and MCDC are governed by separate boards, appointed by the City's elected council. Each of these entities is funded by a one half of one percent sales tax.

The Midlothian Development Authority/Tax Increment Reinvestment Zone (TIRZ) consists of a nine member board, with five of those being appointed by the City Council. The TIRZ was created for the purpose of facilitating development of a mixed-use industrial park. From properties located within the zone, the City of Midlothian, Ellis County, and the Midlothian Independent School District have agreed to deposit to the TIRZ fund a certain percentage of tax collections generated from their respective taxation. The Authority issues Tax Increment Revenue Bonds to build infrastructure within or associated with the zone. The bonds are limited obligations solely of the Authority and are not obligations of the City, and do not give rise to a charge against the general taxing powers of the City.

The annual budget serves as the foundation for the City of Midlothian's financial planning and control. All agencies of the City of Midlothian are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to August 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than 10 days prior to the beginning of the fiscal year by passage of a budget ordinance. Department heads may make transfers of appropriations within a department. Transfer of appropriations between departments requires the approval of the City Manager. The City Council must approve any revisions that alter the total appropriations of any fund. A budget-to-actual comparison must be provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, Conference Center fund, and the Midtowne PID fund, this comparison is presented on pages 61 and 69-70.

### ***Economic Outlook and Financial Condition***

The information presented in the financial statements is perhaps best understood when it is considered within the context within which the City operates.

**Local economy.** Midlothian's location is served by two major highways. US Hwy 67 travels north and south, and US Highway 287 travels east to west. The City is within 15 miles of IH 35 E and IH 20. These major highways provide easy access to Dallas/Fort Worth and the surrounding Metroplex area.

Midlothian is home to a diversified group of manufacturing and distribution firms. Products manufactured range from cement to steel, along with a retail sales distribution center, and one of the largest retail toy distribution centers in the State.

The City also benefits from a well-educated and affluent workforce. Midlothian's average household effective buying income is \$100,979.

The City is 45% developed with a projected 2015 growth rate of 3.50%. The City of Midlothian, since 2000, is one of the fifty fastest growing cities in the nine county, North Texas region.

Advanced education is available with the 2006 opening of Navarro Community College. Navarro has also partnered with Texas A&M Commerce and Tarleton State to offer a four year degree program at the Midlothian Campus. Additional college opportunities within a 60 mile radius include Northwood University, Southern Methodist University, Texas Christian University, University of North Texas, University of Texas at Arlington and many others. In addition, there are several trades, industrial and technical schools located throughout the area. The Midlothian Independent School District is one of the fastest growing districts in the State of Texas, making the City of Midlothian a sought after environment with small town appeal.

Air transportation is available at nearby Dallas/Fort Worth International Airport and Love Field for national and international travel. Mid-Way Regional Airport is located within three miles of downtown Midlothian, for private/commercial services. The Mid-Way airport is jointly owned by the cities of Midlothian and Waxahachie.

Medical services are available, with the largest hospital located in Ellis County, Baylor Medical Center, located within minutes of Midlothian. Services are also available through several primary care medical providers located in the City limits. The Metroplex area is served by more than seventy hospitals offering specialized services, including major trauma care.

The City has 313.47 acres of undeveloped park land, and 143.92 acres of developed park land that provide soccer fields, baseball fields, tennis courts, and playground areas. The City also operates a sports park jointly with the Midlothian Independent School District. The voters approved a bond package in May 2006 for a new multi-use community park facility to encompass baseball, football, soccer fields and tennis courts, as well as a walking trail and picnic area. This park is expected to be approximately 157 acres when completed. The downturn of new residential growth delayed construction of this project although the land has been acquired and \$5,800,000 in debt was issued in 2013 to begin the first phase of engineering and construction. The first phase of the park is expected to open in spring of 2016. In addition, the City will issue additional debt in April 2015 to finish construction of Phase 1 for the community park. The City also constructed and opened a new modular skate park within an existing playground and soccer park.

The Dallas Fort Worth Metroplex hosts several professional sports teams including the Dallas Cowboys, Dallas Mavericks, Texas Rangers and Dallas Stars. Access to these professional sports teams are within a thirty minute drive from Midlothian. The Dallas/Fort Worth area offers a variety of cultural opportunities such as: museums, botanical gardens, Six Flags over Texas, and Texas Motor Speedway. There are several 18-hole championship golf courses located within a short driving distance of the City.

### ***Comprehensive Plan***

The City of Midlothian has adopted a Comprehensive Plan with goals and objectives that will help to shape and direct growth and development for the next twenty years and beyond. The plan is based upon a shared vision of the citizenry and stakeholders. In fiscal year 2014, building permits were approved for 279 single-family homes with an estimated average value of \$227,047. There are currently 6,207 platted residential lots with 2,012 approved final platted lots.

### ***Long-Term financial Planning***

The City's five-year Strategic Plan identifies personnel, equipment and capital project needs and is revised annually. The five-year plan for revenue is projected based on population estimates, along with housing and business growth. Annual population growth has averaged approximately 5-7% for the past five years. Sales tax increased by 18.50% during the current year, and the economic conditions are projected to remain flat.

Department Directors are responsible for reviewing historical performance measures and planning for the five year financial needs to continue to provide the existing level of services to the citizens. The Finance Director and Budget Analyst are responsible for preparing long-term revenue and expenditure forecasts. The department performance measures are evaluated to assist with calculating long term financial needs. The un-issued debt is calculated based on construction plans, and is also included in the five-year plan. This enables the City Manager and Finance Director to evaluate and forecast the tax rate for not only maintenance and operations, but for the debt as well. Capital improvements that may require a future bond election are also taken into consideration when setting long term financial plans.

The City continues to maintain a healthy fund balance. The General Fund's unassigned fund balance is \$12,158,700; of that amount a 90 day reserve of \$5,537,142 is maintained. Within the FY 2013-2014 Budget, Council approved the use of unreserved funds in the amount of \$952,163 for prior year encumbrances, and one time capital expenditures.

In May 2006, the voters approved a \$31,090,000 bond package that will build new streets and add a multi-use park. This debt was planned to be issued in increments over the next six years. However, debt was not issued from the 2006 bond package between 2008 and 2012 due to economic conditions. In 2013 the City issued \$7,800,000 of GO debt (Parks and street improvements) and \$3,050,000 short term tax notes (capital equipment purchases) along with a GO refunding. The Enterprise fund issued \$25,010,000 in debt in 2008 to construct a second water treatment plant; construction began in 2009 and is now complete and in full operation as of October 2013. The City issued a debt refunding for both General and Utility fund in 2014, which will result in future debt savings. The third debt issuance for the voter approved 2006 package will be issued in April 2015 for street improvements and to complete phase I of the Community Park.



### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Midlothian for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Midlothian received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Midlothian's finances.

*Respectfully submitted,*



Chris Dick, City Manager

*Chris Dick, CPA  
City Manager*



*Suzanne McKenrick  
Interim Finance Director*



Government Finance Officers Association

**Certificate of  
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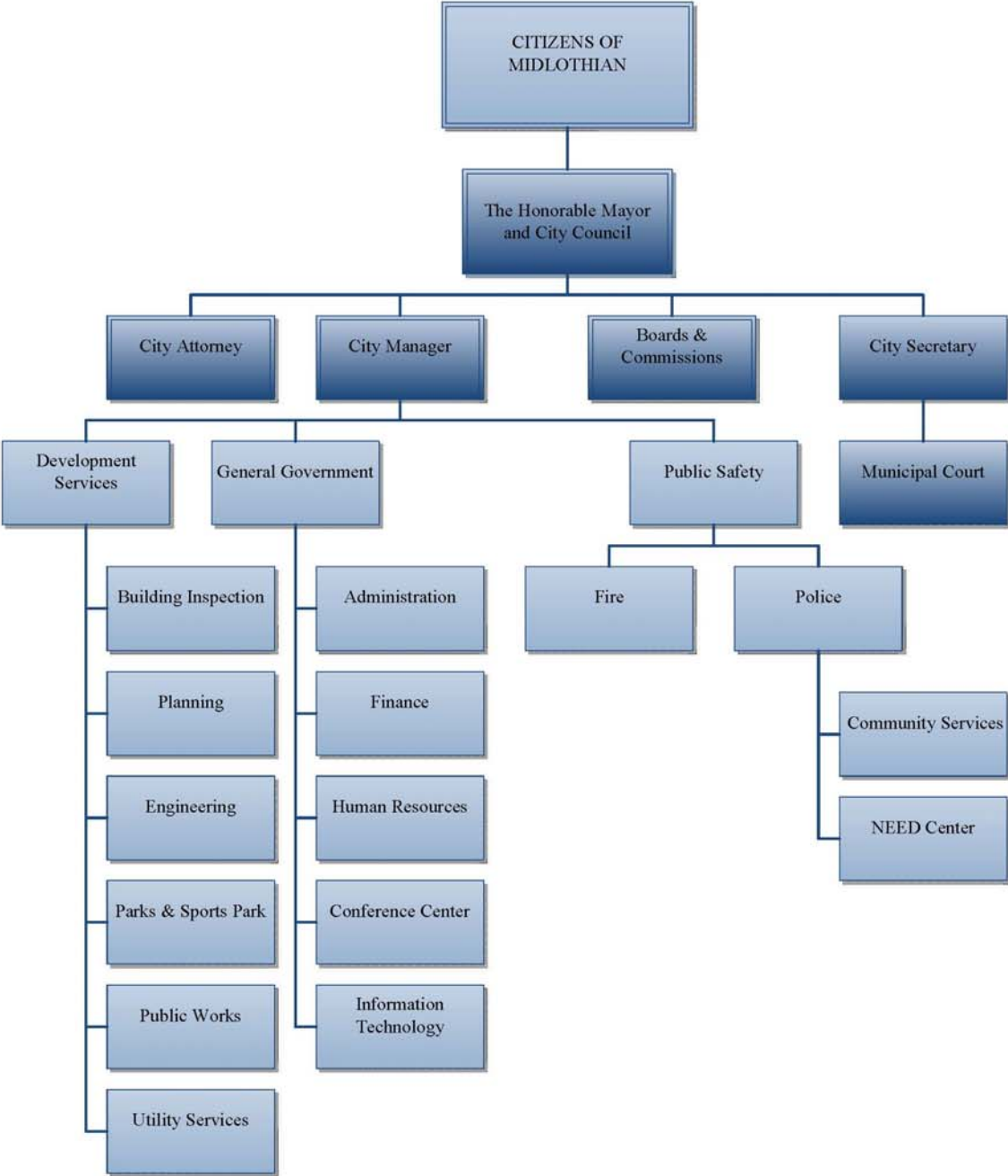
Presented to

**City of Midlothian  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO



Created by  
City Charter

**CITY OF MIDLOTHIAN, TEXAS**

**PRINCIPAL OFFICERS**

**SEPTEMBER 30, 2014**

**MAYOR**

**Bill Houston**

**MAYOR PRO-TEM**

**Joe Frizzell**

**CITY COUNCIL**

**Wayne Sibley  
T. J. Henley  
Jimmie Lou McClure  
Ted Miller  
Mike Rodgers**

**INTERIM CITY MANAGER**

**Chris Dick, CPA**

**INTERIM FINANCE DIRECTOR**

**Sue Mckenrick**

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor  
and Members of the City Council  
City of Midlothian, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Midlothian, Texas (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

To the Honorable Mayor  
and Members of the City Council  
City of Midlothian, Texas

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 11), budgetary comparison information (page 61), and schedule of funding progress-retirement systems (page 63) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

To the Honorable Mayor  
and Members of the City Council  
City of Midlothian, Texas

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2015, 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 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 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
February 23, 2015



## CITY OF MIDLOTHIAN, TEXAS

### Management's Discussion and Analysis For The Year Ended September 30, 2014 (Unaudited)

As management of the City of Midlothian (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014.

#### FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the City of Midlothian exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$173,281,003 (net position). Of this amount, \$40,653,029 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$7,060,124 for the current fiscal year which resulted from capital improvement activity and a reduction in long term debt in the City's Governmental and the water and sewer fund as well.
- As of the close of the current fiscal year, the City of Midlothian's governmental funds reported combined ending fund balances of \$21,016,760. Fifty-eight (58%) of this total amount or \$12,158,700 is unassigned and available for use within the City's designation and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,158,700 or 63% of the total general fund expenditures.
- The City's long-term debt decreased \$7,526,958 or 7%, due to annual principal payments and reduction in debt due to a refunding that was issued in the amount of \$15,015,000.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two 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.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, public works and cultural and recreation. The business-type activities of the City include Water and Sewer operations. The government-wide financial statements can be found on page 12-13 of this report.

CITY OF MIDLOTHIAN, TEXAS

Management's Discussion and Analysis  
For The Year Ended September 30, 2014  
(Unaudited)

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories- governmental funds and proprietary funds.

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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 13 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, Debt Service, and Capital Project Funds, all of which are considered to be major funds. Data from the other 10 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 15-18.

Proprietary Funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Midlothian uses an enterprise fund to account for its Water and Sewer fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer fund which is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 19-23 of this report.

Notes to the Financial Statements — the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-60.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees, and the General fund budgetary information. Required supplementary information can be found on pages 61-63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining statements and schedules can be found on pages 64-70 of this report.

CITY OF MIDLOTHIAN, TEXAS

Management's Discussion and Analysis  
 For The Year Ended September 30, 2014  
 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Midlothian, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$173,281,003 as of September 30, 2014.

The largest portion of the City's net position \$121,258,665 (71%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The largest increase in capital assets was from new road infrastructure (\$4,272,697). The capital assets for the Enterprise fund, excluding change in accumulated depreciation, increased \$1,933,653 due primarily to utility rehab construction and developer contribution. The City uses these capital assets to provide service 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 must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Current assets decreased overall by \$4,429,871 due primarily from the use of cash to purchase new equipment and construction of new water and sewer lines. Long-term liabilities decreased by \$7,289,602 for the fiscal year ended September 30, 2014 due primarily from the annual principal payments and a General Obligation Refunding bond.

An additional portion of the City's net position (6.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position (\$40,653,029), which may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2014, the City is able to report positive balances in all three categories of net position, both for the primary government as a whole, as well as for its separate governmental and business-type activities.

The following table provides a summary of the City's operations for the year ended September 30, 2014.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
<b>Current and Other Assets</b>	\$ 48,692,454	\$ 49,133,871	\$ 21,420,371	\$ 23,564,233	\$ 70,112,825	\$ 72,698,104
<b>Capital Assets</b>	100,443,398	99,083,883	107,299,680	108,222,732	207,743,078	207,306,615
<b>Total Assets</b>	149,135,852	148,217,754	128,720,051	131,786,965	277,855,903	280,004,719
<b>Total Deferred Outflows of Resources</b>	999,640	510,942	1,115,747	1,148,959	2,115,387	1,659,901
<b>Long Term Liabilities</b>	44,538,440	48,033,287	57,226,400	60,966,152	101,764,840	108,999,439
<b>Other Liabilities</b>	2,270,991	2,068,830	1,231,694	2,788,836	3,502,685	4,857,666
<b>Total Liabilities</b>	46,809,431	50,102,117	58,458,094	63,754,988	105,267,525	113,857,105
<b>Total Deferred Inflows of Resources</b>	1,422,762	1,586,636	-	-	1,422,762	1,586,636
<b>Net Investment in Capital Assets</b>	64,724,351	60,553,848	56,534,314	55,291,151	121,258,665	115,844,999
<b>Restricted for:</b>						
<b>Debt Service</b>	6,125,850	6,982,498	2,231,990	2,231,990	8,357,840	9,214,488
<b>Capital Improvements</b>	-	-	2,698,124	2,710,932	2,698,124	2,710,932
<b>Other</b>	313,345	163,176	-	-	313,345	163,176
<b>Unrestricted (deficit)</b>	30,739,753	29,340,421	9,913,276	8,946,863	40,653,029	38,287,284
<b>Net Position</b>	\$101,903,299	\$97,039,943	\$71,377,704	69,180,936	\$173,281,003	\$166,220,879

CITY OF MIDLOTHIAN, TEXAS

Management's Discussion and Analysis  
 For The Year Ended September 30, 2014  
 (Unaudited)

The following table provides a summary of the City's operations for the year ended September 30, 2014.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
<b>Program Revenues:</b>						
<b>Fees, fines and charges for services</b>	\$ 4,171,822	\$ 10,980,588	\$ 11,965,998	\$ 11,348,240	\$ 16,137,820	\$ 22,328,828
<b>Operating Grants and Contributions</b>	971,598	856,442	-	-	971,598	856,442
<b>Capital Grants and Contributions</b>	4,867,775	4,349,507	2,872,995	2,272,695	7,740,770	6,622,202
<b>General Revenues:</b>						
<b>Ad Valorem Taxes</b>	14,730,044	13,879,852	-	-	14,730,044	13,879,852
<b>Other Taxes</b>	31,176	26,899	-	-	31,176	26,899
<b>Franchise Taxes</b>	2,930,591	2,776,804	-	-	2,930,591	2,776,804
<b>Sales Tax</b>	3,140,348	2,477,559	-	-	3,140,348	2,477,559
<b>Investment Earnings</b>	44,628	77,082	24,544	-	69,172	77,082
<b>Penalties &amp; Interest</b>	42,727	41,771	-	55,719	42,727	97,490
<b>Miscellaneous</b>	364,009	357,749	-	-	364,009	357,749
<b>Total Revenues</b>	31,294,718	35,824,253	14,863,537	13,676,654	46,158,255	49,500,907
<b>Expenses:</b>						
<b>General Government</b>	8,378,525	6,432,045	-	-	8,378,525	6,432,045
<b>Public Safety</b>	8,965,155	9,516,092	-	-	8,965,155	9,516,092
<b>Public Works</b>	6,799,551	11,206,164	-	-	6,799,551	11,206,164
<b>Cultural and Recreation</b>	1,472,246	1,225,423	-	-	1,472,246	1,225,423
<b>Interest on Long Term Debt</b>	1,740,996	1,839,795	-	-	1,740,996	1,839,795
<b>Water and Sewer</b>	-	-	11,741,658	9,554,831	11,741,658	9,554,831
<b>Total Expenses</b>	27,356,473	30,219,519	11,741,658	9,554,831	39,098,131	39,774,350
<b>Increases in net assets before transfers</b>	3,938,245	5,604,734	3,121,879	4,121,823	7,060,124	9,726,557
<b>Transfers</b>	925,111	(370,649)	(925,111)	370,649	-	-
<b>Change in Net Position</b>	4,863,356	5,234,085	2,196,768	4,492,472	7,060,124	9,726,557
<b>Net Position-Oct. 1</b>	97,039,943	91,805,858	69,180,936	64,688,464	166,220,879	156,494,322
<b>Net Position-Sept. 30</b>	\$ 101,903,299	\$ 97,039,943	\$ 71,377,704	\$ 69,180,936	\$173,281,003	\$166,220,879

CITY OF MIDLOTHIAN, TEXAS

Management's Discussion and Analysis  
For The Year Ended September 30, 2014  
(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds - The focus of the City of Midlothian'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 a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Midlothian's governmental funds reported combined ending fund balances of \$21,016,760. Approximately 58% of this total amount (\$12,158,700) constitutes unassigned fund balance. In addition, a fund balance of \$422,399 is assigned for budget deficit in 14-15. The restricted fund balance is \$8,191,703, the majority of which is in the capital projects fund. Restricted for debt service totals \$1,013,621. Additional restricted amounts are for police imprest, tourism, court technology and building security, and grants totaling \$313,345. The General fund has a nonspendable amount of \$30,671 for prepaid items. In the nonmajor governmental funds, \$213,287 is committed for historic preservation, beautification, training academy, conference center and for community improvements.

The increase in fund balance for the General Fund is due primarily from revenues, such as sales tax, exceeding expectations. License and permit revenues also contributed to the fund balance increase, with Building Permit fees exceeding budget by 108%. In addition, the City received a large contribution (\$298,200) in relation to a land sale. Charges for service, and Other Revenues were also above budget projections.

The difference between the original budget and the final amended budget in the general fund was \$318,275 and is the result of Council approved budget amendments for goods or services.

The fund balance for the Capital Projects Fund decreased by \$437,671 (6%). This was due primarily from expenditures related to equipment and park improvements. The City purchased new police vehicles, other equipment, and did park improvements using tax notes. There are several street and park improvement projects planned using the bond funds.

The General Debt Service fund balance decreased by \$444,758 due to the annual debt payments. The fund balance for the non-major governmental funds increased by \$168,762. The Police Imprest fund increased by \$54,696 from funds seized during the year. This fund can be used only by the police department. The Municipal Court fund balance increased by \$13,963. This fund balance is from a state mandate requiring a portion of citation revenues be used for court improvements. The Midlothian Restoration fund increased \$50 and the Beautification fund had an increase of \$6,864 for 13-14. The Conference Center fund decreased by \$738 due from increased building maintenance. The fund balance decreased \$10,890 for Hotel/Motel Tax, a non-major fund used to promote tourism, and the Police Training Academy increased by \$11,191. The Grant fund increased \$54,872 mainly from special events donations to the parks and recreation department. The Midtowne PID fund increased \$1,226.

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

The unrestricted net position of the Water and Sewer Fund is \$9,913,276. Factors affecting the performance of the fund during the year include increase in water usage and increase in sewer collections, along with an increase in costs for the new water treatment plant.

CITY OF MIDLOTHIAN, TEXAS

Management's Discussion and Analysis  
 For The Year Ended September 30, 2014  
 (Unaudited)

CAPITAL ASSETS

The City of Midlothian's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$207,743,078 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was less than 1%, (a 1.37% increase for governmental activities and 0.87% decrease in business-type activities.) The increase in the governmental activities is primarily from infrastructure and the purchase of large equipment. The increase in the business-type activities, excluding the change in accumulated depreciation, is primarily due to utility rehab construction and developer contribution.

	Governmental Activities 2014	Governmental Activities 2013	Business type Activities 2014	Business type Activities 2013	Total 2014	Total 2013
Land	\$ 17,762,353	\$ 17,411,212	\$ 807,351	\$ 807,351	\$ 18,569,704	\$ 18,218,563
Buildings	16,912,540	16,798,665	40,795,886	40,795,886	57,708,426	57,594,551
Equipment	11,309,036	9,129,190	2,885,889	2,503,648	14,194,925	11,632,838
Improvements	18,050,845	17,660,736	-	-	18,050,845	17,660,736
Infrastructure	90,215,471	85,795,149	43,697,618	41,353,953	133,913,089	127,149,102
Water Rights	-	-	29,949,793	29,949,793	29,949,793	29,949,793
Wastewater Rights	-	-	18,051,922	18,051,922	18,051,922	18,051,922
Construction in Progress	5,130,611	5,351,211	74,614	844,867	5,205,225	6,196,078
Accumulated Depreciation	(58,937,458)	(53,062,280)	(28,963,393)	(26,084,688)	(87,900,851)	(79,146,968)
Total	\$ 100,443,398	\$ 99,083,883	\$ 107,299,680	\$ 108,222,732	\$207,743,078	\$207,306,615

Major capital asset events during the current fiscal year included the following:

- Ladder Fire Truck \$1,002,567
- Seven Police Ford Explorers \$324,702
- Various street Rehab \$943,116
- Justice Center drive (police department access) \$147,625
- Skate Park \$114,838
- Utility Rehab \$425,495
- New Water and Sewer lines \$1,023,703
- New High School Sanitary Sewer \$362,448
- New Utility Heavy Equipment \$165,516

Additional information on the City of Midlothian's capital assets can be found in Note 5 on pages 42-43 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Midlothian had a total bonded debt, notes payable, and other long-term debt \$101,307,719.

In May 2006, the voters approved a bond election for new street construction, a new 125+ acre multi-use community park, and renovation of fire station #1, for a total of \$31,090,000. This debt will be issued in increments on an annual basis with Council approval. The first phase of this bond package began with the issuance of \$8,550,000 in debt in July 2007. In the 12-13 fiscal year, the City issued \$7,800,000 in General Obligation bonds from the 2006 election and \$3,050,000 in Tax Notes. In 13-14 the city issued \$15,015,000 General Obligation Refunding bonds. The City is planning an additional issuance from the 2006 Bond Election in April 2015 in the amount of not to exceed \$10,000,000. The issuance will be for Phase I of the community park and street construction.

CITY OF MIDLOTHIAN, TEXAS

Management's Discussion and Analysis  
 For The Year Ended September 30, 2014  
 (Unaudited)

At September 30, 2014, the City's long-term debt consisted of the following:

LONG-TERM DEBT	Governmental 2014	Governmental 2013	Business-type Activities 2014	Business-type Activities 2013	Total 2014	Total 2013
Tax Notes	\$ 1,375,000	\$ 2,590,000	\$ -	\$ -	\$ 1,375,000	\$ 2,590,000
General Obligation Bonds	39,760,141	40,194,901	24,449,781	22,595,021	64,209,922	62,789,922
Accreted Interest	-	-	5,926,371	5,333,711	5,926,371	5,333,711
Cert. Of Obligation	190,000	2,845,000	-	-	190,000	2,845,000
Revenue Bonds	-	-	25,980,000	32,435,000	25,980,000	32,435,000
Capital Lease Oblig.	146,737	82,980	88,269	-	235,006	82,980
Bond Premium	1,111,906	626,200	347,316	220,519	1,459,222	846,719
Other post employment benefits	984,048	802,438	277,554	226,329	1,261,602	1,028,767
Compensated absences	970,608	891,768	157,109	155,572	1,127,717	1,047,340
<b>Total</b>	<b>\$ 44,538,440</b>	<b>\$ 48,033,287</b>	<b>\$ 57,226,400</b>	<b>\$ 60,966,152</b>	<b>\$101,764,840</b>	<b>\$108,999,439</b>

Additional information on the City of Midlothian long-term debt can be found in Note 6 on pages 44-50 of this report.

COMPONENT UNITS

Financial reports for the City's component units are located at the City of Midlothian, Finance Department 104 West Ave. E Midlothian, Texas 76065

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2014-15 fiscal year, General Fund revenues and transfers in from other funds are budgeted to increase by 14% from the 2013-14 budgeted amounts, with property taxes making up about 36% of General Fund budgeted revenues. Total ad valorem tax revenues are projected to increase 28% over the preceding year. Sales tax revenue is forecasted to increase in fiscal year 2014-15 by 17% as compared to the 13-14 budgeted amount. The City has budgeted for a 2% decrease in electric franchise tax, a 5% budget increase in gas franchise tax, and 9% increase for telephone franchise in FY 2014-15. The City budgeted for a 31% decrease in interest earnings for 14-15 based on recent trends in the city's investment income. The investment opportunities are presented for one year maturities and the city has various projects that need liquidity. At the present time, the development services department expects growth for the 14-15 budget year, thus the City budgeted a 10% increase in building permit revenues. There 4,195 preliminary platted lots waiting for approval for development, and 2,012 lots approved and available at this time. The voter approved bond referendum of May 2006 had been on hold for five years (since 2007). However, the City issued \$7,800,000 in General Obligation debt in 2013 to fund a major road improvement and the first phase of a community park, with plans to issue debt of \$9,950,000 in April 2015. In addition, the City issued \$10,295,000 of refunding bonds for the General Fund and \$4,595,000 for the Utility fund in 2014 for overall debt savings. The City Council authorized the use of (unassigned) fund balance in the amount of \$422,399 in 2014-15 for the purchase of capital equipment and road improvements. In addition, the City continues to maintain over 180 days in fund balance which is in excess of the 90 day reserve as required in the Finance policy. Certified tax values for 2014-15 are \$2,222,831,269 less \$431,581,170 captured by the Tax Increment Reinvestment Zone. The net increase in taxable value is approximately 5%. The tax rate for 2014-15 is \$0.708244 per \$100 valuation, which increased .05 cents from the overall 13-14 tax rate. This tax rate increase was desired by Council to fund equipment, street improvements and issue the remaining debt to begin construction on the Community Park. The economy called for many of these needs to be deferred until the city began to see new growth and construction. The predicted growth has resulted in the opening of a second High School with phase one completed for the 14-15 school year. In December 2014, the City council directed staff to being a three year annexation process to annex approx. 5.42 square miles with an estimated additional 3,500 in population.

CITY OF MIDLOTHIAN, TEXAS

Management's Discussion and Analysis  
For The Year Ended September 30, 2014  
(Unaudited)

The Utility Services Fund is funded by water/wastewater fees and other utility services. The Utility Fund saw a 4% increase in utility revenues for the 2014 fiscal year as compared to fiscal year 2013. This is attributed to the growth during 2014. In October 2004, as part of the City's long-term wastewater treatment planning, the City entered into an agreement with Trinity River Authority (TRA) to provide wastewater services at the Mountain Creek Regional Wastewater System. The water treatment plants #1 and #2 are budgeted to account for 24% of the Utility Fund expenditures, wastewater 5.7%, and support services 61%. Debt was issued in 2008 for a second water treatment plant and construction began in 2009 with a completion date of October 2013. The plant is in full operation and resulted in an increase in expenditures of 49% as compared to last year with partial operation. The water operations department maintains and repairs over 100 miles of water main lines, however only accounts for 6% of the utility expenses. The 14-15 budget year expenditures have been adjusted to add the additional costs for water treatment plant 2. Revenues are budgeted to have a fifteen percent increase due to growth; however unpredicted weather patterns can contribute significantly to revenue fluctuations.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Finance Director, at 104 W. Ave E, Midlothian, Texas 76065 or call (972) 775-3481.



## **BASIC FINANCIAL STATEMENTS**

# **GOVERNMENT – WIDE FINANCIAL STATEMENTS**

**CITY OF MIDLOTHIAN, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,374,837	\$ 3,497,621	\$ 15,872,458	\$ 22,057,991
Investments	8,997,288	9,764,928	18,762,216	3,708,125
Receivables				
Taxes, net of allowance	82,534	-	82,534	1,449,352
Accounts, net of allowance	1,678,122	1,698,929	3,377,051	-
Other	-	129,410	129,410	-
Due from other governments	10,840,094	-	10,840,094	538,654
Commitment receivable	300,000	-	300,000	-
Direct financing lease	5,017,761	-	5,017,761	-
Note receivable	859,974	-	859,974	-
Due from component units	48,071	-	48,071	-
Prepaid items	30,671	-	30,671	-
Restricted assets				
Cash and cash equivalents	-	2,940,311	2,940,311	4,821,460
Investments	-	3,289,172	3,289,172	-
Bond proceeds receivable	-	100,000	100,000	-
Investment in joint venture	8,463,102	-	8,463,102	-
Capital assets				
Land	17,762,353	807,351	18,569,704	2,087,738
Buildings	16,912,540	40,795,886	57,708,426	7,540
Improvements other than buildings	18,050,845	-	18,050,845	-
Machinery and equipment	11,309,036	2,885,889	14,194,925	9,074
Infrastructure	90,215,471	43,697,618	133,913,089	7,698,945
Water and wastewater rights	-	48,001,715	48,001,715	-
Construction in progress	5,130,611	74,614	5,205,225	4,022,912
Accumulated depreciation	(58,937,458)	(28,963,393)	(87,900,851)	(2,570,581)
Total assets	<u>149,135,852</u>	<u>128,720,051</u>	<u>277,855,903</u>	<u>43,831,210</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred losses on refundings	999,640	1,115,747	2,115,387	3,245,535
Total deferred outflows of resources	<u>999,640</u>	<u>1,115,747</u>	<u>2,115,387</u>	<u>3,245,535</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,540,233	522,137	2,062,370	561,159
Accrued interest payable	244,390	172,590	416,980	911,857
Due to other governments	484,743	5,537	490,280	-
Due to primary government	-	-	-	48,070
Customer deposits	-	531,430	531,430	-
Unearned revenue	1,625	-	1,625	-
Noncurrent liabilities:				
Due within one year	3,917,753	4,824,039	8,741,792	3,153,882
Due in more than one year	40,620,687	52,402,361	93,023,048	48,866,586
Total liabilities	<u>46,809,431</u>	<u>58,458,094</u>	<u>105,267,525</u>	<u>53,541,554</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - direct financing lease	1,422,762	-	1,422,762	-
Total deferred inflows of resources	<u>1,422,762</u>	<u>-</u>	<u>1,422,762</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	64,724,351	56,534,314	121,258,665	8,647,653
Restricted for				
Debt service	6,125,850	2,231,990	8,357,840	4,821,460
Capital improvements	-	2,698,124	2,698,124	-
Other	313,345	-	313,345	-
Unrestricted	<u>30,739,753</u>	<u>9,913,276</u>	<u>40,653,029</u>	<u>(19,933,922)</u>
Total net position	<u>\$ 101,903,299</u>	<u>\$ 71,377,704</u>	<u>\$ 173,281,003</u>	<u>\$ (6,464,809)</u>

**CITY OF MIDLOTHIAN, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2014**

<b>Program Activities</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities				
General government	\$ 8,378,525	\$ 1,449,391	\$ 50,439	\$ -
Public safety	8,965,155	1,745,078	912,659	1,222,240
Public works	6,799,551	837,685	-	3,601,342
Culture and recreation	1,472,246	139,668	8,500	44,193
Interest on long-term debt	1,740,996	-	-	-
Total governmental activities	<u>27,356,473</u>	<u>4,171,822</u>	<u>971,598</u>	<u>4,867,775</u>
Business-type activities				
Water and sewer	11,741,658	11,965,998	-	2,872,995
Total business-type activities	<u>11,741,658</u>	<u>11,965,998</u>	<u>-</u>	<u>2,872,995</u>
Total government	<u>\$ 39,098,131</u>	<u>\$ 16,137,820</u>	<u>\$ 971,598</u>	<u>\$ 7,740,770</u>
Component units				
Midlothian Economic Development	\$ 867,138	\$ -	\$ -	\$ -
Midlothian Community Development Corporation	868,252	-	-	-
Midlothian Development Authority	5,117,139	-	-	-
Total component units	<u>\$ 6,852,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues  
Taxes  
    Ad valorem  
    Sales  
    Franchise taxes  
    Other taxes  
    Penalties and interest  
Investment income  
Miscellaneous revenues  
Transfers

Total general revenues and transfers

Change in net position

Net Position - beginning of year

Restatement

Net Position - beginning of year, restated

Net Position - end of year

**Net (Expenses) Revenues and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (6,878,695)	\$ -	\$ (6,878,695)	\$ -
(5,085,178)	-	(5,085,178)	-
(2,360,524)	-	(2,360,524)	-
(1,279,885)	-	(1,279,885)	-
(1,740,996)	-	(1,740,996)	-
<u>(17,345,278)</u>	<u>-</u>	<u>(17,345,278)</u>	<u>-</u>
-	3,097,335	3,097,335	-
-	3,097,335	3,097,335	-
<u>\$ (17,345,278)</u>	<u>\$ 3,097,335</u>	<u>\$ (14,247,943)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (867,138)
-	-	-	(868,252)
-	-	-	(5,117,139)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,852,529)</u>
\$ 14,730,044	\$ -	\$ 14,730,044	\$ 8,461,339
3,140,348	-	3,140,348	3,140,348
2,930,591	-	2,930,591	-
31,176	-	31,176	-
42,727	-	42,727	-
44,628	24,544	69,172	-
364,009	-	364,009	25,378
925,111	(925,111)	-	436,274
<u>22,208,634</u>	<u>(900,567)</u>	<u>21,308,067</u>	<u>12,063,339</u>
4,863,356	2,196,768	7,060,124	5,210,810
97,598,040	70,869,549	168,467,589	(9,769,366)
<u>(558,097)</u>	<u>(1,688,613)</u>	<u>(2,246,710)</u>	<u>(1,906,253)</u>
<u>97,039,943</u>	<u>69,180,936</u>	<u>166,220,879</u>	<u>(11,675,619)</u>
<u>\$ 101,903,299</u>	<u>\$ 71,377,704</u>	<u>\$ 173,281,003</u>	<u>\$ (6,464,809)</u>

## **FUND FINANCIAL STATEMENTS**

# **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**CITY OF MIDLOTHIAN, TEXAS  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,658,503	\$ 209,356	\$ 6,937,040	\$ 569,938	\$ 12,374,837
Investments	8,186,511	810,777	-	-	8,997,288
Receivables					
Taxes, net	35,717	46,817	-	-	82,534
Accounts, net	1,673,430	-	-	4,692	1,678,122
Due from other governments	10,840,094	-	-	-	10,840,094
Due from component units	48,071	-	-	-	48,071
Commitment receivable	-	300,000	-	-	300,000
Direct financing lease	-	5,017,761	-	-	5,017,761
Note receivable	859,974	-	-	-	859,974
Prepays	30,671	-	-	-	30,671
<b>TOTAL ASSETS</b>	<b>\$ 26,332,971</b>	<b>\$ 6,384,711</b>	<b>\$ 6,937,040</b>	<b>\$ 574,630</b>	<b>\$ 40,229,352</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,000,065	\$ 14,471	\$ 72,303	\$ 47,879	\$ 1,134,718
Accrued liabilities	405,515	-	-	-	405,515
Due to other governments	484,743	-	-	-	484,743
Unearned revenue	1,625	-	-	-	1,625
Total liabilities	1,891,948	14,471	72,303	47,879	2,026,601
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	11,829,253	5,356,619	-	119	17,185,991
Total deferred inflows of resources	11,829,253	5,356,619	-	119	17,185,991
<b>Fund balances</b>					
Nonspendable					
Prepays	30,671	-	-	-	30,671
Restricted for					
Law enforcement	-	-	-	101,227	101,227
Tourism	-	-	-	42,984	42,984
Court	-	-	-	96,538	96,538
Grant	-	-	-	72,596	72,596
Construction	-	-	6,864,737	-	6,864,737
Debt service	-	1,013,621	-	-	1,013,621
Committed to					
Historic preservation	-	-	-	1,265	1,265
City beautification	-	-	-	86,849	86,849
Community improvements	-	-	-	7,333	7,333
Training academy	-	-	-	39,517	39,517
Conference center	-	-	-	78,323	78,323
Assigned to					
Budget deficit	422,399	-	-	-	422,399
Unassigned	12,158,700	-	-	-	12,158,700
Total fund balances	12,611,770	1,013,621	6,864,737	526,632	21,016,760
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 26,332,971</b>	<b>\$ 6,384,711</b>	<b>\$ 6,937,040</b>	<b>\$ 574,630</b>	<b>\$ 40,229,352</b>



**CITY OF MIDLOTHIAN, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

Total fund balances - governmental funds	\$ 21,016,760
Amounts reported for governmental activities in the statement of net position are different because:	
Investment in joint venture is not a current financial resource and, therefore, is not reported in the governmental funds balance sheet.	8,463,102
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	100,443,398
Deferred losses on refundings of debt were not recognized on the balance sheet for governmental funds.	999,640
Interest payable on long-term debt does not require current financial resources, and, therefore, is not reported as a liability in the governmental funds balance sheet.	(244,390)
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	15,763,229
Compensated absences and other post employment benefits are not due and payable in the current period and therefore are not reported in the fund financial statements.	(1,954,656)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(42,583,784)</u>
Net position of governmental activities	<u>\$ 101,903,299</u>

**CITY OF MIDLOTHIAN, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 12,317,661	\$ 7,734,248	\$ -	\$ 26,379	\$ 20,078,288
Licenses and permits	662,782	-	-	-	662,782
Intergovernmental	2,768,792	50,000	132,006	153,993	3,104,791
Charges for services	1,304,151	-	-	422,080	1,726,231
Fines	432,845	-	-	-	432,845
Investment income	37,508	4,301	2,772	47	44,628
Contributions and donations	281,439	-	44,194	1,224,040	1,549,673
Receipts from direct financing lease	-	155,000	-	-	155,000
Miscellaneous revenues	49,747	247,996	-	66,266	364,009
<b>Total revenues</b>	<u>17,854,925</u>	<u>8,191,545</u>	<u>178,972</u>	<u>1,892,805</u>	<u>28,118,247</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	3,995,715	-	-	1,889,475	5,885,190
Public safety	9,470,325	-	-	-	9,470,325
Public works	3,002,644	-	-	-	3,002,644
Culture and recreation	1,444,289	-	-	-	1,444,289
Intergovernmental					
Payment to TIRZ	1,285,153	817,850	-	-	2,103,003
Capital outlay	-	-	1,098,443	-	1,098,443
<b>Debt Service</b>					
Principal retirement	-	14,684,760	-	-	14,684,760
Interest charges	-	2,118,385	-	-	2,118,385
Fiscal agent's fees and debt issuance costs	-	166,187	-	-	166,187
<b>Total expenditures</b>	<u>19,198,126</u>	<u>17,787,182</u>	<u>1,098,443</u>	<u>1,889,475</u>	<u>39,973,226</u>
Excess (deficiency) of revenues over expenditures	<u>(1,343,201)</u>	<u>(9,595,637)</u>	<u>(919,471)</u>	<u>3,330</u>	<u>(11,854,979)</u>
<b>Other financing sources (uses)</b>					
Proceeds from capital lease	142,256	-	-	-	142,256
Issuance of refunding bonds	-	10,380,000	-	-	10,380,000
Bond premium	-	567,213	-	-	567,213
Transfers in	2,749,609	-	481,800	228,596	3,460,005
Transfers out	(675,396)	(1,796,334)	-	(63,164)	(2,534,894)
<b>Total other financing sources (uses)</b>	<u>2,216,469</u>	<u>9,150,879</u>	<u>481,800</u>	<u>165,432</u>	<u>12,014,580</u>
<b>Net change in fund balances</b>	<u>873,268</u>	<u>(444,758)</u>	<u>(437,671)</u>	<u>168,762</u>	<u>159,601</u>
Fund balances - beginning of year	11,738,502	1,458,379	7,302,408	357,870	20,857,159
Fund balances - end of year	<u>\$ 12,611,770</u>	<u>\$ 1,013,621</u>	<u>\$ 6,864,737</u>	<u>\$ 526,632</u>	<u>\$ 21,016,760</u>

**CITY OF MIDLOTHIAN, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balances - total governmental funds	\$	159,601
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 expense. This is the amount of (net) capital assets recorded in the current period.		2,127,976
Governmental funds do not recognize assets contributed by developers, component units or other fund types. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		5,207,706
Investment in joint venture reported in the statement of net position does not require the use of current financial resources; therefore, the current year net change in the investment is not reported in the governmental funds.		(181,105)
Depreciation expense on capital assets is reported in the statement of activities, and does not require the use of current financial resources; therefore, depreciation expense is not reported as expenditures in the governmental funds.		(5,976,167)
The issuance of long-term debt (e.g. bonds) provides current financial resources. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however does not have any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount (bond proceeds and bond premiums from a General Obligation Refunding issuance of \$10,380,000 and \$567,213 respectively, less refunded bond principal and interest of \$10,671,616, plus proceeds from capital leases of \$142,256, less bond and lease principal payments of \$4,498,259, less net amortization of premiums on bond issuances of \$81,507) is the net effect of these differences in the treatment of long-term debt and related items.		4,161,913
Current year changes in the long-term liability for other post employment benefits do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.		(181,610)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.		(78,840)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.		(26,629)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(431,571)
Amortization of deferred losses on refundings is not recognized in the governmental funds		<u>82,082</u>
Change in net position of governmental activities	\$	<u><u>4,863,356</u></u>

## **PROPRIETARY FUND FINANCIAL STATEMENTS**

**CITY OF MIDLOTHIAN, TEXAS  
STATEMENT OF FUND NET POSITION -  
PROPRIETARY FUND  
SEPTEMBER 30, 2014**

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 3,497,621
Investments	9,764,928
Receivables	
Accounts receivable, net	1,698,929
Other receivables	129,410
Restricted assets	
Cash and cash equivalents	2,940,311
Investments	3,289,172
Total current assets	<u>21,320,371</u>
<b>Noncurrent assets</b>	
Capital assets, at cost	
Land and land improvements	807,351
Buildings and improvements	40,795,886
Waterworks and sewer system	43,697,618
Machinery and equipment	2,885,889
Water and wastewater rights	48,001,715
Construction in progress	74,614
Accumulated depreciation	<u>(28,963,393)</u>
Total capital assets, net of accumulated depreciation	107,299,680
Bond proceeds receivable	<u>100,000</u>
Total noncurrent assets	<u>107,399,680</u>
<b>TOTAL ASSETS</b>	<u>128,720,051</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	<u>1,115,747</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,115,747</u>

**CITY OF MIDLOTHIAN, TEXAS  
STATEMENT OF FUND NET POSITION -  
PROPRIETARY FUND  
SEPTEMBER 30, 2014  
(Continued)**

<b>LIABILITIES</b>	<b><u>Water and Sewer Fund</u></b>
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	\$ 522,137
Accrued interest payable	172,590
Due to other governments	5,537
Customer deposits	531,430
Noncurrent liabilities due within one year	<u>4,824,039</u>
Total current liabilities	6,055,733
<b>Noncurrent liabilities</b>	
Due in more than one year	<u>52,402,361</u>
Total noncurrent liabilities	<u>52,402,361</u>
<b>TOTAL LIABILITIES</b>	<u>58,458,094</u>
<b>NET POSITION</b>	
<b>Net investment in capital assets</b>	56,534,314
<b>Restricted for</b>	
Debt service	2,231,990
Capital improvements	2,698,124
<b>Unrestricted</b>	<u>9,913,276</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 71,377,704</u></u>

**CITY OF MIDLOTHIAN, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Water and Sewer Fund</b>
<b>Operating revenues</b>	
Water sales	\$ 6,956,096
Sewer sales	4,259,263
Tap fees, penalties and other	750,639
Total operating revenue	11,965,998
<b>Operating expenses</b>	
Cost of sales and services	5,559,464
Administrative	794,044
Depreciation	2,896,664
Total operating expenses	9,250,172
Operating income	2,715,826
<b>Nonoperating revenues (expenses)</b>	
Investment income	24,544
Interest expense and agent fees	(2,491,486)
Total nonoperating revenues (expenses)	(2,466,942)
Income before contributions and transfers	248,884
Capital contributions	2,872,995
Transfers in	1,796,334
Transfers out	(2,721,445)
Change in net position	2,196,768
<b>Net position - beginning of year</b>	70,869,549
<b>Restatement</b>	(1,688,613)
<b>Net position - beginning of year, restated</b>	69,180,936
<b>Net position - end of year</b>	\$ 71,377,704

**CITY OF MIDLOTHIAN, TEXAS  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2014**

	<b>Water and Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 12,005,587
Cash paid to employees	(1,318,776)
Cash paid to suppliers	(6,534,447)
	4,152,364
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Receipts under interfund loan agreements	385
Transfers from other funds	1,796,334
Transfers to other funds	(2,721,445)
	(924,726)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Impact fees	1,056,381
Proceeds from debt	5,830,349
Principal paid on debt	(9,281,867)
Capital purchases	(22,102)
Interest and fees paid on debt	(1,869,216)
	(4,286,455)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from investments	12,690,000
Purchases of investments	(14,321,706)
Interest on investments	24,544
	(1,607,162)
Net change in cash	(2,665,979)
Cash and cash equivalents, beginning of year	9,103,911
Cash and cash equivalents, end of year	\$ 6,437,932



**CITY OF MIDLOTHIAN, TEXAS**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUND**  
**YEAR ENDED SEPTEMBER 30, 2014**  
**(continued)**

	<u>Water and Sewer Fund</u>		<u>Statement of Cash Flows Totals</u>
	<u>Current Assets</u>	<u>Restricted Assets</u>	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>			
Cash and cash equivalents - beginning	\$ 5,985,488	\$ 3,118,423	\$ 9,103,911
Net change	<u>(2,487,867)</u>	<u>(178,112)</u>	<u>(2,665,979)</u>
Cash and cash equivalents - ending	<u>\$ 3,497,621</u>	<u>\$ 2,940,311</u>	<u>\$ 6,437,932</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>Water and Sewer Fund</u>
Operating income	\$ 2,715,826
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	2,896,664
Decrease in accounts receivable	39,589
Decrease in accounts payable and accrued expenses	(1,571,064)
Increase in customer deposits	20,124
Increase in OPEB liability	<u>51,225</u>
Net cash provided by operating activities	<u>\$ 4,152,364</u>

**SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Assets totaling \$1,816,614 were contributed to the Water and Sewer Fund.

Assets totaling \$134,896 were acquired through capital lease.

## **DISCRETELY PRESENTED COMPONENT UNITS**

**CITY OF MIDLOTHIAN, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**SEPTEMBER 30, 2014**

<b>ASSETS</b>	<b>Midlothian Economic Development</b>	<b>Midlothian Community Development Corporation</b>	<b>Midlothian Development Authority</b>	<b>Total</b>
Cash and cash equivalents	\$ 1,851,689	\$ 2,176,853	\$ 18,029,449	\$ 22,057,991
Investments	3,215,107	493,018	-	3,708,125
Receivables, net of allowance				
Accounts receivable	1,449,352	-	-	1,449,352
Due from other governments	269,327	269,327	-	538,654
Restricted assets				
Cash and cash equivalents	-	389,360	4,432,100	4,821,460
Capital assets				
Land	2,061,643	26,095	-	2,087,738
Buildings and improvements	7,540	-	-	7,540
Machinery and equipment	9,074	-	-	9,074
Infrastructure	5,516	-	7,693,429	7,698,945
Construction in progress	398,963	-	3,623,949	4,022,912
Accumulated depreciation	(22,130)	-	(2,548,451)	(2,570,581)
<b>Total assets</b>	<b>9,246,081</b>	<b>3,354,653</b>	<b>31,230,476</b>	<b>43,831,210</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	-	111,459	3,134,076	3,245,535
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>111,459</b>	<b>3,134,076</b>	<b>3,245,535</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	220,477	151,337	189,345	561,159
Accrued interest payable	23,933	13,515	874,409	911,857
Due to primary government	17,419	19,876	10,775	48,070
Noncurrent liabilities				
Debt due within one year	-	604,205	2,549,677	3,153,882
Debt due in more than one year	1,748,000	3,468,935	43,649,651	48,866,586
<b>Total liabilities</b>	<b>2,009,829</b>	<b>4,257,868</b>	<b>47,273,857</b>	<b>53,541,554</b>
<b>NET POSITION</b>				
Net investment in capital assets	712,606	(833,880)	8,768,927	8,647,653
Restricted for debt service	-	389,360	4,432,100	4,821,460
Unrestricted	6,523,646	(347,236)	(26,110,332)	(19,933,922)
<b>Total net position</b>	<b>\$ 7,236,252</b>	<b>\$ (791,756)</b>	<b>\$ (12,909,305)</b>	<b>\$ (6,464,809)</b>

**CITY OF MIDLOTHIAN, TEXAS  
 COMBINING STATEMENT OF ACTIVITIES  
 DISCRETELY PRESENTED COMPONENT UNITS  
 YEAR ENDED SEPTEMBER 30, 2014**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Midlothian Economic Development</b>				
General government	\$ 448,108	\$ -	\$ -	\$ -
Economic development	395,097			
Interest on long term debt	23,933	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Corporation for Economic Development	867,138	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Midlothian Community Development Corporation</b>				
General government	732,536	-	-	-
Interest on long-term debt	135,716	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Midlothian Community Development Corporation	868,252	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Midlothian Development Authority</b>				
General government	2,777,158	-	-	-
Interest on long-term debt	2,339,981	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Midlothian Development Authority	5,117,139	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total component units	<u>\$ 6,852,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes  
 Sales taxes  
 Investment income  
 Miscellaneous income  
 Total general revenues

Change in net position

Net position - beginning of year

Restatement

Net Position - beginning of year, restated

Net position - end of year

<b>Net (Expenses) Revenues and Change in Net Position</b>			
<b>Midlothian Economic Development</b>	<b>Midlothian Community Development Corporation</b>	<b>Midlothian Development Authority</b>	<b>Total</b>
\$ (448,108)	\$ -	\$ -	\$ (448,108)
(395,097)	-	-	(395,097)
(23,933)	-	-	(23,933)
<u>(867,138)</u>	<u>-</u>	<u>-</u>	<u>(867,138)</u>
-	(732,536)	-	(732,536)
-	(135,716)	-	(135,716)
<u>-</u>	<u>(868,252)</u>	<u>-</u>	<u>(868,252)</u>
-	-	(2,777,158)	(2,777,158)
-	-	(2,339,981)	(2,339,981)
<u>-</u>	<u>-</u>	<u>(5,117,139)</u>	<u>(5,117,139)</u>
<u>\$ (867,138)</u>	<u>\$ (868,252)</u>	<u>\$ (5,117,139)</u>	<u>\$ (6,852,529)</u>
\$ -	\$ -	\$ 8,461,339	\$ 8,461,339
1,570,174	1,570,174	-	3,140,348
17,311	6,362	1,705	25,378
401,159	989	34,126	436,274
<u>1,988,644</u>	<u>1,577,525</u>	<u>8,497,170</u>	<u>12,063,339</u>
1,121,506	709,273	3,380,031	5,210,810
6,114,746	(1,411,623)	(14,472,489)	(9,769,366)
-	(89,406)	(1,816,847)	(1,906,253)
<u>6,114,746</u>	<u>(1,501,029)</u>	<u>(16,289,336)</u>	<u>(11,675,619)</u>
<u>\$ 7,236,252</u>	<u>\$ (791,756)</u>	<u>\$ (12,909,305)</u>	<u>\$ (6,464,809)</u>

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The City of Midlothian (the City) is a “home rule city” incorporated in 1888. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

**B. Financial Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other 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.

The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Financial Reporting Entity – Continued**

exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Complete financial statements for the individual component units may be obtained at the City's office; 104 W. Avenue E, Midlothian, TX 76065.

The following entities were found to be component units of the City and are included in the basic financial statements:

**Discretely Presented Component Units**

Midlothian Economic Development (MED) serves all citizens of the City and is governed by a board appointed by the City's elected council. The City can impose its will on the MED and affect the day-to-day operations of the MED by removing appointed board members at will. The scope of public service of the MED benefits the City and its citizens and is operated primarily within the geographic boundaries of the City.

The Midlothian Community Development Corporation (MCDC) serves all citizens of the City and is governed by a board appointed by the City's elected council. The City can impose its will on the MCDC and affect the day-to-day operations of the MCDC by removing appointed board members at will. The scope of public service of the MCDC benefits the City and its citizens and is operated primarily within the geographic boundaries of the City.

The Midlothian Development Authority (MDA) serves all citizens of the City and is governed by a nine member board, five of which are appointed by the City's elected council. The City can impose its will on the MDA and affect the day-to-day operations of the MDA by removing appointed board members at will. The scope of public service of the MDA benefits the City and its citizens and is operated primarily within the geographic boundaries of the City and Tax Increment Reinvestment Zone No. 2.



**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

***Governmental Funds***

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund**

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Government-Wide and Fund Financial Statements – Continued**

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

**Capital Projects Funds**

The Capital Projects Funds are used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City and construction, renovation, expansion and major improvement of various City facilities, acquisition of land and other large nonrecurring projects.

In addition, the City presents the following nonmajor governmental funds:

**Police Imprest Fund**

The Police Imprest Fund is used to account for funds accumulated through police seizures.

**Midlothian Restoration Fund**

The Midlothian Restoration Fund is used to account for monies collected from the sale of memorial bricks and donations from citizens.

**Hotel / Motel Tax Fund**

The Hotel / Motel Tax Fund was established to account for local hotel and motel occupancy tax receipts.

**City Beautification Fund**

The City Beautification Fund was established to account for monies collected from the leasing of kiosks to be used for the beautification of the City of Midlothian.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Government-Wide and Fund Financial Statements – Continued**

**MidTowne PID**

This fund was established to account for revenues and expenditures associated with the MidTowne Public Improvement District (PID). The MidTowne PID was established as part of the MidTowne Planned Development District (PD-42) to fund improvements and/or services undertaken by the district for the benefit of property owners within the district.

**Police Training Academy**

The Police Training Academy Fund was established to account for funds accumulated for in-service training provided by the City of Midlothian Police Department for City police officers as well as for those of neighboring cities.

**Municipal Court Fund**

The Municipal Court Fund was established to account for the accumulation of funds to be used for court building security, court technology, judicial efficiency and child safety programs.

**Cumulative Capital Fund**

The Cumulative Capital Fund was established to account for any unspent funds remaining in the Need Center budget at the end of a fiscal year. Funds are to be used for future capital as stated in an interlocal agreement with the City of Red Oak and the City of Midlothian. Capital purchases will fall within the guidelines of the City of Midlothian purchasing policy.

**Grant Fund**

The Grant Fund was established to account for various grants with which the City of Midlothian participates.

**Conference Center Fund**

The Conference Center Fund was established to account for the funds needed to operate the Midlothian Conference Center. The Conference Center provides a facility for hosting conferences for both public and private events.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Government-Wide and Fund Financial Statements – Continued**

**Proprietary Fund**

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

**Water and Sewer Fund**

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water and sewer debt. The majority of costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Capital contributions for the proprietary funds include contributions of capital assets and impact fees.

**D. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and deferred outflows of resources, and liabilities and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

**CITY OF MIDLOTHIAN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Measurement Focus and Basis of Accounting – Continued**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

**E. Cash and Investments**

The City’s cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the City, at its option, can withdraw funds within a twenty-four hour period from TexPool and TexSTAR, investments in TexPool and TexSTAR are considered to be cash equivalents.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligation of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the City, and placed through a primary government securities dealer. The City’s investments are governed by the same state statutes.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**CITY OF MIDLOTHIAN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**F. Inventory and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent costs such as postage deferred to subsequent periods.

**G. Interfund Receivables and Payables**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on general capital assets.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	10-40 Years
Improvements other than buildings	10-40 Years
Water and Sewer System	40 Years
Infrastructure	7-20 Years
Machinery and Equipment	3-20 Years
Wastewater rights	40 Years

**I. Accumulated Vacation, Compensated Time and Sick Leave**

All full-time employees are granted vacation and other leave time benefits, and compensatory time for overtime worked by non-exempt (hourly) employees in varying amounts. In the event of termination, an employee is entitled to receive accumulated vacation and compensatory pay. Accumulated vacation pay for all full-time employees and compensatory pay for all non-exempt employees are recorded in the government-wide statements for governmental funds and at the fund level for proprietary funds. Vested or accumulated vacation leave are recorded as an expense and liability of those funds as the benefits accrue to employees.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**J. Net Position**

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

**K. Joint Venture**

The Midlothian/Waxahachie Airport Joint Venture was created by an agreement in 1989. Under the agreement, both cities equally share ownership, rights and obligations. The City recognizes its joint venture equity in the government wide financial statements. Increases and decreases from operations of the joint venture are included in fees, fines and charges for services and expenses of the general government activity, respectively. Summary financial information of the joint venture is included in Note 12.

**L. Fund Equity**

Fund equity is presented consistent with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** - amounts that are not in spendable form (such as inventory or prepaids) or are required to be maintained intact.
- **Restricted fund balance** - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action by a resolution to remove or change the constraint.
- **Assigned fund balance** - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has given this authority to the Assistant City Manager.
- **Unassigned fund balance** - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**L. Fund Equity – Continued**

City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the order for which amounts will be expended is as follows: restricted, followed by committed, assigned and lastly unassigned.

In the General Fund, the City adopted a policy by resolution to maintain an unassigned fund balance to be used for unanticipated emergencies of at least 25% of the actual GAAP basis expenditures and other financing sources and uses.

**M. New Accounting Pronouncements**

GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*: The objective of this new pronouncement is to properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources. The City has implemented this reporting for the year end September 30, 2014.

An adjustment to remove bond issuance costs and the cumulative effect was reported as a restatement of beginning net position. See Note 15.

**NOTE 2. CASH AND INVESTMENTS**

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2014, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$28,412,499 and the bank balance was \$27,930,003. The City's cash deposits at September 30, 2014 and during the year ended September 30, 2014 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank. The City's depository agreement includes the appropriate collateral requirements.



**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	3 years	80%	None
U.S. Agencies and Instrumentalities	3 years	75%	None
Certificates of Deposits	1 year	40%	None
Repurchase Agreements	90 days	10%	None
Money Market Funds	None	40%	None
Local Government Investment Pools	2 years	100%	10% of Pool
State and Local government GO debt	3 years	40%	None

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position	
Primary Government	
Cash and cash equivalents	\$ 15,872,458
Investments	18,762,216
Restricted cash and cash equivalents	2,940,311
Restricted investments	<u>3,289,172</u>
Total primary government	<u>\$ 40,864,157</u>

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

Component Units	
Cash and cash equivalents	\$ 22,057,991
Investments	3,708,125
Restricted cash and cash equivalents	<u>4,821,460</u>
Total component units	<u><u>\$ 30,587,576</u></u>

Cash and investments as of September 30, 2014 consist of the following:

Primary Government	
Deposits with financial institutions	\$ 13,382,974
Texpool	5,421,945
TexSTAR	7,850
Government agency notes	7,021,863
Certificates of deposit	<u>15,029,525</u>
Total cash and investments	<u><u>\$ 40,864,157</u></u>

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Texpool	\$ 5,421,945	46 days
TexSTAR	7,850	51 days
Government agency notes	7,021,863	300 days
Certificates of deposit	<u>15,029,525</u>	143 days
Total	<u><u>\$ 27,481,183</u></u>	

As of September 30, 2014, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City’s investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Texpool	\$ 5,421,945	N/A	AAAm
TexSTAR	7,850	N/A	AAAm
Government agency notes	7,021,863	N/A	AA1 - AAA
Certificates of deposit	<u>15,029,525</u>	N/A	Not rated
Total	<u>\$ 27,481,183</u>		

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer with the exception of investment pools which is limited to 10% of the total funds held by the investment pool. As of September 30, 2014, the certificates of deposit exceed 5% of total investments and are held by more than one issuer. Each issuer holds amounts exceeding 5% of total investments. In addition, the funds at external investment pools and the government agency notes also represent over 5% of investments held by one issuer.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Investment in State Investment Pools**

The City is a voluntary participant in TexPool and TexSTAR. Both are public funds investment pools operating in full compliance with the Public Funds Investment Act, to include oversight by an established advisory board composed of both participants and other persons who do not have a business relationship with the pools. Both the pools operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The pools use amortized costs rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the shares.

**NOTE 3. RESTRICTED ASSETS**

Restricted assets in the Water and Sewer Fund are held for the following purposes in accordance with bond ordinances or other legal restrictions:

Debt Service - Interest and Sinking Fund	\$ 555,743
Bond Reserve	2,231,990
Construction	2,910,320
Refundable water and sewer deposits	<u>531,430</u>
Total	<u><u>\$ 6,229,483</u></u>

**NOTE 4. RECEIVABLES**

The City has entered into a Note Receivable with the Midlothian Community Development Corporation for the sale of land in the amount of \$1,423,525. The Note has no stated interest rate. Accordingly, the City has calculated imputed interest at 2% per annum, to be recognized ratably over the life of the Note. The Note is due in five annual installments with the last payment being due in October 2016.

Year Ending September 30,	Principal	Interest	Total
2015	\$ 281,001	\$ 17,199	\$ 298,200
2016	286,621	11,579	298,200
2017	<u>292,352</u>	<u>5,848</u>	<u>298,200</u>
	<u><u>\$ 859,974</u></u>	<u><u>\$ 34,626</u></u>	<u><u>\$ 894,600</u></u>

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4. RECEIVABLES – CONTINUED**

During 2004, the City entered into a 25-year lease purchase agreement with Navarro College (the College) whereby the City issued \$4,750,000 of combination tax and revenue bonds (Series 2005) in order to construct and equip a building within the City limits to be leased to the College. Under the terms of the agreement, the College agrees to make semi-annual lease payments to the City in the amount of the scheduled debt service payments of Series 2005. The City, in turn, pays the bondholder(s). Upon final payment by the College to the City of the entire indebtedness of the \$4,750,000, plus accrued interest, on a timely schedule, title to the building will be transferred to the College.

During fiscal year 2006, the building was completed and occupied by the College.

Accordingly, the City has recorded a receivable and deferred inflow of resources in the Debt Service Fund for the remaining balance owed by the College under the agreement.

The annual amounts due from the College are as follows as of September 30, 2014:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 165,000	\$ 156,125	\$ 321,125
2016	170,000	148,701	318,701
2017	180,000	141,900	321,900
2018	190,000	134,700	324,700
2019	200,000	127,005	327,005
2020-2024	1,175,000	500,150	1,675,150
2025-2029	1,515,000	214,180	1,729,180
	<u>\$ 3,595,000</u>	<u>\$ 1,422,761</u>	<u>\$ 5,017,761</u>

**CITY OF MIDLOTHIAN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the governmental activities for the year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 17,411,212	\$ 351,141	\$ -	\$ -	\$ 17,762,353
Construction in progress	5,351,211	708,373	-	(928,973)	5,130,611
	<u>22,762,423</u>	<u>1,059,514</u>	<u>-</u>	<u>(928,973)</u>	<u>22,892,964</u>
Capital assets being depreciated					
Buildings	16,798,665	83,641	-	30,234	16,912,540
Improvements other than buildings	17,660,736	31,950	-	358,159	18,050,845
Infrastructure	85,795,149	4,272,697	-	147,625	90,215,471
Machinery and equipment	9,129,190	1,888,346	(101,455)	392,955	11,309,036
	<u>129,383,740</u>	<u>6,276,634</u>	<u>(101,455)</u>	<u>928,973</u>	<u>136,487,892</u>
Accumulated depreciation					
Buildings	(3,977,668)	(423,689)	-	-	(4,401,357)
Improvements other than buildings	(7,796,131)	(834,923)	-	-	(8,631,054)
Infrastructure	(36,440,347)	(3,980,134)	-	-	(40,420,481)
Machinery and equipment	(4,848,134)	(737,421)	100,989	-	(5,484,566)
	<u>(53,062,280)</u>	<u>(5,976,167)</u>	<u>100,989</u>	<u>-</u>	<u>(58,937,458)</u>
Capital assets being depreciated, net	<u>76,321,460</u>	<u>300,467</u>	<u>(466)</u>	<u>928,973</u>	<u>77,550,434</u>
Governmental activities capital assets, net	<u>\$ 99,083,883</u>	<u>\$ 1,359,981</u>	<u>\$ (466)</u>	<u>\$ -</u>	<u>\$ 100,443,398</u>

Capital asset activity for the business-type activities for the year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 807,351	\$ -	\$ -	\$ -	\$ 807,351
Water capacity rights	29,949,793	-	-	-	29,949,793
Construction in progress	844,867	37,664	-	(807,917)	74,614
	<u>31,602,011</u>	<u>37,664</u>	<u>-</u>	<u>(807,917)</u>	<u>30,831,758</u>
Capital assets being depreciated					
Buildings	40,795,886	-	-	-	40,795,886
Machinery and equipment	2,503,648	400,200	(17,959)	-	2,885,889
Wastewater rights	18,051,922	-	-	-	18,051,922
Water and sewer system	41,353,953	1,535,748	-	807,917	43,697,618
	<u>102,705,409</u>	<u>1,935,948</u>	<u>(17,959)</u>	<u>807,917</u>	<u>105,431,315</u>
Accumulated depreciation					
Buildings	(7,497,909)	(1,002,958)	-	-	(8,500,867)
Machinery and equipment	(1,867,788)	(135,373)	17,959	-	(1,985,202)
Wastewater rights	(3,505,201)	(451,298)	-	-	(3,956,499)
Water and sewer system	(13,213,790)	(1,307,035)	-	-	(14,520,825)
	<u>(26,084,688)</u>	<u>(2,896,664)</u>	<u>17,959</u>	<u>-</u>	<u>(28,963,393)</u>
Capital assets being depreciated, net	<u>76,620,721</u>	<u>(960,716)</u>	<u>-</u>	<u>807,917</u>	<u>76,467,922</u>
Business-type activities capital assets, net	<u>\$ 108,222,732</u>	<u>\$ (923,052)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,299,680</u>

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5. CAPITAL ASSETS – CONTINUED**

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities	
General government	\$ 245,445
Public safety	736,324
Public works	4,810,182
Culture and recreation	<u>184,216</u>
Total depreciation expense - governmental activities	<u>\$ 5,976,167</u>
Business-type activities	
Water and sewer	<u>\$ 2,896,664</u>

The City has active construction projects as of September 30, 2014. Total accumulated commitments for ongoing capital projects are composed of the following:

General Fund	\$ 54,000
Capital Projects Funds	668,123
Enterprise Fund	<u>911,106</u>
	<u>\$ 1,633,229</u>

**NOTE 6. LONG-TERM DEBT**

The City issues general obligation bonds, certificates of obligation and tax notes to provide funds for the acquisition and construction of major capital facilities and infrastructure. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities while tax notes have been issued only for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds generally are issued as 20-year serial bonds, except for refunding issues, with level debt service requirements each year.

The City also issues certificates of obligation which are direct obligations of, and pledge the full faith and credit of the City, and are further secured by a limited pledge of the surplus net revenues of the City's combined waterworks and sewer system. Certificates of obligation are generally issued as 20 year serial bonds with level debt service requirements each year.

Revenue bonds are issued by the City and these bonds are secured by a pledge of income derived from acquired or constructed assets to pay debt service.

**CITY OF MIDLOTHIAN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT– CONTINUED**

In the fiscal year ended September 30, 2008, \$25,010,000 in water and sewer revenue bonds were issued to finance the improvement of municipal water and sewer facilities. Under the terms of this issuance, proceeds are not to be received until funds have been expended. The balance representing funds not yet received of \$100,000 is recorded as bond proceeds receivable.

The City issued \$15,015,000 of general obligation refunding bonds for a current refunding of \$14,895,000 of Revenue Bonds, General Obligation Bonds, and Combination Tax and Revenue Certificates of Obligation. The refunding was undertaken to reduce total future debt service payments. The requisition price exceeded the net carrying amount of the old debt by \$715,476. This amount is reported as a deferred outflow of resources and amortized over the new debt's life, which is the same as the refunded debt. The transaction also resulted in an economic gain of \$1,552,796 and a reduction of \$1,831,782 in future debt service payments.



**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT– CONTINUED**

At September 30, 2014, the City's bonds payable consisted of the following:

	Governmental	Business-type
General Obligation Bonds		
\$29,449,922 Combination Tax and Revenue Refunding Bonds, Series 2000, 5.00%-6.00%, final installment due September 2026.	\$ -	\$ 4,549,920
\$5,100,000 General Obligation Bonds, Series 2005, 4.0%-5.0%, final installment due August 2015.	260,000	-
\$4,750,000 Combination Tax and Revenue Bonds, Series 2005, 4.0%-5.0%, final installment due August 2029.	3,595,000	-
\$7,805,000 General Obligation Refunding Bonds, Series 2006-A (16.75% allocated to Proprietary Fund), 4.0%-4.5%, final installment due August 2020.	3,950,212	794,788
\$3,905,000 General Obligation Bonds, Series 2006, 4.0%-5%, final installment due August 2015.	195,000	-
\$17,390,000 General Obligation Refunding Bonds, Series 2006, 4.05%, final installment due Aug. 2019.		11,100,000
\$8,550,000 General Obligation Bonds, Series 2007, 4.125-5.625%, final installment due August 2027.	6,440,000	-
\$3,125,000 General Obligation Refunding Bonds, Series 2009, 2.00-3.125%, final installment due Aug. 2017.	265,434	839,567
\$5,750,000 General Obligation Refunding Bonds, Series 2010, 2.00-3.50%, final installment due Aug. 2021.	3,874,495	260,506
\$6,925,000 General Obligation Refunding Bonds, Series 2012, 1.00-3.00%, final installment due Aug. 2025	3,370,000	2,310,000
\$7,800,000 General Obligation Bonds Series 2013, 1.50-3.00%, final installment due Feb. 2033	7,515,000	-
\$15,015,000 General Obligation Refunding Bonds Series 2014, 2.00-4.00%, final installment due Aug. 2029	10,295,000	4,595,000
Total General Obligation Bonds	\$ 39,760,141	\$ 24,449,781

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

	Governmental	Business-type
Certificates of Obligation		
\$3,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2006, 4.0%- 5.5%, final installment due August 2015.	\$ 190,000	\$ -
Total Certificates of Obligation	\$ 190,000	\$ -
Tax Notes		
\$2,100,000 Tax Notes, Series 2012, 1.35%, final installment due March 2019.	\$ 1,375,000	\$ -
Total Tax Notes	\$ 1,375,000	\$ -
Revenue Bonds	Governmental	Business-type
\$8,120,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2006, 3.875%-4.5%, final installment due September 2033.	\$ -	\$ 7,275,000
\$25,010,000 Waterworks and Sewer System Revenue Bonds, Series 2008, 1.0% - 3.3.% final installment due September 2028	-	18,705,000
Total Revenue Bonds	\$ -	\$ 25,980,000

**CITY OF MIDLOTHIAN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 40,194,901	\$10,380,000	\$ (10,814,760)	\$39,760,141	\$ 3,073,057
Certificates of obligation	2,845,000	-	(2,655,000)	190,000	190,000
Capital lease obligations	82,980	142,256	(78,499)	146,737	44,968
Tax note	2,590,000	-	(1,215,000)	1,375,000	265,000
Bond premium	626,200	567,213	(81,507)	1,111,906	106,168
Compensated absences	891,768	720,830	(641,990)	970,608	238,560
Other post employment benefits	802,438	181,610	-	984,048	-
<b>Total governmental activities</b>	<b>\$ 48,033,287</b>	<b>\$11,991,909</b>	<b>\$ (15,486,756)</b>	<b>\$44,538,440</b>	<b>\$ 3,917,753</b>
<b>Business-type activities</b>					
General obligation bonds	\$ 22,595,021	\$ 4,635,000	\$ (2,780,240)	\$24,449,781	\$ 3,036,943
Capital lease obligations	-	134,896	(46,627)	88,269	43,123
Accreted interest	5,333,711	592,660	-	5,926,371	-
Revenue bonds	32,435,000	-	(6,455,000)	25,980,000	1,670,000
Bond premium	220,519	154,764	(27,967)	347,316	34,696
Compensated absences	155,572	104,219	(102,682)	157,109	39,277
Other post employment benefits	226,329	51,225	-	277,554	-
<b>Total business-type activities</b>	<b>\$ 60,966,152</b>	<b>\$ 5,672,764</b>	<b>\$ (9,412,516)</b>	<b>\$57,226,400</b>	<b>\$ 4,824,039</b>

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

The annual requirements to amortize all debts outstanding as of September 30, 2014, are as follows:

General Obligation Bonds

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 3,073,057	\$ 1,321,077	\$ 3,036,943	\$ 708,988	\$ 8,140,065
2016	3,386,056	1,211,824	3,148,947	598,252	8,345,079
2017	3,424,709	1,113,774	3,045,294	486,783	8,070,560
2018	3,494,071	1,012,736	2,995,930	393,226	7,895,963
2019	3,606,950	903,631	3,113,048	262,663	7,886,292
2020-2024	14,165,298	2,942,960	6,266,597	9,837,606	33,212,461
2025-2029	6,730,000	853,201	2,843,022	3,752,125	14,178,348
2030-2033	1,880,000	114,750	-	-	1,994,750
	<u>\$ 39,760,141</u>	<u>\$ 9,473,953</u>	<u>\$ 24,449,781</u>	<u>\$ 16,039,643</u>	<u>\$ 89,723,518</u>

Certificates of Obligation

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 190,000	\$ 7,600	\$ -	\$ -	\$ 197,600

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. LONG-TERM DEBT – CONTINUED**

<u>Revenue Bonds</u>			
<u>Year Ending September 30,</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 1,670,000	\$ 835,343	\$ 2,505,343
2016	1,715,000	791,143	2,506,143
2017	1,770,000	743,818	2,513,818
2018	1,820,000	693,737	2,513,737
2019	1,875,000	639,614	2,514,614
2020-2024	8,680,000	2,318,456	10,998,456
2025-2029	7,325,000	924,180	8,249,180
2030-2033	1,125,000	128,925	1,253,925
	<u>\$ 25,980,000</u>	<u>\$ 7,075,216</u>	<u>\$ 33,055,216</u>

<u>Tax Notes</u>			
<u>Year Ending September 30,</u>	<u>Governmental-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 265,000	\$ 16,774	\$ 281,774
2016	270,000	13,163	283,163
2017	275,000	9,484	284,484
2018	280,000	5,738	285,738
2019	285,000	1,924	286,924
	<u>\$ 1,375,000</u>	<u>\$ 47,083</u>	<u>\$ 1,422,083</u>

The general fund has been used to liquidate capital lease liabilities with respect to acquisition of governmental capital assets. Also, for the governmental activities, claims and judgments, compensated absences, and other post employment benefits are generally liquidated by the general fund.

The City has no legally defeased debt outstanding as of September 30, 2014.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. CAPITAL LEASE OBLIGATIONS**

The City has entered into capital lease agreements. The leased property under capital leases is classified as machinery and equipment with a net carrying value of approximately \$156,151 for governmental activities and \$134,896 for business-type activities. Amortization expense has been included in depreciation expense for the year ended September 30, 2014.

The following is a schedule of future minimum payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2014:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	\$ 55,396	\$ 46,627
2016	41,884	46,627
2017	30,557	-
2018	30,556	-
	<u>158,393</u>	<u>93,254</u>
Less amount representing interest	<u>(11,656)</u>	<u>(4,985)</u>
Present value of net minimum lease payments	<u>\$ 146,737</u>	<u>\$ 88,269</u>

**NOTE 8. PROPERTY TAX**

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxes are due on October 1, the levy date, and are delinquent after the following January 31. Tax liens are automatic on January 1, each year. Penalties and interest are included for any payment received after January 31.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes (\$6,077 for the General Fund, \$7,500 for the Debt Service Fund). The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT BENEFITS**

**Texas Municipal Retirement System**

**Plan Description**

The City of Midlothian provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years
Updated service credit	100% repeating, transfers
Annuity increased to retirees	70% of CPI repeating

Members can retire at certain ages, based on the years of service with the City. The service retirement eligibilities for the City are 5 years at 60 years of age, or 20 years at any age.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT  
BENEFITS – CONTINUED**

**Funding Policy**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method valuation (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2013 valuation is effective for rates beginning January 1, 2015).

The City contributes fully at the level of their annual required contribution (ARC), resulting in no net pension obligation (NPO). For the year ended September 30, 2014, City contributions totaled \$1,423,600.

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,167,786	\$ 1,167,786	100%	\$ -
2013	1,258,285	1,258,285	100%	-
2014	1,423,600	1,423,600	100%	-

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



**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT  
BENEFITS – CONTINUED**

**Funding Policy – Continued**

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	26.1 years closed period	25.1 years closed period	30.0 years closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10 Year Smoothed Market	10 Year Smoothed Market	10 Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.00%	7.00%	7.00%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.10%	2.10%	2.10%

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT  
BENEFITS – CONTINUED**

**Funding Policy – Continued**

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows and includes the employees of Midlothian Economic Development covered by the plan:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Funded Ratio (1) / (2) (3)	Unfunded AAL (UAAL) (2) - (1) (4)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll (4) / (5) (6)
12/31/2013	\$25,008,630	\$ 32,146,137	77.8%	\$ 7,137,507	\$9,666,281	73.8%

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Other Post Employment Benefits**

Current employees who retire from the City of Midlothian under a TMRS Retirement / Plan option may elect to remain on the City's medical and dental insurance plans as long as they meet the following criteria:

- Between the age of 60 and 65
- 5 years of service
- Payment of required premiums monthly by due date, or within grace period

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT  
BENEFITS – CONTINUED**

**Other Post Employment Benefits – Continued**

TMRS Retirement / Plan option may include:

- Service Retirement (20 years of TMRS creditable service)
- Age 60 and 5 years of TMRS creditable service
- Disability/Medical retirement

Eligibility requirements do not vary by type of retirement.

**Benefits**

Retirees pay a portion of their retiree health care premium based on their years of service with the City of Midlothian. The cost of their benefit is based on their years of service with the City of Midlothian and the current rate of the active member contribution.

Retiree benefits begin on the first day of the month following retirement. If a retiree is not eligible for employer-paid retiree health benefits, they may purchase medical coverage through COBRA. The rate will depend on the coverage level and the plan they select (i.e., Employee Only, Employee + Spouse, etc.). The rate is determined by the rate structure in place at that time plus a 2% administrative fee. The City of Midlothian does not contribute to any portion of the COBRA premium.

Medical coverage for retiree benefits extends only to age 65. Once a retiree reaches age 65, they will be dropped from medical coverage at the beginning of the month in which they turn 65. If a retiree cancels any or all insurance at any time during retirement, they forfeit all rights to coverage through the City for that benefit. If they cancel medical coverage all together, they may not elect medical again in the future for any reason.

**Spouse / Child / Dependent Coverage**

A retiree may purchase coverage for dependents through COBRA. The rate will depend on the coverage level and the plan they select (i.e., Employee Only, Employee + Spouse, etc.). The rate is determined by the rate structure in place at that time plus a 2% administrative fee. The City of Midlothian does not contribute to any portion of the COBRA premium.

**Medicare**

Covered participants are not required to apply for Medicare if eligible prior to age 65, but may remain on the City's insurance. Retirees, however, are required to move off the City's medical plan when they reach age 65. The City does not contribute to the retiree Medicare premiums.

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT  
BENEFITS – CONTINUED**

**Opt-outs / Payment-in-lieu / Reimbursements**

Retirees that do not continue coverage through our retiree health care plans do not receive payment in lieu of retiree health care.

**Types of Coverage Offered**

The City offers medical and dental coverage to eligible retirees.

**Annual Medical Contributions**

The City of Midlothian will pay the applicable premiums for the medical and dental insurance or a portion thereof for the retiree from age 60 to 65 as follows:

- a. Retirees who have 20 years of service with the City of Midlothian, the city will pay 100% of the premium;
- b. Retirees who have 15 years of service with the City of Midlothian, the city will pay 75% of the premium;
- c. Retirees who have 10 years of service with the City of Midlothian, the city will pay 50% of the premium;
- d. Retirees who have 5 years of service with the City of Midlothian, the city will pay 25% of the premium.

**Funding Policy and Annual OPEB Cost**

The City's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis. The City had its most recent OPEB actuarial valuation performed for the fiscal year beginning October 1, 2011 as required by GASB. The City's annual OPEB cost for the current year is as follows:

Annual required contribution	\$ 262,220
Interest on OPEB obligation	41,151
Adjustment to ARC	(54,136)
Annual OPEB cost (expense) end of year	<u>249,235</u>
Net employer contributions	<u>(16,400)</u>
Increase in net OPEB obligation (NOO)	232,835
Net OPEB obligation - as of beginning of the year	<u>1,028,767</u>
Net OPEB obligation - as of end of the year	<u><u>\$ 1,261,602</u></u>

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT  
BENEFITS – CONTINUED**

**Funding Policy and Annual OPEB Cost – Continued**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Annual Contribution Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 245,647	\$ 7,819	3%	\$ 794,754
2013	248,483	14,470	6%	1,028,767
2014	249,237	16,400	7%	1,261,602

**Funding Status and Funding Progress**

The funded status of the City's retiree health care plan, under GASB Statement No. 45, as of September 30, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
2011	\$ -	\$1,627,462	\$ 1,627,462	0.0%	\$7,503,251	21.7%

As of October 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,627,462, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,503,251, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21.7%.

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,627,462 at September 30, 2014.

**Actuarial Methods and Assumptions**

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health care premiums, and a set of actuarial assumptions, the anticipated future payments are projected. The Projected Unit Credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members, as well as to amortize a portion of the unfunded accrued liability. Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the City and the City's employees to that point. Actuarial

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLAN AND OTHER POST EMPLOYMENT RETIREMENT  
BENEFITS – CONTINUED**

**Actuarial Methods and Assumptions – Continued**

calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Texas Emergency Services Retirement System (TESRS)**

TESRS is a cost-sharing multiple employer pension system. While new employees of the City's fire department do not participate, a small number of existing employees do. The City's required contributions and contributions made for the year ending September 30, 2014, 2013 and 2012 were \$667, \$800 and \$800 respectively.

**NOTE 10. INTERFUND TRANSFERS AND BALANCES**

All interfund transfers between the various funds are approved supplements to the operations of those funds. The following is a schedule of fiscal year 2014 transfer activity:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water and Sewer	\$ 2,711,445	Overhead costs
Water and Sewer	General Debt Service	1,796,334	Funds for debt service
Capital Projects	Water and Sewer	10,000	Equipment & Construction
Capital Projects	General Fund	471,800	Funds for debt service
General Fund	Special Revenue	38,164	Personnel and Equipment
Special Revenue	General Fund	37,528	NEED Center
Special Revenue	General Fund	166,068	Conference Center
Special Revenue	Special Revenue	25,000	Conference Center
	Totals	<u>\$ 5,256,339</u>	

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance to protect against these various risks of loss. There was no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

**NOTE 12. JOINT VENTURE – MIDLOTHIAN/WAXAHACHIE AIRPORT**

Pursuant to an inter-local agreement authorized by state statutes, the City of Waxahachie, Texas joined the City of Midlothian, Texas to construct and operate an airport for the mutual benefit of the two cities. The agreement established an Airport Board of seven members. Each city appoints three members to terms of three years. The seventh member is appointed for a two-year term. The cities alternate appointing the seventh member.

The Board is responsible for the supervision and operation of the airport assets, grounds, and improvements. Each year the Board shall prepare a budget for consideration by the cities. The Airport Budget is funded by equal contributions from each city, user fees, and a tax on fuel. The Cities of Midlothian and Waxahachie each have a 50 percent share of assets, liabilities and fund equity. Most of the construction of the airport was funded by grants from the Federal Aviation Administration.

The budget for FY 2014, required each city to contribute \$40,000 towards the operation of the airport. This amount is expected to decrease in the future as other revenues increase. The joint venture does not issue separate financial statements.

The following is summary financial information of the joint venture at September 30, 2014 and for the year then ended:

Balance Sheet	
Assets	\$ 16,970,202
Liabilities	<u>(43,997)</u>
Net position	<u>\$ 16,926,205</u>
Revenues	\$ 476,175
Expenses	<u>(918,384)</u>
Net loss	<u>\$ (442,209)</u>

**CITY OF MIDLOTHIAN, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13. CONDUIT DEBT OBLIGATIONS**

During the year ended September 30, 2010, the City Of Midlothian Industrial Development Corporation issued Environmental Facilities Revenue Bonds to provide financial assistance to a private sector entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

There is one series of Environmental Facilities Revenue Refunding Bonds outstanding, with an aggregate principal amount outstanding of \$26,700,000, maturing in 2034.

**NOTE 14. SUBSEQUENT EVENT**

On December 23, 2014 the City issued \$3,555,000 Combination Tax and Revenue Refunding Bonds Series 2014. The bonds will be used in order to achieve debt savings for Navarro College District. In addition, the City issued \$3,000,000 Combination Tax and Revenue Certificates of Obligation Series 2014. The bonds will be used for several street improvements and bridge widening directed by council during the budget process.

**NOTE 15. RESTATEMENT**

GASB 65 was implemented to properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflow of resources. Bond issuance cost are now expensed and the restatement removed this amount from the beginning net assets for the Governmental Activities.

	Statement of Activities Governmental Activities	Statement of Activities Business Activities	Total Combined Statement of Activities
Beginning net position, as previously reported	\$ 97,598,040	\$ 70,869,549	\$168,467,589
Adjustment of debt issuance costs	<u>(558,097)</u>	<u>(1,688,613)</u>	<u>(2,246,710)</u>
Beginning net position, restated	<u>\$ 97,039,943</u>	<u>\$ 69,180,936</u>	<u>\$166,220,879</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

## **BUDGETARY COMPARISON SCHEDULES**

**CITY OF MIDLOTHIAN, TEXAS**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 11,486,258	\$ 11,486,258	\$ 12,317,661	\$ 831,403
Licenses and permits	640,734	640,734	662,782	22,048
Intergovernmental	2,813,511	2,813,511	2,768,792	(44,719)
Charges for services	848,650	848,650	1,304,151	455,501
Fines	388,500	388,500	432,845	44,345
Investment income	80,000	80,000	37,508	(42,492)
Contributions and donations	298,200	298,200	281,439	(16,761)
Miscellaneous revenues	58,000	58,000	49,747	(8,253)
Total revenues	<u>16,613,853</u>	<u>16,613,853</u>	<u>17,854,925</u>	<u>1,241,072</u>
<b>Expenditures:</b>				
Current				
General government	3,932,272	3,993,748	3,995,715	(1,967)
Public safety	9,833,181	9,870,279	9,470,325	399,954
Public works	3,006,722	3,224,828	3,002,644	222,184
Culture and recreation	1,484,077	1,485,672	1,444,289	41,383
Intergovernmental	1,357,005	1,357,005	1,285,153	71,852
Total expenditures	<u>19,613,257</u>	<u>19,931,532</u>	<u>19,198,126</u>	<u>733,406</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,999,404)</u>	<u>(3,317,679)</u>	<u>(1,343,201)</u>	<u>1,974,478</u>
<b>Other financing sources (uses)</b>				
Capital lease proceeds	-	-	142,256	142,256
Transfers in	2,749,609	2,749,609	2,749,609	-
Transfers out	(637,868)	(637,868)	(675,396)	(37,528)
Total other financing sources (uses)	<u>2,111,741</u>	<u>2,111,741</u>	<u>2,216,469</u>	<u>104,728</u>
Net change in fund balance	(887,663)	(1,205,938)	873,268	2,079,206
Fund Balances - beginning of year	11,738,502	11,738,502	11,738,502	-
Fund Balances - end of year	<u>\$ 10,850,839</u>	<u>\$ 10,532,564</u>	<u>\$ 12,611,770</u>	<u>\$ 2,079,206</u>

**CITY OF MIDLOTHIAN, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1. BUDGETARY CONTROL**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is the fund level.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund.
7. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbered amounts lapse at year end. At year end, encumbrances are canceled or reappropriated as part of the following year budget.

Annual appropriated budgets are consistent with U.S. generally accepted accounting principles, and are legally adopted for the General fund, MidTowne PID fund, Conference Center fund, and the Water and Sewer fund. Other special revenue fund budgets are not legally adopted.

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

**SCHEDULE OF FUNDING PROGRESS FOR  
PARTICIPATION IN RETIREMENT SYSTEMS**

**CITY OF MIDLOTHIAN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR  
PARTICIPATION IN RETIREMENT SYSTEMS**

<b>Fiscal Year</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Percentage Funded</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</b>
<b>Texas Municipal Retirement System</b>							
2012	12/31/11	\$ 19,758,334	\$ 25,863,075	76.4%	\$ 6,104,741	\$ 8,803,653	69.3%
2013	12/31/12	22,264,661	27,609,925	80.6%	5,345,264	8,635,460	61.9%
2014	12/31/13	25,008,630	32,146,137	77.8%	7,137,507	9,666,281	73.8%
<b>Other Post Employment Retirement Benefits<sup>1</sup></b>							
2009	10/1/2008	\$ -	\$ 1,048,811	0.0%	\$ 1,048,811	\$ 7,962,100	13.2%
2012	10/1/2011	-	1,627,462	0.0%	1,627,462	7,503,251	21.7%

<sup>(1)</sup> The City obtained its first OPEB actuarial study for the year ended September 30, 2009.

**COMBINING STATEMENTS AND NONMAJOR  
BUDGETARY COMPARISON SCHEDULES**

**CITY OF MIDLOTHIAN, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes.

**Police Imprest Fund** -- Established to account for funds accumulated through police seizures.

**Midlothian Restoration Fund** – Established to account for monies collected from the sale of memorial bricks and donations from citizens.

**Hotel/Motel Tax Fund** – Established to account for local hotel and motel occupancy tax receipts.

**City Beautification Fund** -- Established to account for monies collected from the leasing of kiosks to be used for the beautification of the City of Midlothian.

**MidTowne PID** – Established to account for revenues and expenditures associated with the MidTowne Public Improvement District (PID) to fund improvements and/or services undertaken by the district for the benefit of property owners.

**Police Training Academy** -- Established to account for funds accumulated for in-service training provided by the City of Midlothian Police Department for City police officers, as well as for those of neighboring cities.

**Municipal Court Fund** -- Established to account for the accumulation of funds to be used for court building security, court technology, judicial efficiency and child safety program.

**Cumulative Capital Fund** – Established to account for any unspent funds remaining in the Need Center budget at the end of a fiscal year. Funds are to be used for future capital as stated in an interlocal agreement with the City of Red Oak and the City of Midlothian. Capital purchases will fall within the guidelines of the City of Midlothian purchasing policy.

**Grant Fund** – Established to account for various grants with which the City of Midlothian participates.

**Conference Center Fund** – Established to account for revenues and expenditures associated with the operation of the Midlothian Conference Center.



**CITY OF MIDLOTHIAN, TEXAS  
COMBINING BALANCE SHEET  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

	<u>Police Imprest</u>	<u>Midlothian Restoration</u>	<u>Hotel / Motel Tax</u>	<u>City Beautification Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 63,699	\$ 1,265	\$ 38,411	\$ 86,849
Accounts receivable	-	-	4,573	-
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 63,699</u>	<u>\$ 1,265</u>	<u>\$ 42,984</u>	<u>\$ 86,849</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted for				
Law enforcement	63,699	-	-	-
Tourism	-	-	42,984	-
Court	-	-	-	-
Grant	-	-	-	-
Committed to				
Historic preservation	-	1,265	-	-
City beautification	-	-	-	86,849
Community improvements	-	-	-	-
Training academy	-	-	-	-
Conference center	-	-	-	-
Total fund balances	<u>63,699</u>	<u>1,265</u>	<u>42,984</u>	<u>86,849</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 63,699</u>	<u>\$ 1,265</u>	<u>\$ 42,984</u>	<u>\$ 86,849</u>

<b>MidTowne PID</b>	<b>Police Training Academy</b>	<b>Municipal Court</b>	<b>Cumulative Capital Fund</b>	<b>Grant Fund</b>	<b>Conference Center Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 7,333	\$ 39,629	\$ 96,538	\$ 37,528	\$ 78,127	\$ 120,559	\$ 569,938
119	-	-	-	-	-	4,692
-	-	-	-	-	-	-
<u>\$ 7,452</u>	<u>\$ 39,629</u>	<u>\$ 96,538</u>	<u>\$ 37,528</u>	<u>\$ 78,127</u>	<u>\$ 120,559</u>	<u>\$ 574,630</u>
\$ -	\$ 112	\$ -	\$ -	\$ 5,531	\$ 42,236	\$ 47,879
119	-	-	-	-	-	119
<u>119</u>	<u>112</u>	<u>-</u>	<u>-</u>	<u>5,531</u>	<u>42,236</u>	<u>47,998</u>
-	-	-	37,528	-	-	101,227
-	-	-	-	-	-	42,984
-	-	96,538	-	-	-	96,538
-	-	-	-	72,596	-	72,596
-	-	-	-	-	-	1,265
-	-	-	-	-	-	86,849
7,333	-	-	-	-	-	7,333
-	39,517	-	-	-	-	39,517
-	-	-	-	-	78,323	78,323
<u>7,333</u>	<u>39,517</u>	<u>96,538</u>	<u>37,528</u>	<u>72,596</u>	<u>78,323</u>	<u>526,632</u>
<u>\$ 7,452</u>	<u>\$ 39,629</u>	<u>\$ 96,538</u>	<u>\$ 37,528</u>	<u>\$ 78,127</u>	<u>\$ 120,559</u>	<u>\$ 574,630</u>

**CITY OF MIDLOTHIAN, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - NONMAJOR  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Special Revenue</u>			
	<u>Police Imprest</u>	<u>Midlothian Restoration</u>	<u>Hotel / Motel Tax</u>	<u>City Beautification Fund</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 16,849	\$ -
Charges for services	66,935	50	-	6,850
Investment income	-	-	12	14
Intergovernmental	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous revenues	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	66,935	50	16,861	6,864
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>				
Current				
General government	12,239	-	2,751	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	12,239	-	2,751	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) revenues over expenditures	54,696	50	14,110	6,864
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(25,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total other financing sources (uses)</b>	-	-	(25,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net change in fund balance</b>	54,696	50	(10,890)	6,864
<b>Fund Balances - beginning of year</b>	9,003	1,215	53,874	79,985
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balances - end of year</b>	<u>\$ 63,699</u>	<u>\$ 1,265</u>	<u>\$ 42,984</u>	<u>\$ 86,849</u>

**Special Revenue**

<b>MidTowne PID</b>	<b>Police Training Academy</b>	<b>Municipal Court</b>	<b>Cumulative Capital Fund</b>	<b>Grant Fund</b>	<b>Conference Center Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 9,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,379
-	-	55,500	-	2,000	290,745	422,080
1	3	15	-	-	2	47
-	21,335	-	-	132,658	-	153,993
-	-	-	-	1,224,040	-	1,224,040
-	160	-	-	66,106	-	66,266
<u>9,531</u>	<u>21,498</u>	<u>55,515</u>	<u>-</u>	<u>1,424,804</u>	<u>290,747</u>	<u>1,892,805</u>
<u>8,305</u>	<u>10,307</u>	<u>3,388</u>	<u>-</u>	<u>1,369,932</u>	<u>482,553</u>	<u>1,889,475</u>
<u>8,305</u>	<u>10,307</u>	<u>3,388</u>	<u>-</u>	<u>1,369,932</u>	<u>482,553</u>	<u>1,889,475</u>
1,226	11,191	52,127	-	54,872	(191,806)	3,330
-	-	-	37,528	-	191,068	228,596
-	-	(38,164)	-	-	-	(63,164)
-	-	(38,164)	37,528	-	191,068	165,432
1,226	11,191	13,963	37,528	54,872	(738)	168,762
<u>6,107</u>	<u>28,326</u>	<u>82,575</u>	<u>-</u>	<u>17,724</u>	<u>79,061</u>	<u>357,870</u>
<u>\$ 7,333</u>	<u>\$ 39,517</u>	<u>\$ 96,538</u>	<u>\$ 37,528</u>	<u>\$ 72,596</u>	<u>\$ 78,323</u>	<u>\$ 526,632</u>

**CITY OF MIDLOTHIAN, TEXAS  
MIDTOWNE PID  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 7,858	\$ 7,858	\$ 9,530	\$ 1,672
Investment income	-	-	1	1
	<u>7,858</u>	<u>7,858</u>	<u>9,531</u>	<u>1,673</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Current				
General government	13,790	13,790	8,305	5,485
	<u>13,790</u>	<u>13,790</u>	<u>8,305</u>	<u>5,485</u>
<b>Total expenditures</b>				
<b>Excess (deficiency) of revenues over expenditures</b>				
	<u>(5,932)</u>	<u>(5,932)</u>	<u>1,226</u>	<u>7,158</u>
Net change in fund balance	(5,932)	(5,932)	1,226	7,158
Fund Balances - beginning of year	<u>6,107</u>	<u>6,107</u>	<u>6,107</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 175</u>	<u>\$ 175</u>	<u>\$ 7,333</u>	<u>\$ 7,158</u>

**CITY OF MIDLOTHIAN, TEXAS  
CONFERENCE CENTER FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 275,000	\$ 275,000	\$ 290,745	\$ 15,745
Investment Income	25	25	2	(23)
Total revenues	<u>275,025</u>	<u>275,025</u>	<u>290,747</u>	<u>15,722</u>
<b>Expenditures:</b>				
Current				
General government	<u>510,750</u>	<u>510,750</u>	<u>482,553</u>	<u>28,197</u>
Total expenditures	<u>510,750</u>	<u>510,750</u>	<u>482,553</u>	<u>28,197</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(235,725)</u>	<u>(235,725)</u>	<u>(191,806)</u>	<u>43,919</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>191,068</u>	<u>191,068</u>	<u>191,068</u>	<u>-</u>
Total other financing sources (uses)	<u>191,068</u>	<u>191,068</u>	<u>191,068</u>	<u>-</u>
Net change in fund balance	(44,657)	(44,657)	(738)	43,919
Fund Balances - beginning of year	<u>79,061</u>	<u>79,061</u>	<u>79,061</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 34,404</u>	<u>\$ 34,404</u>	<u>\$ 78,323</u>	<u>\$ 43,919</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Midlothian's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>1, 2, 3 &amp; 4</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the City's most significant local revenue source, property taxes.	<b>5, 6, 7 &amp; 8</b>
<b>Debt Capacity</b>  These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>9, 10, 11 &amp; 12</b>
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>13 &amp; 14</b>
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	<b>15, 16 &amp; 17</b>

**Source:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003: tables presenting government-wide information include information beginning in that year.



**CITY OF MIDLOTHIAN, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

**TABLE 1**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in capital assets	\$ 53,652,241	\$ 53,094,615	\$ 52,791,760	\$ 53,135,751	\$ 54,117,093	\$ 60,076,738	\$ 55,677,252	\$ 55,412,057	\$ 60,666,374	\$ 64,724,351
Restricted for										
Debt Service	2,426,815	7,395,689	7,520,809	7,347,708	7,415,494	7,205,824	6,907,446	6,140,580	6,982,498	6,125,850
Other	-	-	-	-	-	-	211,911	204,042	163,176	313,345
Unrestricted	7,876,890	8,683,272	14,743,404	15,642,298	15,833,756	14,212,828	13,075,535	29,734,974	29,785,992	30,739,753
Total governmental activities net position	<u>\$ 63,955,946</u>	<u>\$ 69,173,576</u>	<u>\$ 75,055,973</u>	<u>\$ 76,125,757</u>	<u>\$ 77,366,343</u>	<u>\$ 81,495,390</u>	<u>\$ 75,872,144</u>	<u>\$ 91,491,653</u>	<u>\$ 97,598,040</u>	<u>\$ 101,903,299</u>
Business-type activities										
Net Investment in capital assets	\$ 26,457,018	\$ 28,077,782	\$ 28,201,406	\$ 34,232,327	\$ 38,620,941	\$ 42,485,244	\$ 45,542,790	\$ 52,627,269	\$ 55,580,743	\$ 56,534,314
Restricted for										
Debt Service	1,990,925	1,971,967	3,258,554	2,364,683	2,364,683	2,364,683	2,269,720	2,231,989	2,231,990	2,231,990
Capital Improvements	-	-	-	5,468,915	3,625,430	2,731,722	2,280,663	2,372,475	2,710,932	2,698,124
Unrestricted	6,732,666	11,499,376	15,287,313	10,016,619	11,409,290	11,711,779	13,113,344	9,312,955	10,345,884	9,913,276
Total business-type activities net position	<u>\$ 35,180,609</u>	<u>\$ 41,549,125</u>	<u>\$ 46,747,273</u>	<u>\$ 52,082,544</u>	<u>\$ 56,020,344</u>	<u>\$ 59,293,428</u>	<u>\$ 63,206,517</u>	<u>\$ 66,544,688</u>	<u>\$ 70,869,549</u>	<u>\$ 71,377,704</u>
Primary government										
Net Investment in capital assets	\$ 80,109,259	\$ 81,172,397	\$ 80,993,166	\$ 87,368,078	\$ 92,738,034	\$ 102,561,982	\$ 101,220,042	\$ 108,039,326	\$ 116,247,117	\$ 121,258,665
Restricted for										
Debt Service	4,417,740	9,367,656	10,779,363	9,712,391	9,780,177	9,570,507	9,177,166	8,372,569	9,214,488	8,357,840
Capital Improvements	-	-	-	-	3,625,430	2,731,722	2,280,663	2,372,475	2,710,932	2,698,124
Other	-	-	-	-	-	-	-	204,042	163,176	313,345
Unrestricted	14,609,556	20,182,648	30,030,717	25,658,917	27,243,046	25,924,607	26,188,879	39,047,929	40,131,876	40,653,029
Total primary governmental net position	<u>\$ 99,136,555</u>	<u>\$ 110,722,701</u>	<u>\$ 121,803,246</u>	<u>\$ 122,739,386</u>	<u>\$ 133,386,687</u>	<u>\$ 140,788,818</u>	<u>\$ 138,866,750</u>	<u>\$ 158,036,341</u>	<u>\$ 168,467,589</u>	<u>\$ 173,281,003</u>

**Source:** Comprehensive Annual Financial Report

**Note:** Accrual-basis financial information for the city as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

**CITY OF MIDLOTHIAN, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 2**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,771,637	\$ 3,524,193	\$ 4,320,348	\$ 5,701,289	\$ 6,828,752	\$ 7,543,122	\$ 6,686,308	\$ 5,109,557	\$ 6,432,045	\$ 8,378,525
Public safety	4,258,662	4,783,998	5,626,175	10,144,461	7,626,384	8,279,339	8,175,835	8,600,408	9,516,092	8,965,155
Public works	4,131,249	4,918,349	5,989,835	2,223,195	6,262,354	8,174,318	6,562,699	8,030,838	11,206,164	6,799,551
Culture and recreation	595,056	721,481	766,926	823,641	963,167	832,755	940,144	1,136,625	1,225,423	1,472,246
Intergovernmental	1,046,767	-	-	-	-	-	-	-	-	-
Interest on long-term debt	1,581,139	1,989,803	2,125,540	2,459,538	2,265,172	2,146,258	1,930,825	1,798,231	1,692,914	1,740,996
<b>Total governmental activities expenses</b>	<b>14,384,510</b>	<b>15,937,824</b>	<b>18,828,824</b>	<b>21,352,124</b>	<b>23,945,829</b>	<b>26,975,792</b>	<b>24,295,811</b>	<b>24,675,659</b>	<b>30,072,638</b>	<b>27,356,473</b>
Business-type activities:										
Water and sewer	9,434,690	9,761,351	9,510,265	10,293,223	9,382,185	8,832,538	9,561,867	9,162,129	9,722,442	11,741,658
Midlothian Water District*	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>9,434,690</b>	<b>9,761,351</b>	<b>9,510,265</b>	<b>10,293,223</b>	<b>9,382,185</b>	<b>8,832,538</b>	<b>9,561,867</b>	<b>9,162,129</b>	<b>9,722,442</b>	<b>11,741,658</b>
<b>Total primary government expenses</b>	<b>\$ 23,819,200</b>	<b>\$ 25,699,175</b>	<b>\$ 28,339,089</b>	<b>\$ 31,645,347</b>	<b>\$ 33,328,014</b>	<b>\$ 35,808,330</b>	<b>\$ 33,857,678</b>	<b>\$ 33,837,788</b>	<b>\$ 39,795,080</b>	<b>\$ 39,098,131</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services:										
General government	\$ 743,673	\$ 1,020,088	\$ 1,086,306	\$ 993,998	\$ 826,510	\$ 1,257,946	\$ 5,048,002	\$ 1,667,207	\$ 1,449,354	\$ 1,449,391
Public safety	751,319	692,899	875,772	1,347,798	1,039,640	922,514	1,492,162	986,204	1,276,146	1,745,078
Public works	1,039,022	855,735	652,315	402,686	159,627	235,720	251,549	811,443	8,123,772	837,685
Culture and recreation	61,059	89,351	84,078	75,926	115,770	104,083	187,100	152,558	131,316	139,668
Operating grants and contributions	349,606	407,000	424,274	791,000	716,785	1,117,482	11,858,703	2,489,036	856,442	971,598
Capital grants and contributions	7,409,028	8,942,467	1,573,854	1,100,052	3,587,353	9,712,427	315,977	1,022,347	4,349,507	4,867,775
<b>Total governmental activities program revenues</b>	<b>10,353,707</b>	<b>12,007,540</b>	<b>4,696,599</b>	<b>4,711,460</b>	<b>6,445,685</b>	<b>13,350,172</b>	<b>19,153,493</b>	<b>7,128,795</b>	<b>16,186,537</b>	<b>10,011,195</b>
Business-type activities:										
Charges for services:										
Water and sewer	7,423,371	9,124,667	8,550,522	9,004,563	9,020,455	8,878,487	10,009,247	9,905,551	11,348,240	11,965,998
Capital grants and contributions	2,061,875	3,426,243	2,063,610	2,399,381	1,739,780	1,781,928	1,765,426	1,880,524	2,272,695	2,872,995
<b>Total business-type activities program revenues</b>	<b>9,485,246</b>	<b>12,550,910</b>	<b>10,614,132</b>	<b>11,403,944</b>	<b>10,760,235</b>	<b>10,660,415</b>	<b>11,774,673</b>	<b>11,786,075</b>	<b>13,620,935</b>	<b>14,838,993</b>
<b>Total primary government program revenues</b>	<b>\$ 19,838,953</b>	<b>\$ 24,558,450</b>	<b>\$ 15,310,731</b>	<b>\$ 16,115,404</b>	<b>\$ 17,205,920</b>	<b>\$ 24,010,587</b>	<b>\$ 30,928,166</b>	<b>\$ 18,914,870</b>	<b>\$ 29,807,472</b>	<b>\$ 24,850,188</b>
<b>Net (Expenses) Revenue</b>										
Governmental activities	\$ (4,030,803)	\$ (3,930,284)	\$ (14,132,225)	\$ (16,640,664)	\$ (17,500,144)	\$ (13,625,620)	\$ (5,142,318)	\$ (17,546,864)	\$ (13,886,101)	\$ (17,345,278)
Business-type activities	50,556	2,789,559	1,103,867	1,110,721	1,378,050	1,827,877	2,212,806	2,623,946	3,898,493	3,097,335
<b>Total primary government net expenses</b>	<b>\$ (3,980,247)</b>	<b>\$ (1,140,725)</b>	<b>\$ (13,028,358)</b>	<b>\$ (15,529,943)</b>	<b>\$ (16,122,094)</b>	<b>\$ (11,797,743)</b>	<b>\$ (2,929,512)</b>	<b>\$ (14,922,918)</b>	<b>\$ (9,987,608)</b>	<b>\$ (14,247,943)</b>

**CITY OF MIDLOTHIAN, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 2**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues</b>										
<b>and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,435,841	\$ 7,439,903	\$ 8,526,517	\$ 9,571,876	\$ 13,850,859	\$ 14,427,645	\$ 13,800,154	\$ 12,354,737	\$ 13,879,852	\$ 14,730,044
Sales taxes	1,257,122	1,477,006	1,664,955	1,814,772	1,825,763	1,801,035	2,012,964	2,188,151	2,477,559	3,140,348
Franchise taxes	2,954,024	3,773,723	2,759,205	3,242,083	2,349,155	2,362,513	2,593,348	2,758,118	2,776,804	2,930,591
Penalties and interest	36,612	43,555	62,194	56,157	103,432	138,459	64,171	22,664	41,771	42,727
Other taxes	19,567	20,410	20,097	20,707	20,142	20,645	22,152	52,892	26,899	31,176
Interest on investments	535,154	1,105,733	1,179,698	857,620	252,125	78,442	66,285	86,436	77,082	44,628
Miscellaneous	170,809	531,456	296,434	665,583	516,764	663,165	390,110	428,054	357,749	364,009
Transfers	(112,679)	9,878	344,284	774,214	(1,989,896)	(1,253,602)	(1,633,380)	(658,697)	(370,649)	925,111
Total governmental activities	<u>11,296,450</u>	<u>14,401,664</u>	<u>14,853,384</u>	<u>\$ 17,003,012</u>	<u>\$ 16,928,344</u>	<u>\$ 18,238,302</u>	<u>\$ 17,315,804</u>	<u>\$ 17,232,355</u>	<u>\$ 19,267,067</u>	<u>\$ 22,208,634</u>
Business-type activities:										
Taxes	2,461,678	3,027,156	3,378,525	3,840,787	-	-	-	-	-	-
Interest on Investments	363,514	677,488	919,443	674,965	308,837	100,228	66,903	55,528	55,719	24,544
Miscellaneous	259,599	81,067	140,597	483,012	261,017	91,377	-	-	-	-
Transfers	112,679	(206,754)	(344,284)	(774,214)	1,989,896	1,253,602	1,633,380	658,697	370,649	(925,111)
Total business-type activities	<u>3,197,470</u>	<u>3,578,957</u>	<u>4,094,281</u>	<u>4,224,550</u>	<u>2,559,750</u>	<u>1,445,207</u>	<u>1,700,283</u>	<u>714,225</u>	<u>426,368</u>	<u>(900,567)</u>
Total primary government	<u>\$ 14,493,920</u>	<u>\$ 17,980,621</u>	<u>\$ 18,947,665</u>	<u>\$ 21,227,562</u>	<u>\$ 19,488,094</u>	<u>\$ 19,683,509</u>	<u>\$ 19,016,087</u>	<u>\$ 17,946,580</u>	<u>\$ 19,693,435</u>	<u>\$ 21,308,067</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 7,265,647	\$ 10,471,380	\$ 721,159	\$ 362,348	\$ (571,800)	\$ 4,612,682	\$ 12,173,486	\$ (314,509)	\$ 5,380,966	\$ 4,863,356
Business-type activities	3,248,026	6,368,516	5,198,148	5,335,271	3,937,800	3,273,084	3,913,089	3,338,171	4,324,861	2,196,768
Total primary government	<u>\$ 10,513,673</u>	<u>\$ 16,839,896</u>	<u>\$ 5,919,307</u>	<u>\$ 5,697,619</u>	<u>\$ 3,366,000</u>	<u>\$ 7,885,766</u>	<u>\$ 16,086,575</u>	<u>\$ 3,023,662</u>	<u>\$ 9,705,827</u>	<u>\$ 7,060,124</u>

Source: Comprehensive Annual Financial Report  
Water District Dissolved 2004-2005 tax year

**CITY OF MIDLOTHIAN, TEXAS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

**TABLE 3**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Fund</b>										
Reserved <sup>a</sup>	\$ 104,911	\$ 21,397	\$ 9,703	\$ 15,175	\$ 15,633	\$ 44,246	\$ -	\$ -	\$ -	\$ -
Unreserved	6,840,162	8,998,065	10,987,674	10,074,215	8,589,126	8,684,283	-	-	-	-
Nonspendable	-	-	-	-	-	-	43,608	40,069	17,432	30,671
Assigned	-	-	-	-	-	-	641,082	250,000	890,163	422,399
Unassigned	-	-	-	-	-	-	8,692,653	10,336,363	10,830,907	12,158,700
<b>Total general fund</b>	<b>\$ 6,945,073</b>	<b>\$ 9,019,462</b>	<b>\$ 10,997,377</b>	<b>\$ 10,089,390</b>	<b>\$ 8,604,759</b>	<b>\$ 8,728,529</b>	<b>\$ -</b>	<b>\$ 10,626,432</b>	<b>\$ 11,738,502</b>	<b>\$ 12,611,770</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Debt service	1,869,819	2,247,411	2,567,391	2,478,579	2,770,867	2,684,279	-	-	-	-
Special revenue funds	100,380	107,629	325,955	337,815	370,475	320,673	-	-	-	-
Unreserved Reported in:										
Capital projects funds	10,755,279	8,503,424	12,803,008	6,844,251	3,999,448	4,558,703	-	-	-	-
Governmental funds	-	-	-	-	-	(25,212)	-	-	-	-
Fund Balances, reported in:										
Restricted for:										
Special revenue funds	-	-	-	-	-	-	211,911	204,042	163,176	313,345
Debt Service	-	-	-	-	-	-	2,568,177	1,969,850	1,458,379	1,013,621
Capital projects funds	-	-	-	-	-	-	2,338,778	206,876	7,302,408	6,864,737
Committed to:										
Special revenue funds	-	-	-	-	-	-	118,232	140,493	194,694	213,287
<b>Total all other governmental funds</b>	<b>\$ 12,725,478</b>	<b>\$ 10,858,464</b>	<b>\$ 15,696,354</b>	<b>\$ 9,660,645</b>	<b>\$ 7,140,790</b>	<b>\$ 7,538,443</b>	<b>\$ 5,237,098</b>	<b>\$ 2,521,261</b>	<b>\$ 9,118,657</b>	<b>\$ 8,404,990</b>

**Source:** Comprehensive Annual Financial Report

**Notes:** <sup>a</sup>Includes encumbrances and prepaid items.

**CITY OF MIDLOTHIAN, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

Table 4

	2005	2006 <sup>a</sup>	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Taxes	\$ 6,152,777	\$ 11,627,059	\$ 14,211,139	\$ 13,977,016	\$ 17,705,852	\$ 17,951,928	\$ 17,859,761	\$ 16,801,361	\$ 18,408,355	\$ 20,078,288
Licenses, permits and fees	881,747	887,454	737,964	395,101	229,319	286,907	309,248	1,120,745	704,422	662,782
Charges for services	744,046	910,509	912,021	718,770	877,759	927,061	1,009,743	1,216,370	1,276,485	1,726,231
Fines & Forfeits	312,170	519,039	573,937	459,772	433,466	484,477	422,250	497,138	360,220	432,845
Contributions and Donations	-	-	-	-	-	213,367	543,659	318,270	477,910	1,599,672
Receipts from Direct Financing Leases	-	-	-	115,000	120,000	125,000	135,000	140,000	150,000	155,000
Intergovernmental	1,330,408	1,871,514	1,352,749	1,738,304	1,869,239	4,169,681	2,816,910	2,641,613	10,132,662	3,054,792
Interest earned	535,154	1,105,733	1,179,698	857,620	252,125	78,442	66,278	86,436	77,082	44,628
Miscellaneous	290,056	182,927	492,867	935,763	495,397	525,044	410,570	441,934	357,749	364,009
<b>Total revenues</b>	<b>10,246,358</b>	<b>17,104,235</b>	<b>19,460,375</b>	<b>19,197,346</b>	<b>21,983,157</b>	<b>24,761,907</b>	<b>23,573,419</b>	<b>23,263,867</b>	<b>31,944,885</b>	<b>28,118,247</b>
<b>EXPENDITURES</b>										
General government	3,000,538	3,044,284	3,940,200	4,665,749	4,199,227	4,489,943	4,015,939	4,052,585	4,055,936	5,885,190
Public safety	4,229,325	4,638,950	5,429,149	6,309,800	7,457,327	7,791,388	7,797,551	8,227,544	8,829,993	9,470,325
Public works	1,551,767	2,180,812	2,088,928	2,489,213	2,079,831	1,785,574	1,584,023	1,779,447	1,840,900	3,002,644
Culture and recreation	581,720	681,368	691,615	920,895	836,696	687,663	805,374	1,106,210	1,140,524	1,444,289
Intergovernmental-TIRZ	1,046,767	989,353	1,074,038	1,323,730	2,144,505	2,379,198	2,070,652	2,005,919	2,040,682	2,103,003
Bond Issuance Cost	3,722	235,671	71,366	6,067	44,450	110,367	21,840	17,986	194,463	166,187
Capital outlay	5,939,748	11,025,921	4,637,286	6,768,755	2,915,850	1,462,712	2,884,938	2,466,964	11,838,490	1,098,443
Debt service										
Principal retirement	871,726	1,308,608	1,626,391	2,144,038	2,298,426	2,411,915	2,617,155	2,712,384	7,477,429	14,684,760
Interest and fiscal charges	1,521,234	1,923,885	2,017,176	2,429,151	2,236,529	2,141,341	1,857,726	1,754,782	1,790,633	2,118,385
<b>Total expenditures</b>	<b>18,746,547</b>	<b>26,028,852</b>	<b>21,576,149</b>	<b>27,057,398</b>	<b>24,212,841</b>	<b>23,260,101</b>	<b>23,655,198</b>	<b>24,123,821</b>	<b>39,209,050</b>	<b>39,973,226</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,500,189)</u>	<u>(8,924,617)</u>	<u>(2,115,774)</u>	<u>(7,860,052)</u>	<u>(2,229,684)</u>	<u>1,501,806</u>	<u>(81,779)</u>	<u>(859,954)</u>	<u>(7,264,165)</u>	<u>(11,854,979)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Sale of Capital Asset	-	-	-	-	-	-	-	-	140,000	-
Issuance of Debt	-	-	-	-	-	-	-	-	14,770,000	-
Proceeds from refunding bonds	-	-	-	-	750,526	5,387,729	-	-	-	10,380,000
Proceeds from sales of bonds	9,850,000	15,071,172	8,550,000	-	-	-	-	-	-	-
Proceeds from capital lease obligation	54,536	112,880	25,880	142,142	199,203	140,070	62,628	51,903	-	142,256
Direct Financing lease receipts	-	318,875	11,415	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	8,534	285,835	-	-	434,280	567,213
Payment to refund bond escrow agent	-	(6,380,813)	-	-	(743,169)	(5,540,415)	-	-	-	-
Transfer from other funds	335,686	522,084	716,902	1,358,577	848,347	1,586,467	1,591,962	2,299,975	3,276,969	3,460,005
Transfer to other funds	(448,365)	(512,206)	(372,618)	(584,363)	(2,838,243)	(2,840,069)	(3,225,342)	(2,958,672)	(3,647,618)	(2,534,894)
<b>Total other financing sources (uses)</b>	<b>9,791,857</b>	<b>9,131,992</b>	<b>8,931,579</b>	<b>916,356</b>	<b>(1,774,802)</b>	<b>(980,383)</b>	<b>(1,570,752)</b>	<b>(606,794)</b>	<b>14,973,631</b>	<b>12,014,580</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,291,668</b>	<b>\$ 207,375</b>	<b>\$ 6,815,805</b>	<b>\$ (6,943,696)</b>	<b>\$ (4,004,486)</b>	<b>\$ 521,423</b>	<b>\$ (1,652,531)</b>	<b>\$ (1,466,748)</b>	<b>\$ 7,709,466</b>	<b>\$ 159,601</b>
Debt service as a percentage of noncapital expenditures	19.4%	23.0%	22.0%	24.1%	21.7%	19.7%	21.5%	19.6%	24.4%	43.4%

Source: Comprehensive Annual Financial Report

<sup>a</sup> in 2005 the Water District dissolved. Starting in 2006 all taxes now collected by General Fund Debt Service

**CITY OF MIDLOTHIAN, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Table 5

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2005	1,449,637,720	463,658,590	473,337,823	1,439,958,487	0.61824
2006	1,563,349,716	616,712,240	627,529,493	1,552,532,463	0.64038
2007	1,704,765,500	610,941,850	619,329,261	1,696,378,089	0.65795
2008	1,873,065,203	562,522,730	514,296,067	1,921,291,866	0.65000
2009	1,943,973,277	607,559,635	487,676,537	2,063,856,375	0.65000
2010	1,980,290,467	596,026,014	454,116,284	2,122,200,197	0.65000
2011	1,889,750,597	556,829,454	418,280,742	2,028,299,309	0.65000
2012	1,840,756,783	508,350,623	393,438,309	1,955,669,097	0.65000
2013	1,927,292,418	509,523,791	422,862,175	2,013,954,034	0.65000
2014	2,007,471,708	519,517,691	425,768,816	2,101,220,583	0.65824

**Source:** City of Midlothian Budget Document  
 Ellis Central Appraisal District

**CITY OF MIDLOTHIAN, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates			
	Operating/ General Rate	General obligation Debt Service	Total Direct	Midlothian Independent School District	Midlothian Water District <sup>a</sup>	Ellis County	Waxahchie School District
2005	0.226171	0.197869	0.424040	1.764540	0.194156	0.349990	1.716500
2006	0.242082	0.398302	0.640384	1.787500		0.349990	1.720800
2007	0.248030	0.409916	0.657946	1.697500		0.349500	1.597300
2008	0.255493	0.394507	0.650000	1.367500		0.364598	1.360000
2009	0.256247	0.393753	0.650000	1.407500		0.393599	1.360000
2010	0.279300	0.370700	0.650000	1.397500		0.393599	1.360000
2011	0.273906	0.376094	0.650000	1.397500		0.393599	1.428900
2012	0.272313	0.377687	0.650000	1.540000		0.413599	1.428900
2013	0.283204	0.366796	0.650000	1.540000		0.413599	1.428900
2014	0.294816	0.363428	0.658244	1.540000		0.413599	1.428900

**Source:** Ellis Central Appraisal District  
City of Midlothian  
<sup>a</sup>Water District dissolved 2005  
web site elliscad.org

**CITY OF MIDLOTHIAN, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS LESS T.I.R.Z. TAXABLE REAL PROPERTY**  
**SEPTEMBER 30, 2014**  
**(UNAUDITED)**

Table 7

2014			2005		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>a</sup>	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>b</sup>
Gerdau Ameristeel	\$ 166,533,807 <sup>c</sup>	10.51%	Chaparral Steel Midlothian LP	\$ 150,603,502	13.92%
Holcim (US) Inc.	139,449,142 <sup>c</sup>	8.80%	Holcim Texas LTD Partnership	146,116,588	13.51
TXI Operations LP	74,054,085 <sup>c</sup>	4.67%	TXI Operations LP	80,469,111	7.44
Midlothian Energy Limited	46,602,732 <sup>c</sup>	2.94%	Toys R Us - Delaware Inc	45,886,297	4.24
Ash Grove/North Texas Cement	43,729,410 <sup>c</sup>	2.76%	North Texas Cement Company	33,891,622	3.13
Target Corporation	41,571,277 <sup>c</sup>	2.62%	Midlothian Energy Limited Partnership	26,039,975	2.41
Giraffe Properties LLC (Toys R Us)	21,639,297 <sup>c</sup>	1.37%	Target Corporation	9,422,200	0.87
Wal Mart Real Estate	21,080,690 <sup>c</sup>	1.33%	Texas Properties Trust	6,880,780	0.64
Midlothian Timber Oaks LP	12,469,170	0.79%	Niagara La Salle	6,584,515	0.61
Oncor Electric Delivery	11,009,200	0.69%	Oncor Electric Delivery Company	6,583,950	0.61
<b>Top Ten Tax Payers Total</b>	<b>\$ 578,138,810</b>	<b>36.48%</b>	<b>Top Ten Tax Payers Total</b>	<b>\$ 512,478,540</b>	<b>47.38%</b>
<b>All Other Tax Payers</b>	<b>\$ 1,006,750,710</b>	<b>63.52%</b>	<b>All Other Tax Payers</b>	<b>\$ 569,166,234</b>	<b>52.62%</b>
<b>Total Assessed Valuation</b>	<b>\$ 1,584,889,520</b>	<b>100.00%</b>	<b>Total Assessed Valuation</b>	<b>\$ 1,081,644,774</b>	<b>100.00%</b>

**Source:** Budget Document/ Ellis Central Appraisal Office

**Notes:** <sup>a</sup>Taxpayers are assessed on January 1, 2013 (2013 tax year) for the 2014 fiscal year.

<sup>b</sup>Taxpayers are assessed on January 1, 2004 (2004 tax year) for the 2005 fiscal year; These values include the TIRZ .

<sup>c</sup>Excludes the property located in the TIRZ (Tax Increment Reinvestment Zone) in the amount of \$358,313,694



**CITY OF MIDLOTHIAN, TEXAS  
AD VALOREM TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of levy		Amount	Percentage of levy
2005	6,124,433	6,018,147	98.26	(23,369) <sup>(a)</sup>	5,994,778	97.88
2006	10,031,494	9,831,623	98.01	(35,091) <sup>(a)</sup>	9,796,532	97.66
2007	11,227,884	11,095,266	98.82	(33,851) <sup>(a)</sup>	11,061,415	98.52
2008	12,548,917	12,434,029	99.08	(29,038) <sup>(a)</sup>	12,404,991	98.85
2009	13,251,643	13,165,810	99.35	8,686	13,174,496	99.42
2010	13,716,728	13,614,010	99.25	-	13,614,010	99.25
2011	13,186,511	13,088,830	99.26	88,232	13,177,062	99.93
2012	12,648,665	12,603,205	99.64	(715,693) <sup>(a)</sup>	11,887,512	93.98
2013	13,092,434	13,029,642	99.52	46,720	13,076,362	99.88
2014	13,833,963	13,779,452	99.61	94,506	13,873,958	100.29

**Source:** Ellis County Tax Assessor

<sup>(a)</sup> tax refund resulted in a negative balance for delinquent tax years.

**CITY OF MIDLOTHIAN, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

TABLE 9

Fiscal Year	<u>Governmental Activities</u>			<u>Business-Type Activities</u>				Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Obligation	Other Obligations <sup>c</sup>	Water and Sewer Revenue Bonds	General Obligation Bonds <sup>b</sup>	Certificates of Obligation	Other Obligations <sup>d</sup>			
2005	28,680,444	7,119,458	57,943	17,685,000	32,869,480	6,000,542	2,072,444	94,485,311	28.22%	7,499
2006	36,585,117	6,148,407	537,451	17,325,000	33,049,809	5,691,594	274,498	99,611,876	27.39%	7,490
2007	43,863,700	5,888,432	437,295	17,435,000	31,091,224	5,366,569	287,460	104,369,680	24.97%	7,591
2008	42,094,359	5,613,734	379,260	41,860,000	29,265,563	5,021,267	855,241	125,089,424	34.43%	8,597
2009	40,940,080	4,595,000	416,193	40,325,000	29,724,839	2,350,000	1,395,679	119,746,791	29.56%	7,369
2010	39,906,865	3,415,000	388,575	38,635,000	27,448,050	2,225,000	2,018,712	114,037,202	21.63%	6,649
2011	37,629,714	3,185,000	253,070	36,895,000	25,065,206	2,095,000	2,668,154	107,791,144	18.78%	5,890
2012	35,197,330	3,020,000	111,490	35,105,000	22,572,590	1,960,000	3,378,632	101,345,042	16.85%	5,405
2013	40,194,901	2,845,000	2,675,712	32,435,000	22,595,021	-	4,115,679	104,861,313	14.39%	5,425
2014	39,760,141	2,633,643	2,633,643	25,980,000	24,449,781	-	6,361,956	101,819,164	11.81%	4,770

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Table 13 for personal income and population data.

<sup>b</sup> Although Water District bonds are paid from Ad-valorem taxes, the debt is considered a part of the Enterprise Fund

<sup>c</sup> Tax notes, plus Capital lease obligations and Bond premium, deferred refunding and accreted interest

<sup>d</sup> Capital lease obligations, accreted interest and bond premium, discount, deferred refunding.

**Source:** Note 6 Basic Financial Statements

**CITY OF MIDLOTHIAN, TEXAS**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Table 10

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Other Obligations	Certificates of Obligation	Total	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
2005	61,629,283	2,130,387	7,119,458	70,879,128	4.57%	5,625
2006	69,634,926	811,949	6,148,407	76,595,282	4.52%	5,759
2007	74,954,924	724,755	5,888,432	81,568,111	4.25%	5,932
2008	71,359,922	1,234,501	5,613,734	78,208,157	3.79%	5,375
2009	70,664,919	1,811,872	4,595,000	77,071,791	3.63%	4,743
2010	67,354,915	2,407,287	3,415,000	73,177,202	3.61%	4,267
2011	62,694,920	2,921,224	3,185,000	68,801,144	3.52%	3,760
2012	57,769,920	3,490,122	3,020,000	64,280,042	3.29%	3,428
2013	62,789,922	6,791,391	2,845,000	72,426,313	3.60%	3,747
2014	64,209,922 <sup>c</sup>	8,995,599	190,000	73,395,521	3.49%	3,438

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup>See Table 5 for property value data.

<sup>b</sup>See Table 13 for population data.

<sup>c</sup> updated to include Tax notes, bond premium, bond discount, deferred refunding, and Utility fund General Obligation debt.

**CITY OF MIDLOTHIAN, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2014  
(UNAUDITED)**

**Table 11**

<u>Governmental Unit</u>	<u>Gross Bonded Debt</u>	<u>Percentage of Total Debt</u>	<u>Midlothian Share of Overlapping Debt</u>
Debt repaid with property taxes			
Midlothian I.S.D.	\$ 233,233,703	65.47%	\$ 152,698,105
Ellis County	51,023,437	17.43%	8,893,385
Waxahachie I.S.D.	<u>45,229,818</u>	1.19%	<u>538,235</u>
Subtotal, overlapping debt	<u>\$ 329,486,958</u>		<u>162,129,726</u>
City of Midlothian (direct debt)			<u>41,471,878</u>
Total direct and overlapping debt			<u><u>\$ 203,601,604</u></u>

**Source:** Debt outstanding data provided by City Budget, School District & County

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and the businesses of Midlothian. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF MIDLOTHIAN, TEXAS  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

Table 12

Fiscal Year	Water and Sewer System Revenue Bonds					Times Coverage
	Total Revenues <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue	Annual Requirement <sup>c</sup>		
2005	7,496,544	4,891,374	2,605,170	1,278,123	2.04	
2006	9,338,500	5,380,334	3,958,166	1,301,963	3.04	
2007	8,916,893	4,898,884	4,018,009	1,381,309	2.91	
2008	9,337,572	5,278,836	4,058,736	1,411,655	2.88	
2009	9,175,663	4,293,781	4,881,882	2,265,173	2.16	
2010	9,239,804	4,282,161	4,957,643	2,490,145	1.99	
2011	10,367,596	4,603,291	5,764,305	2,500,351	2.31	
2012	10,568,653	4,495,883	6,072,770	2,567,083	2.37	
2013	12,173,885	5,002,088	7,171,797	2,448,392	2.93	
2014	12,883,916	6,353,508	6,530,408	2,525,725	2.59	

**Data Source:** Current and prior year combined financial statements.

**Notes:** <sup>a</sup>Includes operating revenues plus investment income from operating account, plus Impact Fees to pay debt  
<sup>b</sup>Includes operating expenses minus depreciation plus transfers out, less Water District Transfer  
<sup>c</sup> Includes only debt required to be paid from system revenues

**CITY OF MIDLOTHIAN, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS  
(UNAUDITED)**

Table 13

Year	Estimated Population <sup>a</sup>	Personal Income	Average Household Income <sup>b</sup>	School Enrollment <sup>c</sup>	Unemployment Rate <sup>d</sup>
2005	12,600	334,812,240	66,431	6,094	5.10
2006	13,300	363,659,240	68,357	6,499	4.30
2007	13,750	418,027,500	76,005	6,837	3.95
2008	14,550	363,342,600	62,430	7,087	5.30
2009	16,250	405,132,000	62,328	7,281	8.60
2010	17,150	527,197,860	76,851	7,556	8.20
2011	18,300	573,873,360	78,398	7,555	8.80
2012	18,750	601,417,500	80,189	7,539	6.20
2013	19,330	728,911,104	94,272	7,758	5.80
2014	21,347	862,239,485	100,979	7,931	4.70

Source: <sup>a</sup> dfwinfo.com

<sup>b</sup> Midlothian Economic Development Corporation

<sup>c</sup> Midlothian Independent School District

<sup>d</sup> North Central Texas Workforce

**CITY OF MIDLOTHIAN, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT AND TEN YEARS AGO  
(UNAUDITED)**

Table 14

2014		2005	
Employer	Employees Range	Employer	Employees Range
Gerdau	500-1000	Chaparral Steel Company	1000-1500
Midlothian ISD	500-1000	Texas Industries, Inc.	200-499
Target Corporation	200-499	Toys 'R' Us	200-499
Walmart Stores	200-499	Holcim	100-199
City of Midlothian	200-499	N. Tx Cement Plant	100-199
Martin Marietta	100-199	Mid-Tx Int'l	100-199
Holcim Texas	100-199	Niagara LaSalle	0-99
Methodist Medical Center	100-199	Martech	0-99
Ash Grove, Texas	100-199	Safe Tire Disposal Corporation	0-99
Brookshire's	100-199	Air Products & Chemicals	0-99
Toys 'R' Us	100-199		

**Source:** Information provided by Midlothian Economic Development Corporation

**CITY OF MIDLOTHIAN, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Table 15

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government and Administration	18	20	22.5	22.5	22.5	21.5	20.5	21.25	22.5	26
Public Safety	65.25	64.25	66.25	77.25	83.75	97.5	98.5	87	102	108
Public Works	15.5	19.5	18.5	18.5	18.5	17.5	16.5	14	15	15.5
Culture and Recreational	2.25	7.75	8.75	10.75	10.25	11.75	11.75	11.25	11	11
Water and Sewer	27	27	28.5	29	30.25	30.25	29.75	28	30	30
<b><i>Other Component Units:</i></b>										
Economic Development	2	2	2.5	2.5	2.25	2.25	3	2	2	3
Senior Citizens	2	2.5	2.5	2.5	2.5	2.5	2.5	2.25	4	4
Conference Center	2.5	2.5	3	2.75	3	2.75	2.75	3.25	3	3
<b>Total</b>	<u>134.5</u>	<u>145.5</u>	<u>152.5</u>	<u>165.75</u>	<u>173</u>	<u>186</u>	<u>185.25</u>	<u>169.00</u>	<u>189.5</u>	<u>200.5</u>

**Source:** City Budget



**CITY OF MIDLOTHIAN, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**Table 16**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Public Safety</b>										
<b>Police &amp; Animal Control</b>										
Number of Employees	b 33	33	39	42	40.75	38	33.5	34	41.50	44
Number of Violations (Citations)	3,439	5,401	6,465	4,507	4,408	5,703	7,456	6,076	5,980	7,985
<b>Fire</b>										
Number of Employees	b 27	31	31	37	43	49	49	48	48	49
Number of Fire runs	893	1,117	1,001	911	703	663	750	975	834	950
Number of EMS runs	1,456	1,605	1,725	1,461	1,821	1,908	2,000	1,634	2,105	2,085
<b>Development Services</b>										
Streets constructed (miles)	13.68	9.61	3.82	2.404	0.2714	0.5	0.2	0.88	4.27	3.5
# of Plats	43	62	48	28	7	14	14	26	37	43
Acreage Re-Zoned	475.34	937.26	1,731.00	573.91	92.09	0.5	121.58	377.72	880.79	660
Building Permits Issued	506	587	286	287	131	189	186	184	291	279
<b>Cultural and Recreational</b>										
<b>Parks and Recreation</b>										
Parks Maintained	10	10	11	11	11	11	11	11	12	12
Park maintain & operate per acre	89	89	99	260	301	457	457	457	457	457
Participants in Leisure Svc Programs	3,511	3,532	3,586	3,240	3,055	3,135	2,810	2,960	2,704	2,952
<b>Library</b>										
Volumes in Collection	c 18,793	20,618	28,339	32,425	34,970	38,068	40,254	42,543	42,708	45,664
<b>Water</b>										
Number of Water Consumers	3,611	3,820	4,050	3,888	3,937	4,076	4,106	4,205	4,376	5,393
Annual Water Consumption (gallons)	1,493,991,022	1,698,687,642	1,469,295,721	1,635,380,000	1,678,800,000	1,716,249,897	1,792,248,235	1,733,811,859	1,758,093,000	1,795,800,000
Maximum Storage Capacity (million gal.)	7	7	7	7	7	7	10	12	12	12
<b>Wastewater</b>										
Number of Sewer Consumers	3,819	4,219	4,599	4,619	4,647	4,766	5,030	5,084	5,281	5,281
Wastewater Treated Annally (gallons)	408,240,000	373,680,000	497,337,000	460,236,000	478,200,000	607,092,000	413,533,000	475,979,000	402,692,000	449,160,000

**Source:** City Departments  
**Notes:** <sup>b</sup> Full-Time Equivalent  
<sup>c</sup> City/School Librarian

**CITY OF MIDLOTHIAN, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Table 17

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	6	6	8	8	7	10	7	12	12	12
Police Motorcycle Units	2	2	2	2	1					
School Resource Officer Units					2	2	2	1	3	3
Sergeant Units					1	3	1	1	1	1
Fire Stations	1	2	2	3	3	3	3	3	3	3
Medic Units	3	3	3	4	4	4	4	4	4	4
<b>Development Services</b>										
Streets-Paved (miles)	111	114	116	121	133	133	134	134	138	144
<b>Cultural and Recreational</b>										
Parks-Developed (acres)	89	89	89	95	95	95	144	144	144	144
Parks-Undeveloped (acres)					155	362	313	313	313	313
Playgrounds	5	5	5	10	10	10	10	7	7	7
Softball/Baseball Game Fields	9	9	9	9	9	9	9	9	9	9
Softball/Baseball Practice Fields	3	3	3	4	4	4	4	4	4	4
Basketball Half Courts				3	3	3	4	4	3	3
Irrigated Soccer fields	12	12	12	12	12	12	12	12	12	12
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Volleyball Courts	2	2	2	2	4	4	4	4	4	4
Senior Center	1	1	1	1	1	1	1	1	1	1
<b>Water and Sewer</b>										
Water Mains (miles)	103.40	107.27	111	180	181	182	182	182	183	184
Fire Hydrants	700	759	914	951	955	969	983	916	941	959
Sanitary Sewers (miles)	100.53	117.35	120.95	125	125.83	125.83	127	127	128	133

**Source:** City Departments