

CITY OF MIDLOTHIAN, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

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 2019 transfer activity:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Water and Sewer	\$ 2,765,674	Payment in lieu of taxes
Water and Sewer	Debt Service	170,450	Funds for debt service
Capital Projects	General Fund	846,820	Funds for capital projects
General Fund	Capital Projects	53,562	Funds for construction
Nonmajor Governmental	General Fund	84,674	Funds for capital projects
General Fund	Nonmajor Governmental	<u>36,000</u>	Personnel and equipment
	Total	<u>\$ 3,957,180</u>	

At the end of fiscal year 2019 the City had the following interfund balances:

Receivable Fund	Payable Fund	Amount
Water and Sewer	Nonmajor governmental	\$ <u>20,534</u>
	Total	<u>\$ 20,534</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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 interlocal 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.

CITY OF MIDLOTHIAN, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

The budget for fiscal year 2019 required each city to contribute \$30,000 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, 2019 and for the year then ended:

Balance Sheet:	
Assets	\$ 18,726,257
Liabilities	(<u>185,595</u>)
Net position	\$ <u><u>18,540,662</u></u>
Statement of Activities:	
Revenues	\$ 549,921
Expenses	(<u>518,851</u>)
Change in net position	\$ <u><u>31,070</u></u>

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. TAX ABATEMENTS

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic improvement, stipulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code.

CITY OF MIDLOTHIAN, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has two categories of economic development:

Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zone and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$208,687 in fiscal year 2019.

General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2019, the City rebated \$366,506 in taxes.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

CITY OF MIDLOTHIAN, TEXAS

Exhibit A-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2019

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 21,010,049	\$ 21,010,049	\$ 22,167,358	\$ 1,157,309
Licenses and permits	1,518,400	1,518,400	3,956,922	2,438,522
Intergovernmental	4,563,448	4,563,448	12,030,853	7,467,405
Charges for services	1,782,275	1,782,275	1,720,295	(61,980)
Fines	478,250	478,250	644,708	166,458
Investment income	225,600	225,600	559,898	334,298
Contributions and donations	-	-	22,250	22,250
Miscellaneous	57,337	57,337	91,297	33,960
Total revenues	<u>29,635,359</u>	<u>29,635,359</u>	<u>41,193,581</u>	<u>11,558,222</u>
Expenditures:				
Current:				
General government	6,579,904	15,829,158	14,535,943	1,293,215
Public safety	18,344,160	17,552,510	17,130,165	422,345
Public works	4,282,353	4,806,781	4,155,998	650,783
Culture and recreation	1,785,228	1,785,228	1,648,188	137,040
Intergovernmental	1,914,265	1,914,265	1,834,964	79,301
Total expenditures	<u>32,905,910</u>	<u>41,887,942</u>	<u>39,305,258</u>	<u>2,582,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,270,551)</u>	<u>(12,252,583)</u>	<u>1,888,323</u>	<u>14,140,906</u>
Other financing sources (uses)				
Capital lease	-	-	612,881	612,881
Transfers in	2,801,674	2,801,674	2,855,236	53,562
Transfers out	-	(812,125)	(931,494)	(119,369)
Total other financing sources (uses)	<u>2,801,674</u>	<u>1,989,549</u>	<u>2,536,623</u>	<u>547,074</u>
Net change in fund balance	(468,877)	(10,263,034)	4,424,946	14,687,980
Fund Balance - beginning of year	17,632,346	17,632,346	17,632,346	-
Fund Balance - end of year	<u>\$ 17,163,469</u>	<u>\$ 7,369,312</u>	<u>\$ 22,057,292</u>	<u>\$ 14,687,980</u>

CITY OF MIDLOTHIAN, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
GENERAL FUND BUDGETARY SCHEDULE

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, 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.

**REQUIRED PENSION AND OTHER
POST-EMPLOYMENT BENEFIT SCHEDULES**

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CITY OF MIDLOTHIAN, TEXAS

Exhibit A-2

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

SEPTEMBER 30, 2019

Plan Year	2014	2015	2016	2017	2018
A. Total pension liability					
Service Cost	\$ 1,671,812	\$ 1,942,044	\$ 2,200,728	\$ 2,398,347	\$ 2,645,859
Interest (on the Total Pension Liability)	2,267,231	2,441,280	2,593,138	2,836,106	3,099,754
Difference between expected and actual experience	(297,979)	449,448	15,928	(85,922)	634,993
Changes in assumptions	-	(80,345)	-	-	-
Benefit payments, including refunds of employee contributions	(1,186,061)	(1,393,454)	(1,287,236)	(1,330,913)	(1,401,878)
Net change in total pension liability	2,455,003	3,358,973	3,522,558	3,817,618	4,978,728
Total pension liability - beginning	<u>3,260,140</u>	<u>34,601,140</u>	<u>37,960,113</u>	<u>41,482,671</u>	<u>45,300,289</u>
Total pension liability - ending (a)	<u>\$ 34,601,140</u>	<u>\$ 37,960,113</u>	<u>\$ 41,482,671</u>	<u>\$ 45,300,289</u>	<u>\$ 50,279,017</u>
B. Plan fiduciary net position					
Contributions - Employer	\$ 1,432,241	\$ 1,610,066	\$ 1,724,855	\$ 1,939,729	\$ 2,137,933
Contributions - Employee	735,693	779,465	859,659	930,622	1,027,803
Net Investment Income	1,512,705	42,673	2,023,811	4,608,375	(1,180,070)
Benefit payments, including refunds of employee contributions	(1,186,061)	(1,393,454)	(1,287,236)	(1,330,913)	(1,401,878)
Administrative expenses	(15,790)	(25,988)	(22,841)	(23,863)	(22,778)
Other	(1,298)	(1,283)	(1,200)	(1,209)	(1,190)
Net change in plan fiduciary net position	2,477,490	1,011,479	3,297,048	6,122,741	559,820
Plan fiduciary net position - beginning	<u>26,437,306</u>	<u>28,914,796</u>	<u>29,926,275</u>	<u>33,223,322</u>	<u>39,346,063</u>
Plan fiduciary net position - ending (b)	<u>\$ 28,914,796</u>	<u>\$ 29,926,275</u>	<u>\$ 33,223,323</u>	<u>\$ 39,346,063</u>	<u>\$ 39,905,883</u>
C. Net pension liability - ending (a) - (b)					
	<u>\$ 5,686,344</u>	<u>\$ 8,033,838</u>	<u>\$ 8,259,348</u>	<u>\$ 5,954,226</u>	<u>\$ 10,373,134</u>
D. Plan fiduciary net position as a percentage of total pension liability					
	84%	79%	80%	87%	79%
E. Covered payroll					
	\$ 10,509,904	\$ 11,129,194	\$ 12,280,847	\$ 13,294,606	\$ 14,682,905
F. Net pension liability as a percentage of covered payroll					
	54%	72%	67%	45%	71%

Note: GASB 68 requires 10 years of data to be included in this schedule. Additional years will be presented as they become available.

CITY OF MIDLOTHIAN, TEXAS

Exhibit A-3

SCHEDULE OF PENSION CONTRIBUTIONS

SEPTEMBER 30, 2019

Fiscal Year	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$1,537,267	\$1,758,800	\$2,012,422	\$2,079,272	\$2,202,570
Contributions in relation to the actuarially determined contribution	<u>1,537,267</u>	<u>1,758,800</u>	<u>2,012,422</u>	<u>2,079,272</u>	<u>2,202,570</u>
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	10,885,736	12,385,709	13,051,789	14,296,653	15,280,211
Contributions as a percentage of covered payroll	14.1%	14.2%	15.4%	14.5%	14.4%

Note: GASB 68 requires 10 years of data to be included in this schedule. Additional years will be presented as they become available.

Notes to the Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

CITY OF MIDLOTHIAN, TEXAS

Exhibit A-4

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH CARE PLAN

SEPTEMBER 30, 2019

Plan Year	<u>2017</u>	<u>2018</u>
A. Total OPEB liability		
Service Cost	\$ 114,015	\$ 128,910
Interest on the total OPEB liability	51,694	51,847
Difference between expected and actual experience	-	2,077
Changes of assumptions	77,204	(67,559)
Benefit payments	(33,739)	(47,818)
Net change in total OPEB liability	209,174	67,457
Total OPEB liability - beginning	<u>1,316,648</u>	<u>1,525,822</u>
Total OPEB liability - ending	<u>\$ 1,525,822</u>	<u>\$ 1,593,279</u>
B. Covered employee payroll	<u>\$ 12,879,044</u>	<u>\$ 13,017,295</u>
C. Total OPEB liability as a percentage of covered employee payroll	11.8%	12.2%

Note: GASB 75 requires 10 years of data to be included in this schedule. Additional years will be presented as they become available.

Note: No assets are accumulated in a trust to pay related benefits.

CITY OF MIDLOTHIAN, TEXAS

Exhibit A-5

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND**

SEPTEMBER 30, 2019

Plan Year	<u>2017</u>	<u>2018</u>
A. Total OPEB liability		
Service Cost	\$ 25,260	\$ 30,834
Interest on the total OPEB liability	14,029	14,754
Difference between expected and actual experience	-	(14,388)
Changes of assumptions	35,988	(33,092)
Benefit payments, including refunds of employee contributions	(3,988)	(2,937)
Net change in total OPEB liability	71,289	(4,829)
Total OPEB liability - beginning	<u>360,497</u>	<u>431,786</u>
Total OPEB liability - ending	<u>\$ 431,786</u>	<u>\$ 426,957</u>
B. Covered employee payroll		
	<u>\$ 13,294,606</u>	<u>\$ 14,682,905</u>
C. Total OPEB liability as a percentage of covered employee payroll		
	3.2%	2.9%

Note: GASB 75 requires 10 years of data to be included in this schedule. Additional years will be presented as they become available.

Note: No assets are accumulated in a trust to pay related benefits.

**COMBINING STATEMENTS AND NONMAJOR
BUDGETARY COMPARISON SCHEDULES**

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.

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.

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.

Police Regional Response Fund – The SRRG/SRT (Southern Regional Response Group) is a mutual aid agreement to enhance emergency planning and response capabilities. Participating cities recognize that this agreement will allow for better coordination of effort to provide adequate equipment and personnel to respond to incidents requiring a specialized police response. This interlocal cooperation agreement was adopted by City Council with limitations for use of incidents involving hostage, terrorists and live shooter scenarios.

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

CITY OF MIDLOTHIAN, TEXAS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2019

	Special Revenue Funds		
	Police Imprest	Hotel / Motel Tax	City Beautification Fund
ASSETS			
Cash and cash equivalents	\$ 151,861	\$ 70,999	\$ 57,107
Taxes receivable	-	44,715	-
Accounts receivable, net	-	49,581	-
Due from other governments	-	-	-
Total assets	<u>\$ 151,861</u>	<u>\$ 165,295</u>	<u>\$ 57,107</u>
LIABILITIES			
Accounts payable	\$ -	\$ 32,855	\$ 1,200
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>32,855</u>	<u>1,200</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
Law enforcement	151,861	-	-
Tourism	-	132,440	-
Court	-	-	-
Grant	-	-	-
City beautification	-	-	55,907
Community improvements	-	-	-
Total fund balances	<u>151,861</u>	<u>132,440</u>	<u>55,907</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 151,861</u>	<u>\$ 165,295</u>	<u>\$ 57,107</u>

Special Revenue Funds				Total
MidTowne PID	Municipal Court	Police Regional Response	Grant Fund	Nonmajor Governmental Funds
\$ 49,314	\$ 127,637	\$ 134,524	\$ 132,756	\$ 724,198
114	-	-	-	44,829
-	-	-	-	49,581
-	-	7,500	-	7,500
<u>\$ 49,428</u>	<u>\$ 127,637</u>	<u>\$ 142,024</u>	<u>\$ 132,756</u>	<u>\$ 826,108</u>
\$ -	\$ -	\$ -	\$ 3,251	\$ 37,306
-	-	-	20,534	20,534
-	-	-	23,785	57,840
114	-	-	-	114
<u>114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114</u>
-	-	142,024	-	293,885
-	-	-	-	132,440
-	127,637	-	-	127,637
-	-	-	108,971	108,971
-	-	-	-	55,907
49,314	-	-	-	49,314
<u>49,314</u>	<u>127,637</u>	<u>142,024</u>	<u>108,971</u>	<u>768,154</u>
<u>\$ 49,428</u>	<u>\$ 127,637</u>	<u>\$ 142,024</u>	<u>\$ 132,756</u>	<u>\$ 826,108</u>

CITY OF MIDLOTHIAN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	Special Revenue		
	Police Imprest	Hotel / Motel Tax	City Beautification Fund
Revenues			
Taxes	\$ -	\$ 195,031	\$ -
Charges for services	-	-	11,410
Investment income	29	1,494	1,058
Intergovernmental	100,099	-	-
Contributions and donations	-	-	-
Total revenues	<u>100,128</u>	<u>196,525</u>	<u>12,468</u>
Expenditures			
Current:			
General government	<u>13,644</u>	<u>146,183</u>	<u>5,900</u>
Total expenditures	<u>13,644</u>	<u>146,183</u>	<u>5,900</u>
Excess (deficiency) of revenues over (under) expenditures	86,484	50,342	6,568
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	(20,000)	-
Insurance recoveries	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balance	86,484	30,342	6,568
Fund balances - beginning	<u>65,377</u>	<u>102,098</u>	<u>49,339</u>
Fund balances - ending	<u>\$ 151,861</u>	<u>\$ 132,440</u>	<u>\$ 55,907</u>

Special Revenue				Total
MidTowne PID	Municipal Court	Police Regional Response	Grant Fund	Nonmajor Governmental Funds
\$ 33,924	\$ -	\$ -	\$ -	\$ 228,955
-	61,776	-	-	73,186
920	1,882	2,097	3,611	11,091
-	-	57,500	664	158,263
-	-	-	157,432	157,432
<u>34,844</u>	<u>63,658</u>	<u>59,597</u>	<u>161,707</u>	<u>628,927</u>
<u>25,540</u>	<u>9,594</u>	<u>10,103</u>	<u>380,134</u>	<u>591,098</u>
<u>25,540</u>	<u>9,594</u>	<u>10,103</u>	<u>380,134</u>	<u>591,098</u>
9,304	54,064	49,494	(218,427)	37,829
-	-	5,000	79,674	84,674
-	(16,000)	-	-	(36,000)
-	-	-	13,752	13,752
-	(16,000)	5,000	93,426	62,426
9,304	38,064	54,494	(125,001)	100,255
<u>40,010</u>	<u>89,573</u>	<u>87,530</u>	<u>233,972</u>	<u>667,899</u>
<u>\$ 49,314</u>	<u>\$ 127,637</u>	<u>\$ 142,024</u>	<u>\$ 108,971</u>	<u>\$ 768,154</u>

CITY OF MIDLOTHIAN, TEXAS

Exhibit B-3

MIDTOWNE PID
BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2019

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 29,770	\$ 29,770	\$ 33,924	\$ 4,154
Investment income	<u>-</u>	<u>-</u>	<u>920</u>	<u>920</u>
Total revenues	<u>29,770</u>	<u>29,770</u>	<u>34,844</u>	<u>5,074</u>
Expenditures:				
Current:				
General government	<u>29,770</u>	<u>29,770</u>	<u>25,540</u>	<u>4,230</u>
Total expenditures	<u>29,770</u>	<u>29,770</u>	<u>25,540</u>	<u>4,230</u>
Net change in fund balance	-	-	9,304	9,304
Fund balances - beginning	<u>42,637</u>	<u>42,637</u>	<u>40,010</u>	<u>(2,627)</u>
Fund balances - ending	<u>\$ 42,637</u>	<u>\$ 42,637</u>	<u>\$ 49,314</u>	<u>\$ 6,677</u>

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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.

Contents

Table #s

Financial Trends

1, 2, 3 & 4

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

5, 6, 7 & 8

These tables contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity

9, 10, 11 & 12

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.

Economic and Demographic Information

13 & 14

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

15, 16 & 17

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.

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF MIDLOTHIAN, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 60,076,738	\$ 55,677,252	\$ 55,412,057	\$ 60,666,374
Restricted for:				
Debt Service	7,205,824	6,907,446	6,140,580	6,982,498
Other	-	211,911	204,042	163,176
Unrestricted	<u>14,212,828</u>	<u>13,075,535</u>	<u>29,734,974</u>	<u>29,785,992</u>
Total governmental activities net position	\$ <u>81,495,390</u>	\$ <u>75,872,144</u>	\$ <u>91,491,653</u>	\$ <u>97,598,040</u>
Business-type activities:				
Net Investment in capital assets	\$ 42,485,244	\$ 45,542,790	\$ 52,627,269	\$ 55,580,743
Restricted for:				
Debt Service	2,364,683	2,269,720	2,231,989	2,231,990
Capital Improvements	2,731,722	2,280,663	2,372,475	2,710,932
Unrestricted	<u>11,711,779</u>	<u>13,113,344</u>	<u>9,312,955</u>	<u>10,345,884</u>
Total business-type activities net position	\$ <u>59,293,428</u>	\$ <u>63,206,517</u>	\$ <u>66,544,688</u>	\$ <u>70,869,549</u>
Primary government:				
Net Investment in capital assets	\$ 102,561,982	\$ 101,220,042	\$ 108,039,326	\$ 116,247,117
Restricted for:				
Debt Service	9,570,507	9,177,166	8,372,569	9,214,488
Capital Improvements	2,731,722	2,280,663	2,372,475	2,710,932
Other	-	-	204,042	163,176
Unrestricted	<u>25,924,607</u>	<u>26,188,879</u>	<u>39,047,929</u>	<u>40,131,876</u>
Total primary governmental net position	\$ <u>140,788,818</u>	\$ <u>138,866,750</u>	\$ <u>158,036,341</u>	\$ <u>168,467,589</u>

Source: Comprehensive Annual Financial Report

TABLE 1

2014	2015	2016	2017	2018	2019
\$ 64,724,351	\$ 70,290,471	\$ 68,672,276	\$ 74,735,271	\$ 103,682,036	\$ 114,682,283
6,125,850	732,363	748,173	592,496	3,477,907	3,358,995
313,345	661,615	721,056	798,525	668,437	768,268
<u>30,739,753</u>	<u>38,004,413</u>	<u>23,977,224</u>	<u>40,284,210</u>	<u>29,674,196</u>	<u>25,283,856</u>
\$ <u>101,903,299</u>	\$ <u>109,688,862</u>	\$ <u>94,118,729</u>	\$ <u>116,410,502</u>	\$ <u>137,502,576</u>	\$ <u>144,093,402</u>
\$ 56,534,314	\$ 61,192,170	\$ 78,774,995	\$ 86,781,144	\$ 91,436,058	\$ 104,180,382
2,231,990	1,739,748	1,652,334	1,659,724	1,693,017	713,187
2,698,124	3,722,308	4,870,365	7,486,142	9,569,184	12,414,828
<u>9,913,276</u>	<u>9,339,283</u>	<u>15,681,051</u>	<u>17,349,220</u>	<u>19,033,867</u>	<u>24,041,023</u>
\$ <u>71,377,704</u>	\$ <u>75,993,509</u>	\$ <u>100,978,745</u>	\$ <u>113,276,230</u>	\$ <u>121,732,126</u>	\$ <u>141,349,420</u>
\$ 121,258,665	\$ 131,482,641	\$ 147,447,271	\$ 161,516,415	\$ 195,118,094	\$ 218,862,665
8,357,840	2,472,111	2,400,507	2,252,220	5,170,924	4,072,182
2,698,124	3,722,308	4,870,365	7,486,142	9,569,184	12,414,828
313,345	661,615	721,056	798,525	668,437	768,268
<u>40,653,029</u>	<u>47,343,696</u>	<u>39,658,275</u>	<u>57,633,430</u>	<u>48,708,063</u>	<u>49,324,879</u>
\$ <u>173,281,003</u>	\$ <u>185,682,371</u>	\$ <u>195,097,474</u>	\$ <u>229,686,732</u>	\$ <u>259,234,702</u>	\$ <u>285,442,822</u>

CITY OF MIDLOTHIAN, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental activities:				
General government	\$ 7,543,122	\$ 6,686,308	\$ 5,109,557	\$ 6,432,045
Public safety	8,279,339	8,175,835	8,600,408	9,516,092
Public works	8,174,318	6,562,699	8,030,838	11,206,164
Culture and recreation	832,755	940,144	1,136,625	1,225,423
Interest on long-term debt	<u>2,146,258</u>	<u>1,930,825</u>	<u>1,798,231</u>	<u>1,692,914</u>
Total governmental activities expenses	<u>26,975,792</u>	<u>24,295,811</u>	<u>24,675,659</u>	<u>30,072,638</u>
Business-type activities:				
Water and sewer	<u>8,832,538</u>	<u>9,561,867</u>	<u>9,162,129</u>	<u>9,722,442</u>
Total business-type activities expenses	<u>8,832,538</u>	<u>9,561,867</u>	<u>9,162,129</u>	<u>9,722,442</u>
Total primary government expenses	<u>35,808,330</u>	<u>33,857,678</u>	<u>33,837,788</u>	<u>39,795,080</u>
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	1,257,946	5,048,002	1,667,207	1,449,354
Public safety	922,514	1,492,162	986,204	1,276,146
Public works	235,720	251,549	811,443	8,123,772
Culture and recreation	104,083	187,100	152,558	131,316
Operating grants and contributions	1,117,482	11,858,703	2,489,036	856,442
Capital grants and contributions	<u>9,712,427</u>	<u>315,977</u>	<u>1,022,347</u>	<u>4,349,507</u>
Total governmental activities program revenues	<u>13,350,172</u>	<u>19,153,493</u>	<u>7,128,795</u>	<u>16,186,537</u>
Business-type activities:				
Charges for services:				
Water and sewer	9,020,455	8,878,487	10,009,247	9,905,551
Capital grants and contributions	<u>1,739,780</u>	<u>1,781,928</u>	<u>1,765,426</u>	<u>1,880,524</u>
Total business-type activities program revenues	<u>10,760,235</u>	<u>10,660,415</u>	<u>11,774,673</u>	<u>11,786,075</u>
Total primary government program revenues	<u>24,110,407</u>	<u>29,813,908</u>	<u>18,903,468</u>	<u>27,972,612</u>
Net (Expenses) Revenue				
Governmental activities	(13,625,620)	(5,142,318)	(17,546,864)	(13,886,101)
Business-type activities	<u>1,927,697</u>	<u>1,098,548</u>	<u>2,612,544</u>	<u>2,063,633</u>
Total primary government net expenses	<u>\$(11,697,923)</u>	<u>\$(4,043,770)</u>	<u>\$(14,934,320)</u>	<u>\$(11,822,468)</u>

TABLE 2

	2014	2015	2016	2017	2018	2019
\$	8,378,525	\$ 8,435,355	\$ 9,119,270	\$ 9,869,378	\$ 8,265,542	\$ 20,548,620
	8,965,155	11,157,338	13,160,048	14,218,800	13,494,731	16,932,290
	6,799,551	6,861,613	6,742,355	7,444,881	10,642,230	10,023,500
	1,472,246	1,311,001	1,514,694	1,436,441	2,210,187	2,521,015
	1,740,996	1,273,246	2,437,581	2,263,827	2,272,564	2,628,010
	<u>27,356,473</u>	<u>29,038,553</u>	<u>32,973,948</u>	<u>35,233,327</u>	<u>36,885,254</u>	<u>52,653,435</u>
	<u>11,741,658</u>	<u>12,253,287</u>	<u>11,618,051</u>	<u>11,953,415</u>	<u>13,527,539</u>	<u>14,454,794</u>
	<u>11,741,658</u>	<u>12,253,287</u>	<u>11,618,051</u>	<u>11,953,415</u>	<u>13,527,539</u>	<u>14,454,794</u>
	<u>39,098,131</u>	<u>41,291,840</u>	<u>44,591,999</u>	<u>47,186,742</u>	<u>50,412,793</u>	<u>67,108,229</u>
	1,449,391	933,263	1,496,141	1,603,973	1,964,540	2,897,180
	1,745,078	1,898,369	2,063,755	2,012,644	2,169,471	2,489,630
	837,685	717,178	1,161,622	1,131,041	1,457,961	2,927,256
	139,668	141,203	146,198	133,252	161,387	146,713
	971,598	4,274,484	969,325	1,943,548	2,024,787	962,653
	4,867,775	8,946,776	5,903,501	17,260,549	15,814,767	9,803,361
	<u>10,011,195</u>	<u>16,911,273</u>	<u>11,740,542</u>	<u>24,085,007</u>	<u>23,592,913</u>	<u>19,226,793</u>
	11,348,240	11,965,998	13,558,845	17,126,074	17,976,259	19,039,623
	<u>2,272,695</u>	<u>2,872,995</u>	<u>6,539,858</u>	<u>10,211,564</u>	<u>6,473,658</u>	<u>16,807,888</u>
	<u>13,620,935</u>	<u>14,838,993</u>	<u>20,098,703</u>	<u>27,337,638</u>	<u>24,449,917</u>	<u>35,847,511</u>
	<u>23,632,130</u>	<u>31,750,266</u>	<u>31,839,245</u>	<u>51,422,645</u>	<u>48,042,830</u>	<u>55,074,304</u>
(17,345,278)	(17,345,278)	(21,233,406)	(11,148,320)	(13,292,347)	(33,426,642)
	<u>1,879,277</u>	<u>2,585,706</u>	<u>8,480,652</u>	<u>15,384,223</u>	<u>10,922,378</u>	<u>21,392,717</u>
\$	<u>(15,466,001)</u>	<u>(14,759,572)</u>	<u>(12,752,754)</u>	<u>\$ 4,235,903</u>	<u>(2,369,969)</u>	<u>(12,033,925)</u>

CITY OF MIDLOTHIAN, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 13,850,859	\$ 14,427,645	\$ 13,800,154	\$ 12,354,737
Sales	1,825,763	1,801,035	2,012,964	2,188,151
Franchise	2,349,155	2,362,513	2,593,348	2,758,118
Penalties and interest	103,432	138,459	64,171	22,664
Other	20,142	20,645	22,152	52,892
Interest on investments	252,125	78,442	66,285	86,436
Miscellaneous	516,764	663,165	390,110	428,054
Transfers	<u>(1,989,896)</u>	<u>(1,253,602)</u>	<u>(1,633,380)</u>	<u>(658,697)</u>
Total governmental activities	<u>16,928,344</u>	<u>18,238,302</u>	<u>17,315,804</u>	<u>17,232,355</u>
Business-type activities:				
Interest on investments	308,837	100,228	66,903	55,528
Miscellaneous	261,017	91,377	-	-
Transfers	<u>1,989,896</u>	<u>1,253,602</u>	<u>1,633,380</u>	<u>658,697</u>
Total business-type activities	<u>2,559,750</u>	<u>1,445,207</u>	<u>1,700,283</u>	<u>714,225</u>
Total primary government	<u>19,488,094</u>	<u>19,683,509</u>	<u>19,016,087</u>	<u>17,946,580</u>
Change in Net Position				
Governmental activities	3,302,724	13,095,984	(231,060)	3,346,254
Business-type activities	<u>4,487,447</u>	<u>2,543,755</u>	<u>4,312,827</u>	<u>2,777,858</u>
Total primary government	<u>\$ 7,790,171</u>	<u>\$ 15,639,739</u>	<u>\$ 4,081,767</u>	<u>\$ 6,124,112</u>

Source: Comprehensive Annual Financial Report

TABLE 2

	2014	2015	2016	2017	2018	2019
\$	13,879,852	\$ 14,730,044	\$ 19,138,572	\$ 20,313,875	\$ 22,713,070	\$ 27,778,205
	2,477,559	3,140,348	3,428,987	3,755,683	4,243,989	4,766,454
	2,776,804	2,930,591	2,826,939	2,740,697	2,952,747	3,172,602
	41,771	42,727	40,544	-	-	-
	26,899	31,176	142,392	198,756	215,154	233,048
	77,082	44,628	131,844	216,440	539,448	1,258,741
	357,749	364,009	259,892	2,988,084	439,006	213,194
	(370,649)	925,111	(16,418,289)	3,226,558	2,995,393	2,595,224
	<u>19,267,067</u>	<u>22,208,634</u>	<u>9,550,881</u>	<u>33,440,093</u>	<u>34,098,807</u>	<u>40,017,468</u>
	55,719	24,544	86,295	139,820	452,247	819,801
	-	-	-	-	-	-
	<u>370,649</u>	(925,111)	16,418,289	(3,226,558)	(2,995,393)	(2,595,224)
	<u>426,368</u>	(900,567)	16,504,584	(3,086,738)	(2,543,146)	(1,775,423)
	<u>19,693,435</u>	<u>21,308,067</u>	<u>26,055,465</u>	<u>30,353,355</u>	<u>31,555,661</u>	<u>38,242,045</u>
	1,921,789	4,863,356	(11,682,525)	22,291,773	20,806,460	6,590,826
	<u>2,305,645</u>	<u>1,685,139</u>	<u>24,985,236</u>	<u>12,297,485</u>	<u>8,379,232</u>	<u>19,617,294</u>
\$	<u>4,227,434</u>	<u>\$ 6,548,495</u>	<u>\$ 13,302,711</u>	<u>\$ 34,589,258</u>	<u>\$ 29,185,692</u>	<u>\$ 26,208,120</u>

CITY OF MIDLOTHIAN, TEXAS

FUND BALANCES GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2010	2011 ^b	2012	2013
General Fund:				
Reserved ^a	\$ 44,246	\$ -	\$ -	\$ -
Unreserved	8,684,283	-	-	-
Nonspendable	-	43,608	40,069	17,432
Committed	-	-	-	-
Assigned	-	641,082	250,000	890,163
Unassigned	-	8,692,653	10,336,363	10,830,907
	<u>-</u>	<u>8,692,653</u>	<u>10,336,363</u>	<u>10,830,907</u>
Total general fund	<u>\$ 8,728,529</u>	<u>\$ 9,377,343</u>	<u>\$ 10,626,432</u>	<u>\$ 11,738,502</u>
All Other Governmental Funds:				
Reserved for:				
Debt service	\$ 2,684,279	\$ -	\$ -	\$ -
Special revenue funds	320,673	-	-	-
Unreserved, Reported in:				
Capital projects funds	4,533,491	-	-	-
Fund Balances:				
Restricted for:				
Special revenue	-	211,911	204,042	163,176
Debt service	-	2,568,177	1,969,850	1,458,379
Capital projects	-	2,338,778	206,876	7,302,408
Committed for:				
Special revenue	-	118,232	140,493	194,694
Assigned for:				
Capital improvements	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 7,538,443</u>	<u>\$ 5,237,098</u>	<u>\$ 2,521,261</u>	<u>\$ 9,118,657</u>

Source: Comprehensive Annual Financial Report

Notes: ^aIncludes encumbrances and prepaid items.

^bGASB Statement 54 was implemented for fiscal year 2011. This statement changed the classification of fund balance amounts.

Prior year amounts have not been restated for the implementation of Statement 54.

TABLE 3

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
30,671	461,611	304,450	10,165	8,241	7,040
-	22,386	35,643	49,560	431,156	676,759
422,399	1,555,637	1,148,986	1,553,128	1,714,156	1,302,584
<u>12,158,700</u>	<u>12,080,753</u>	<u>12,949,496</u>	<u>15,542,864</u>	<u>15,478,793</u>	<u>20,070,909</u>
<u>\$ 12,611,770</u>	<u>\$ 14,120,387</u>	<u>\$ 14,438,575</u>	<u>\$ 17,155,717</u>	<u>\$ 17,632,346</u>	<u>\$ 22,057,292</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
313,345	661,615	721,056	797,865	667,899	768,154
1,013,621	902,709	876,116	660,177	821,888	959,357
6,864,737	12,830,951	7,516,092	3,038,289	19,927,760	31,928,611
213,287	213,287	-	-	-	-
<u>-</u>	<u>4,680,481</u>	<u>2,703,307</u>	<u>7,576,459</u>	<u>5,750,107</u>	<u>6,200,287</u>
<u>\$ 8,404,990</u>	<u>\$ 19,289,043</u>	<u>\$ 11,816,571</u>	<u>\$ 12,072,790</u>	<u>\$ 27,167,654</u>	<u>\$ 39,856,409</u>

CITY OF MIDLOTHIAN, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
REVENUES				
Taxes	\$ 17,951,928	\$ 17,859,761	\$ 16,801,361	\$ 18,408,355
Licenses, permits and fees	286,907	309,248	1,120,745	704,422
Charges for services	927,061	1,009,743	1,216,370	1,276,485
Fines and forfeitures	484,477	422,250	497,138	360,220
Contributions and donations	213,367	543,659	318,270	477,910
Receipts from direct financing leases	125,000	135,000	140,000	150,000
Intergovernmental	4,169,681	2,816,910	2,641,613	10,132,662
Interest earned	78,442	66,278	86,436	77,082
Miscellaneous	<u>525,044</u>	<u>410,570</u>	<u>441,934</u>	<u>357,749</u>
Total revenues	<u>24,761,907</u>	<u>23,573,419</u>	<u>23,263,867</u>	<u>31,944,885</u>
EXPENDITURES				
General government	4,489,943	4,015,939	4,052,585	4,055,936
Public safety	7,791,388	7,797,551	8,227,544	8,829,993
Public works	1,785,574	1,584,023	1,779,447	1,840,900
Culture and recreation	687,663	805,374	1,106,210	1,140,524
Intergovernmental - TIRZ	2,379,198	2,070,652	2,005,919	2,040,682
Capital outlay	1,462,712	2,884,938	2,466,964	11,838,490
Debt service:				
Principal retirement	2,411,915	2,617,155	2,712,384	7,477,429
Interest and fiscal charges	2,141,341	1,857,726	1,754,782	1,790,633
Bond issuance costs	<u>110,367</u>	<u>21,840</u>	<u>17,986</u>	<u>194,463</u>
Total expenditures	<u>23,149,734</u>	<u>23,633,358</u>	<u>24,105,835</u>	<u>39,014,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,612,173</u>	<u>(59,939)</u>	<u>(841,968)</u>	<u>(7,069,702)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	140,000
Issuance of debt	-	-	-	14,770,000
Issuance of refunding bonds	5,387,729	-	-	-
Capital lease	140,070	62,628	51,903	-
Bond premium	285,835	-	-	434,280
Payment to refund bond escrow agent	(5,540,415)	-	-	-
Insurance recoveries	-	-	-	-
Transfer from other funds	1,586,467	1,591,962	2,299,975	3,276,969
Transfer to other funds	<u>(2,840,069)</u>	<u>(3,225,342)</u>	<u>(2,958,672)</u>	<u>(3,647,618)</u>
Total other financing sources (uses)	<u>(980,383)</u>	<u>(1,570,752)</u>	<u>(606,794)</u>	<u>14,973,631</u>
NET CHANGE IN FUND BALANCES	\$ 631,790	\$(1,630,691)	\$(1,448,762)	\$ 7,903,929
Debt service as a percentage of noncapital expenditures	19.8%	21.5%	19.6%	24.6%

Source: Comprehensive Annual Financial Report

TABLE 4

2014	2015	2016	2017	2018	2019
\$ 20,078,288	\$ 22,057,468	\$ 24,333,167	\$ 25,789,093	\$ 28,932,922	\$ 34,580,906
662,782	727,583	884,715	1,119,635	1,671,771	3,956,922
1,726,231	1,635,685	1,943,122	1,961,752	1,770,192	1,793,481
432,845	346,075	383,397	377,053	438,938	644,708
1,599,672	678,664	429,919	1,177,651	525,173	879,870
155,000	325,291	291,675	297,875	298,875	299,775
3,054,792	4,075,021	4,158,885	4,967,664	5,190,708	12,342,665
44,628	72,093	131,841	216,445	539,349	1,258,751
364,009	126,396	151,754	2,742,138	339,206	175,661
<u>28,118,247</u>	<u>30,044,276</u>	<u>32,708,475</u>	<u>38,649,306</u>	<u>39,707,134</u>	<u>55,932,739</u>
5,885,190	5,203,667	6,055,113	6,825,138	6,882,803	15,233,030
9,470,325	10,627,181	11,982,639	13,125,829	14,720,807	17,130,165
3,002,644	2,423,171	2,638,676	2,579,875	3,523,576	4,155,998
1,444,289	1,152,123	2,726,652	1,549,853	1,703,920	1,648,188
2,103,003	2,322,612	2,512,454	2,499,699	2,565,664	2,636,642
1,098,443	4,707,193	8,669,566	5,490,186	7,038,502	10,897,558
14,684,760	3,557,976	6,494,660	7,339,896	8,462,704	9,841,885
2,118,385	1,331,219	1,731,495	1,525,970	1,292,527	1,764,069
166,187	343,286	166,820	66,057	272,488	410,296
<u>39,807,039</u>	<u>31,668,428</u>	<u>42,978,075</u>	<u>41,002,503</u>	<u>46,462,991</u>	<u>63,717,831</u>
(11,688,792)	(1,624,152)	(10,269,600)	(2,353,197)	(6,755,857)	(7,785,092)
-	-	-	-	-	-
-	12,745,000	7,940,000	2,100,000	18,315,000	20,220,000
10,380,000	3,530,000	-	-	-	-
142,256	-	-	-	-	612,881
567,213	524,447	306,014	-	962,665	1,456,936
-	(3,676,669)	(8,288,333)	-	-	-
-	67,521	-	-	54,292	13,752
3,460,005	5,122,398	4,385,562	5,163,509	4,919,105	3,786,730
(2,534,894)	(4,509,162)	(1,014,640)	(1,936,951)	(1,923,712)	(1,191,506)
<u>12,014,580</u>	<u>13,803,535</u>	<u>3,328,603</u>	<u>5,326,558</u>	<u>22,327,350</u>	<u>24,898,793</u>
\$ <u>325,788</u>	\$ <u>12,179,383</u>	\$ <u>(6,940,997)</u>	\$ <u>2,973,361</u>	\$ <u>15,571,493</u>	\$ <u>17,113,701</u>
44.6%	18.8%	27.1%	26.2%	26.5%	23.7%

CITY OF MIDLOTHIAN, TEXAS

Table 5

ASSESSED VALUE AND ESTIMATED
ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
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
2015	2,161,999,198	484,739,625	423,907,554	2,222,831,269	0.70824
2016	2,425,076,804	552,604,119	468,126,420	2,509,554,503	0.70824
2017	2,659,674,733	577,859,863	504,050,185	2,733,484,411	0.70824
2018	2,937,858,099	574,546,349	487,889,963	3,024,514,485	0.70824
2019	3,753,719,439	545,614,970	604,522,219	3,694,812,190	0.70824

Source: City of Midlothian Budget Document
Ellis Central Appraisal District

CITY OF MIDLOTHIAN, TEXAS

Table 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	City Direct Rates			Overlapping Rates		
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Midlothian Independent School District	Ellis County	Waxahachie School District
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
2015	0.357561	0.350863	0.708424	1.540000	0.413599	1.553900
2016	0.354757	0.353487	0.708244	1.540000	0.413599	1.553900
2017	0.365641	0.342603	0.708244	1.540000	0.413599	1.553900
2018	0.367873	0.340371	0.708244	1.540000	0.370533	1.553900
2019	0.381223	0.327021	0.708244	1.540000	0.370533	1.553900

Source: Ellis Central Appraisal District - web site elliscad.org
City of Midlothian

PRINCIPAL PROPERTY TAX PAYERS LESS T.I.R.Z. TAXABLE REAL PROPERTY
CURRENT AND NINE YEARS AGO

(UNAUDITED)

2019		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^a
Chaparral Steel Midlothain LP	\$ 160,555,801	4.46%
Holcim (US) Inc.	125,471,768	3.48%
TXI Operations LP	87,991,494	2.44%
Target Corporation	66,992,800	1.86%
Ash Grove/North Texas Cement	52,853,511	1.47%
Quick N Tasty Food, Inc.	28,781,590	0.80%
Midlothian APT Owner, LLC	24,198,490	0.67%
Midlothian Town Crossing LP	19,424,450	0.54%
Kroger	18,522,690	0.51%
Oncor Electric Delivery Co.	18,285,070	0.51%
Top Ten Tax Payers Total	\$ 603,077,664	16.75%
All Other Tax Payers	\$ 2,998,099,675	83.25%
Total Assessed Valuation	\$ 3,601,177,339	100.00%
2010		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^b
Gerdau	\$ 187,359,621	14.12%
Holcim (US) Inc.	165,359,081	12.46%
TXI Operations LP	98,172,061	7.40%
Target Corporation	41,428,498	3.12%
Ash Grove/North Texas Cement	38,880,258	2.93%
Midlothian Energy Limited	38,855,805	2.93%
Wal Mart	23,927,000	1.80%
Toys 'R' Us	19,634,898	1.48%
Oncor Electric Delivery Co.	10,905,380	0.82%
Texas Properties Trust	7,398,910	0.56%
Top Ten Tax Payers Total	\$ 631,921,512	37.57%
All Other Tax Payers	\$ 1,050,083,181	62.43%
Total Assessed Valuation	\$ 1,682,004,693	100.00%

Source: Budget Document/ Ellis Central Appraisal Office

Notes: ^aTaxpayers are assessed on January 1, 2018 (2018 tax year) for the 2019 fiscal year.

^bTaxpayers are assessed on January 1, 2009 (2009 tax year) for the 2010 fiscal year; These values include the TIRZ.

^cExcludes the property located in the TIRZ (Tax Increment Reinvestment Zone) in the amount of \$503,926,711

AD VALOREM TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	Percentage of levy		Amount	Percentage of levy
2010	\$ 13,725,168	\$ 13,614,010	99.19	\$ 110,133	\$13,724,143	99.99
2011	13,214,950	13,088,830	99.05	124,107	13,212,937	99.98
2012	12,683,522	12,603,205	99.37	78,253	12,681,458	99.98
2013	13,125,732	13,029,642	99.27	93,933	13,123,575	99.98
2014	13,865,613	13,779,452	99.38	76,330	13,855,782	99.93
2015	15,770,800	15,696,477	99.53	54,791	15,751,268	99.88
2016	17,778,047	17,731,153	99.74	28,299	17,759,452	99.90
2017	19,376,285	19,320,945	99.71	33,585	19,354,530	99.89
2018	21,448,519	21,337,399	99.48	77,728	21,415,127	99.84
2019	26,245,503	26,174,246	99.73	-	26,174,246	99.73

Source: Ellis County Tax Assessor

CITY OF MIDLOTHIAN, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Capital Lease Obligations	Tax Notes
2010	\$ 39,686,944	\$ 3,415,000	\$ 263,496	\$ 345,000
2011	37,433,622	3,185,000	214,162	235,000
2012	35,025,066	3,020,000	163,754	120,000
2013	40,657,483	2,845,000	82,980	2,590,000
2014	40,872,047	190,000	146,737	1,375,000
2015	47,888,998	3,066,863	96,818	1,110,000
2016	62,997,750	2,765,598	58,211	840,000
2017	57,402,669	2,453,309	29,559	2,070,000
2018	70,927,707	2,131,021	-	285,000
2019	83,944,411	1,803,732	612,881	-

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

^a See Table 13 for personal income and population data.

Source: Notes 7 & 8 Basic Financial Statements

Table 9

Business-Type Activities						
Water and Sewer Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Capital Lease Obligations	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
\$ 38,635,000	\$ 32,885,128	\$2,225,000	\$ 31,194	\$ 117,486,762	22.29%	\$6,851
36,895,000	31,699,250	2,095,000	-	111,757,034	19.47%	6,107
35,105,000	30,463,305	1,960,000	-	105,857,125	17.60%	5,646
32,435,000	31,975,338	-	-	110,585,801	15.17%	5,721
25,980,000	36,367,155	-	88,269	105,019,208	12.18%	4,920
24,310,000	35,147,215	-	45,146	111,665,040	12.09%	4,863
22,886,464	7,081,132	-	-	96,629,155	10.02%	3,950
15,250,000	11,901,229	-	-	89,106,766	8.24%	3,370
14,045,000	10,554,087	-	-	97,942,815	8.48%	3,179
-	22,117,553	-	-	108,478,577	7.63%	3,209

CITY OF MIDLOTHIAN, TEXAS

RATIO OF GENERAL BONDED DEBT OUTSTANDING

**LAST TEN FISCAL YEARS
(UNAUDITED)**

Governmental Activities						
Fiscal Year	General Obligation Bonds	Tax Notes	Certificates of Obligation	Accumulated Accretion	Net Issuance Premiums/ (Disc)	Total
2010	\$ 39,686,944	\$ 345,000	\$ 3,415,000	\$ -	\$ (219,921)	\$ 43,227,023
2011	37,433,622	235,000	3,185,000	-	238,784	41,092,406
2012	35,025,066	120,000	3,020,000	-	214,632	38,379,698
2013	40,657,483	2,590,000	2,845,000	-	626,200	46,718,683
2014	41,871,687	1,375,000	190,000	-	1,111,906	44,548,593
2015	48,105,861	1,110,000	2,850,000	-	1,503,788	53,569,649
2016	62,997,750	840,000	2,765,598	7,220,425	1,647,670	75,471,443
2017	57,402,669	2,070,000	2,453,309	7,926,223	1,475,746	71,327,947
2018	70,927,707	285,000	2,131,021	8,674,361	2,263,503	84,281,592
2019	71,113,980	-	1,670,000	9,467,343	3,496,820	85,748,143

Note:

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

^a See Table 5 for property value data

^b See Table 13 for population data

Business-type Activities

General Obligation Bonds	Certificates of Obligation	Accumulated Accretion	Net Issuance Premiums/ (Disc)	Total
\$ 29,435,568	\$ 2,225,000	\$ 3,749,420	\$ (299,860)	\$ 35,110,128
27,733,360	2,095,000	4,247,079	(281,189)	33,794,250
25,951,222	1,960,000	4,774,580	(262,497)	32,423,305
26,710,700	-	5,333,711	(69,073)	31,975,338
30,723,468	-	5,296,371	347,316	36,367,155
28,280,027	-	6,554,571	312,620	35,147,218
7,081,132	-	-	291,464	7,372,596
11,901,229	-	-	595,317	12,496,546
10,554,087	-	-	540,030	11,094,117
21,075,942	-	-	1,041,611	22,117,553

RATIO OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Funds Available for Debt Service	Net Bonded Debt	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2010	\$ 2,770,867	\$ 75,566,284	1.65%	\$ 2,047
2011	2,684,279	72,202,377	1.67%	1,847
2012	2,568,177	68,234,826	1.66%	1,729
2013	1,969,850	76,724,171	1.59%	1,654
2014	1,458,379	79,457,369	1.73%	1,704
2015	732,363	87,984,504	1.58%	1,531
2016	748,173	82,095,866	0.29%	301
2017	748,173	83,076,320	0.46%	473
2018	844,194	94,531,515	0.37%	360
2019	1,006,856	106,858,840	0.60%	654

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2019
(UNAUDITED)

Governmental Unit	Gross Bonded Debt	Percentage of Total Debt	Midlothian Share of Overlapping Debt
Debt repaid with property taxes:			
Midlothian I.S.D.	\$ 355,236,373	68.31%	\$ 242,661,966
Ellis County	40,425,000	22.56%	9,119,880
Waxahachie I.S.D.	<u>242,964,828</u>	0.94%	<u>2,283,869</u>
Subtotal, overlapping debt	\$ 638,626,201		254,065,716
City of Midlothian (direct debt)			<u>85,748,143</u>
Total direct and overlapping debt			<u>\$ 339,813,859</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 business 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.

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS
(UNAUDITED)

Water and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Annual Requirement ^c	Times Coverage
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
2015	14,054,555	8,615,706	5,438,849	2,656,943	2.05
2016	14,326,396	11,137,562	3,188,834	2,496,526	1.28
2017	18,010,894	11,435,759	6,575,135	2,496,855	2.63
2018	19,176,337	11,391,710	7,784,627	2,563,115	3.04
2019	20,663,191	13,755,407	6,907,784	-	-

Data Source: Current and prior year combined financial statements

Notes: ^aIncludes operating revenues plus investment income from operating account, plus impact fees to pay debt

^bIncludes operating expenses minus depreciation plus transfers out, less Water District Transfer

^cIncludes only debt required to be paid from system revenues

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS
(UNAUDITED)

Year	Estimated Population ^a	Personal Income	Average Household Income ^b	School Enrollment ^c	Unemployment Rate ^d
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
2015	22,963	923,397,341	100,531	8,144	4.20
2016	24,461	964,712,487	98,597	8,443	4.80
2017	26,445	1,081,378,362	102,229	8,874	3.50
2018	30,814	1,155,377,093	93,738	9,369	3.10
2019	33,807	1,421,422,076	105,113	9,794	3.40

- Notes:**
- ^a City of Midlothian Budget
 - ^b Midlothian Economic Development Corporation
 - ^c Midlothian Independent School District
 - ^d North Central Texas Workforce

CITY OF MIDLOTHIAN, TEXAS

Table 14

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

2019		2010	
Employer	Employees Range	Employer	Employees Range
Gerdau	1000-1499	Midlothian ISD	500-999
Midlothian ISD	500-999	Gerdau	500-999
Target Distribution	500-999	Target Corporation	500-999
City of Midlothian	200-499	Wal-Mart	200-499
Martin Marietta	200-499	Toys 'R' Us	200-499
Kroger Marketplace	200-499	City of Midlothian	100-199
Ashgrove Cement	100-199	Texas Industries	100-199
Walmart	100-199	Holcim	100-199
Quick Trip	100-199	Navarro College Branch Campus	50-99
Lafargo Holcim Texas	100-199	Mid Texas International	50-99

Source: Information provided by Midlothian Economic Development Corporation

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CITY OF MIDLOTHIAN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2010	2011	2012	2013	2014
General Government and Administration	21.5	20.5	21.25	22.5	26
Public Safety	97.5	98.5	87	102	108
Public Works	17.5	16.5	14	15	15.5
Culture and Recreational	11.75	11.75	11.25	11	11
Water and Sewer	30.25	29.75	28	30	30
Component Units:					
Economic Development	2.25	3	2	2	3
Senior Citizens	2.5	2.5	2.25	4	4
Conference Center	2.75	2.75	3.25	3	3
Total	186	185.25	169.00	189.5	200.5

Source: City Budget

Table 15

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
24	26	25.5	25.5	26.5
115	134	145.75	145.75	161.75
17.5	18.5	19.5	19.5	20.5
10.75	13.75	12.75	12.75	12.75
40	41	35.25	35.25	35.25
3	3	3	3	3
3	3	4	4.0	4.5
3.5	3.5	4.5	4.5	4.5
<u>215.3</u>	<u>241.5</u>	<u>250.25</u>	<u>250.25</u>	<u>268.75</u>

CITY OF MIDLOTHIAN, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2010	2011	2012	2013
Public Safety:				
Police & Animal Control:				
Number of Employees	a 33.25	33.5	33	35.25
Number of Violations (Citations)	5,703	7,456	6,076	5,980
Fire:				
Number of Employees	a 49	49	48	48
Number of Fire runs	663	750	975	834
Number of EMS runs	1,908	2,000	1,634	2,105
Development Services:				
Streets constructed (miles)	0.50	0.20	0.88	4.27
# of Plats	14	14	26	37
Acreage Re-Zoned	0.5	121.58	377.72	880.79
Building Permits Issued	189	186	184	291
Cultural and Recreational:				
Parks and Recreation:				
Parks Maintained	11	11	11	12
Park maintain & operate per acre	457	457	457	457
Participants in Leisure Svc Programs	3,135	2,810	2,960	2,704
Library:				
Volumes in Collection	b 38,068	40,254	42,543	42,708
Water:				
Number of Water Consumers	4,076	4,106	4,205	4,376
Annual Water Consumption (gallons)	1,716,249,897	1,792,248,235	1,733,811,859	1,758,093,000
Maximum Storage Capacity (million gal)	7	10	12	12
Wastewater				
Number of Sewer Consumers	4,766	5,030	5,084	5,281
Wastewater Treated Annally (gallons)	607,092,000	413,533,000	475,979,000	402,692,000

Source: City Departments

Notes: ^a Full-Time Equivalent

^b City/School Librarian

Table 16

2014	2015	2016	2017	2018	2019
42.75	45.25	51.75	77.75	83.75	95.75
7,985	9,312	9,687	9,492	10,190	8,990
49	50	53	56	62	66
950	793	807	1,010	946	704
2,085	2,485	2,737	2,581	3,083	3,288
3.5	3	0	10.84	2.67	7.15
43	35	40	46	26	54
660	1,584.21	479.99	5,290.39	7,811.1	1,053.0
279	349	490	627	515	468
12	13	13	13	13	14
457	457	457	457	457	457
2,952	3,040	3,098	3,238	3,460	3,086
45,664	47,631	49,464	46,797	36,183	31,429
5,393	5,584	6,019	6,326	6,532	6,721
1,795,800,000	1,917,157,448	1,915,717,844	2,465,142,793	2,507,670,137	256,409,088
12	10	10	10	10	
5,497	6,237	7,462	8,020	8,883	8,865
449,160,000	564,360,000	656,000,000	5,353,997,000	6,079,458,000	814,220,000

CITY OF MIDLOTHIAN, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

**LAST TEN FISCAL YEARS
(UNAUDITED)**

Function/Program	2010	2011	2012	2013	2014	2015
Public Safety:						
Police Stations	1	1	1	1	1	1
Police Patrol Units	10	7	12	12	12	11
Police Motorcycle Units						
School Resource Officer Units	2	2	1	3	3	4
Sergeant Units	3	1	1	1	1	1
Fire Stations	3	3	3	3	3	3
Medic Units	4	4	4	4	4	4
Development Services:						
Streets-Paved (miles)	133	134	134	138	141	146
Cultural and Recreational:						
Parks-Developed (acres)	95	144	144	144	144	144
Parks-Undeveloped (acres)	362	313	313	313	313	313
Playgrounds	10	10	7	7	7	8
Softball/Baseball Game Fields	9	9	9	9	9	9
Softball/Baseball Practice Fields	4	4	4	4	4	4
Basketball Half Courts	3	4	4	3	3	3
Irrigated Soccer Fields	12	12	12	12	12	14
Tennis Courts	8	8	8	8	8	8
Volleyball Courts	4	4	4	4	4	4
Senior Center	1	1	1	1	1	1
Water and Sewer:						
Water Mains (miles)	182	182	182	183	186	190
Fire Hydrants	969	983	916	941	959	1,048
Sanitary Sewers (miles)	126	127	127	128	133	139

Source: City Departments

Table 17

2016	2017	2018	2019
1	1	1	1
13	14	16	25
4	5	6	6
2	1	1	2
3	3	3	3
4	4	4	4
152	163	194	201
144	144	188	188
313	313	282	282
8	8	9	9
9	9	10	10
4	4	-	-
3	3	3	3
14	28	28	28
8	8	8	8
4	4	4	4
1	1	1	1
191	196	197	199
1,092	1,112	1,125	1,169
143	153	156	162

COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregately 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

TEXAS . Waco . Temple . Hillsboro . Houston
NEW MEXICO . Albuquerque



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 24, 2020

9. Service Agreement Mt. Peak SUD

**RETAIL WATER SERVICE AREA
AGREEMENT BETWEEN THE CITY OF MIDLOTHIAN AND
MOUNTAIN PEAK SPECIAL UTILITY DISTRICT**

THIS AGREEMENT is made between the City of Midlothian, a Texas home rule municipality (the "City") and Mountain Peak Special Utility District, a conservation and reclamation district operating as a special utility district under Article XVI, Section 59 of the Texas Constitution ("Mt. Peak"), collectively the "Parties," pursuant to the following considerations:

WHEREAS, the City is a retail water service provider within Ellis County, Texas, under Certificate of Convenience and Necessity ("CCN") No. 11706; and

WHEREAS, Mt. Peak is a retail water service provider within Ellis and Johnson Counties, Texas, under CCN No. 10908; and

WHEREAS, the Parties both provide retail water service to areas within the corporate boundary of the City; and

WHEREAS, within certain areas of the City, the CCN boundaries of the Parties are contiguous; and

WHEREAS, there exists a certain area within the corporate boundary of the City that is adjacent to the City's and Mt. Peak's existing CCN which is currently uncertificated but that could be served by either Party; and

WHEREAS, in the spirit of cooperation and partnership, the Parties wish to designate specific areas within the uncertificated service area for exclusive retail service by either the City or Mt. Peak.

NOW THEREFORE, the Parties, pursuant to the foregoing considerations, agree as follows:

1. Term. This Agreement shall remain valid and enforceable until superceded by subsequent written agreement.

2. Property Subject to the Agreement. The Property that is subject to this Agreement is the uncertificated area depicted in Exhibit "A".

3. Agreement of Water Utility Service Areas. The Parties agree to the following:

3.1 The City shall provide exclusive retail water service to the areas as shown in Exhibit "B," which is attached and made a part of this Agreement.

3.2 Mt. Peak shall provide exclusive retail water service to the areas as shown in Exhibit "B," which is attached and made a part of this Agreement.

3.3 The Parties agree that any existing retail water customers within the uncertificated area shall have the right to remain with the current water service provider as long as the property remains as a single-family use. However, upon redevelopment of the property from a single-family use to any other type of use, the water service provider shall become the designated provider for that area.

4. Public Utility Commission of Texas (PUCT) Approval. Within a mutually agreed upon time between the Parties following the execution of this Agreement, the City and Mt. Peak will file the appropriate documents requesting approval of this retail water service area agreement pursuant to applicable section(s) of the Texas Water Code. The Parties will fully cooperate with each other and not take any action to directly or indirectly oppose this application. Each party will pay their respective costs relating to the application.

5. Effective Date: This Agreement is enforceable among the Parties following the execution of this Agreement and as such, the Parties can begin providing service within the areas as shown in Exhibit "B".

6. Applicable Texas Law: This Agreement will be governed by and construed and enforced under the laws of the State of Texas.

7. Venue. The sole and exclusive venue for any disputes arising out of or related to this Agreement shall be in Ellis County, Texas.

8. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective successors and assigns.

9. Entire Agreement: This Agreement contains the entire agreement of the Parties with respect to the subject matter of the Agreement. This Agreement supersedes any and all prior agreements, arrangements, or understandings between the Parties. Any amendments to this Agreement must be in writing and signed by the Parties.

[Remainder of page intentionally left blank; signature page follows]

CITY OF MIDLOTHIAN, TEXAS:

EXECUTED by the City of Midlothian on this the 23rd day of June, 2020.



By: [Signature]
Chris Dick, City Manager

ATTEST:

[Signature]
Tammy Varner, City Secretary

APPROVED AS TO FORM:

[Signature]
Joseph J. Gorfida, City Attorney

MOUNTAIN PEAK SPECIAL UTILITY DISTRICT:

EXECUTED by Mountain Peak Special Utility District on this 2 day of July, 2020.

By: [Signature]
Clyde Bryant, President

ATTEST:

[Signature]




APPROVED AS TO FORM:

[Signature]

Exhibit A

Uncertificated Area Boundary

Legend

-  City of Midlothian CCN
-  Mountain Peak SUD CCN
-  Sardis-Lone Elm WSC CCN

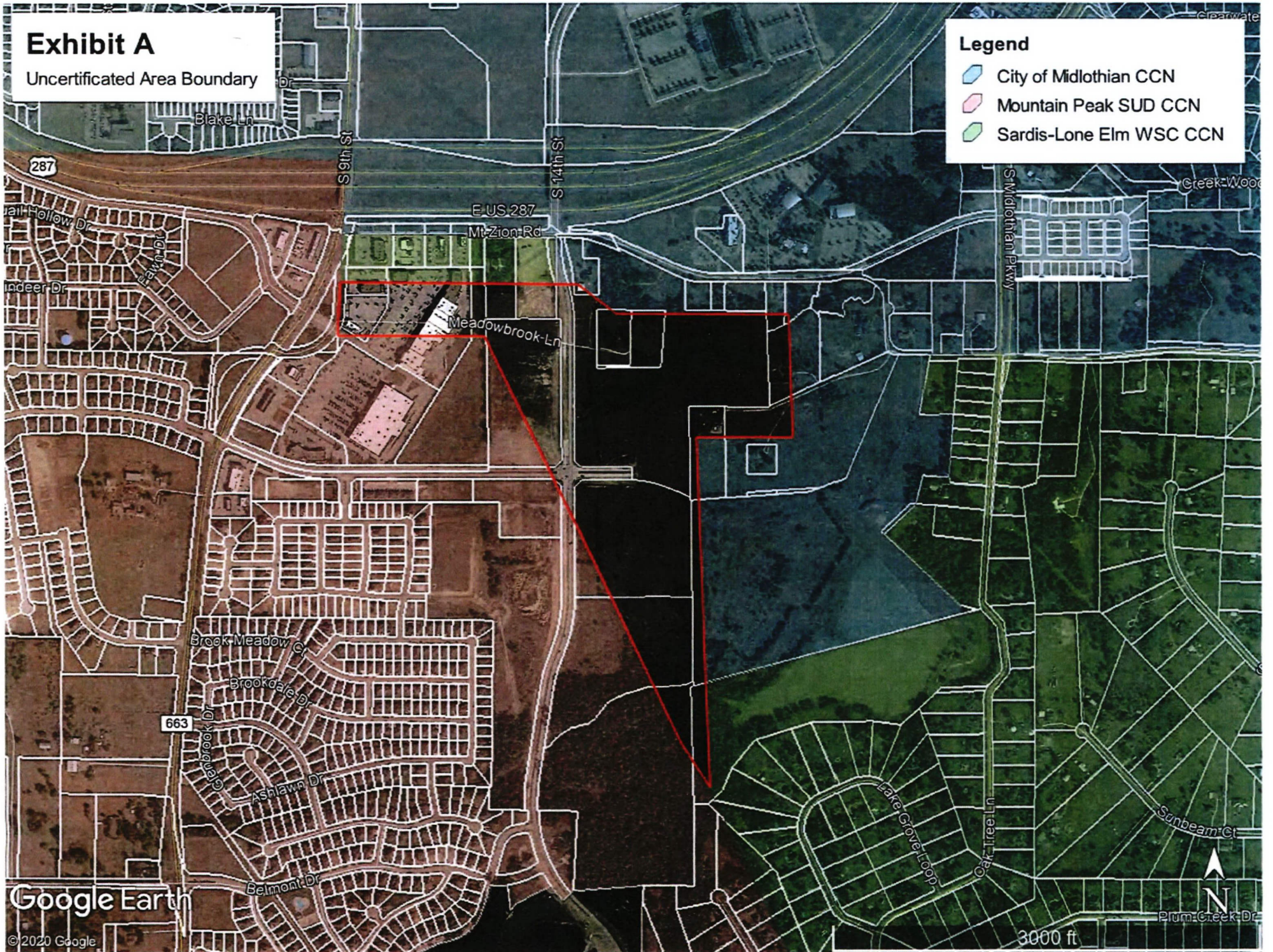
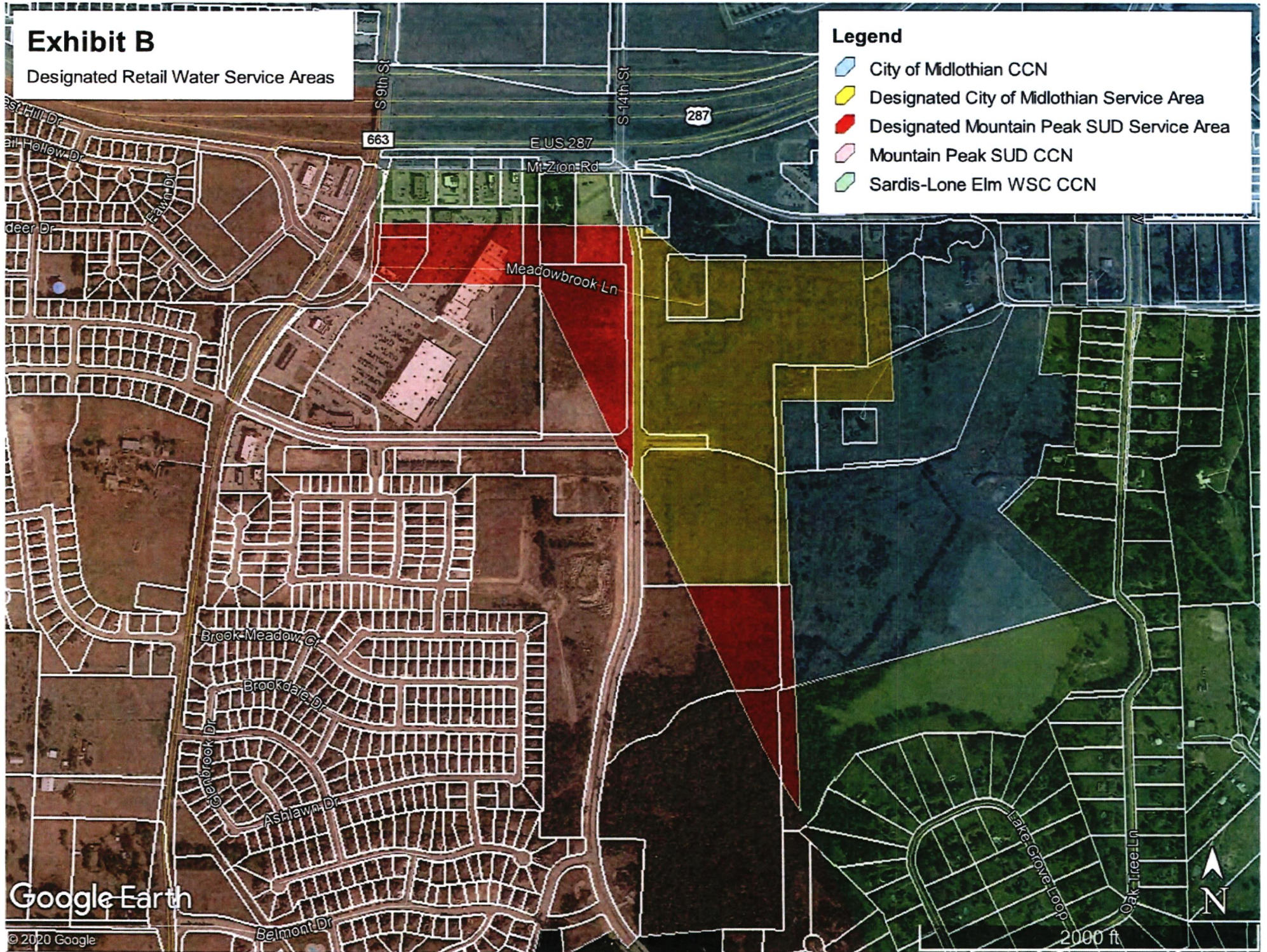


Exhibit B

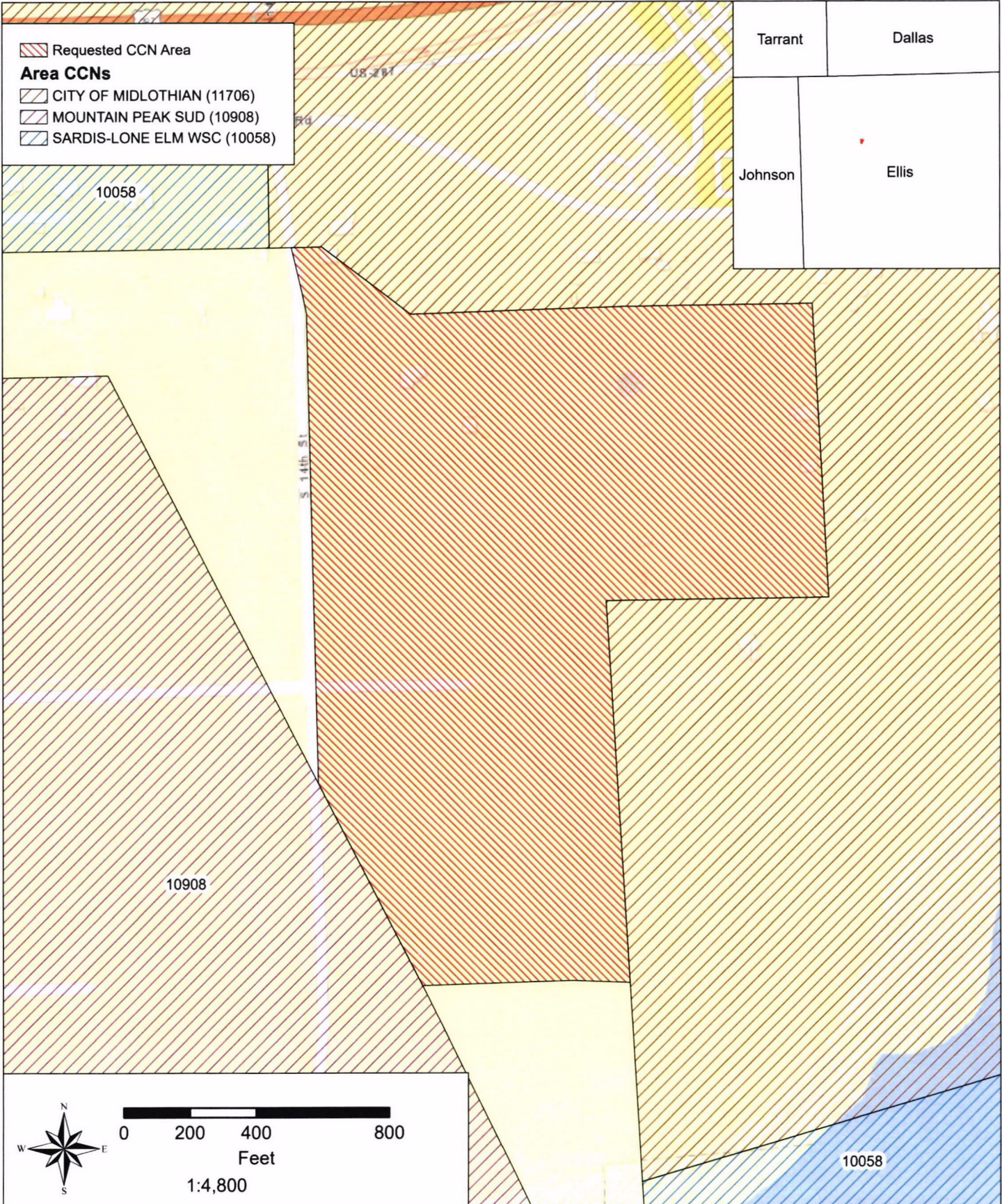
Designated Retail Water Service Areas

Legend

-  City of Midlothian CCN
-  Designated City of Midlothian Service Area
-  Designated Mountain Peak SUD Service Area
-  Mountain Peak SUD CCN
-  Sardis-Lone Elm WSC CCN



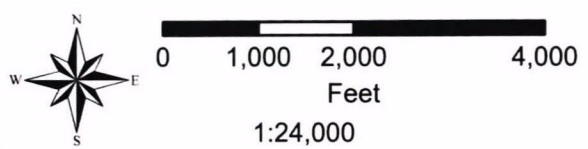
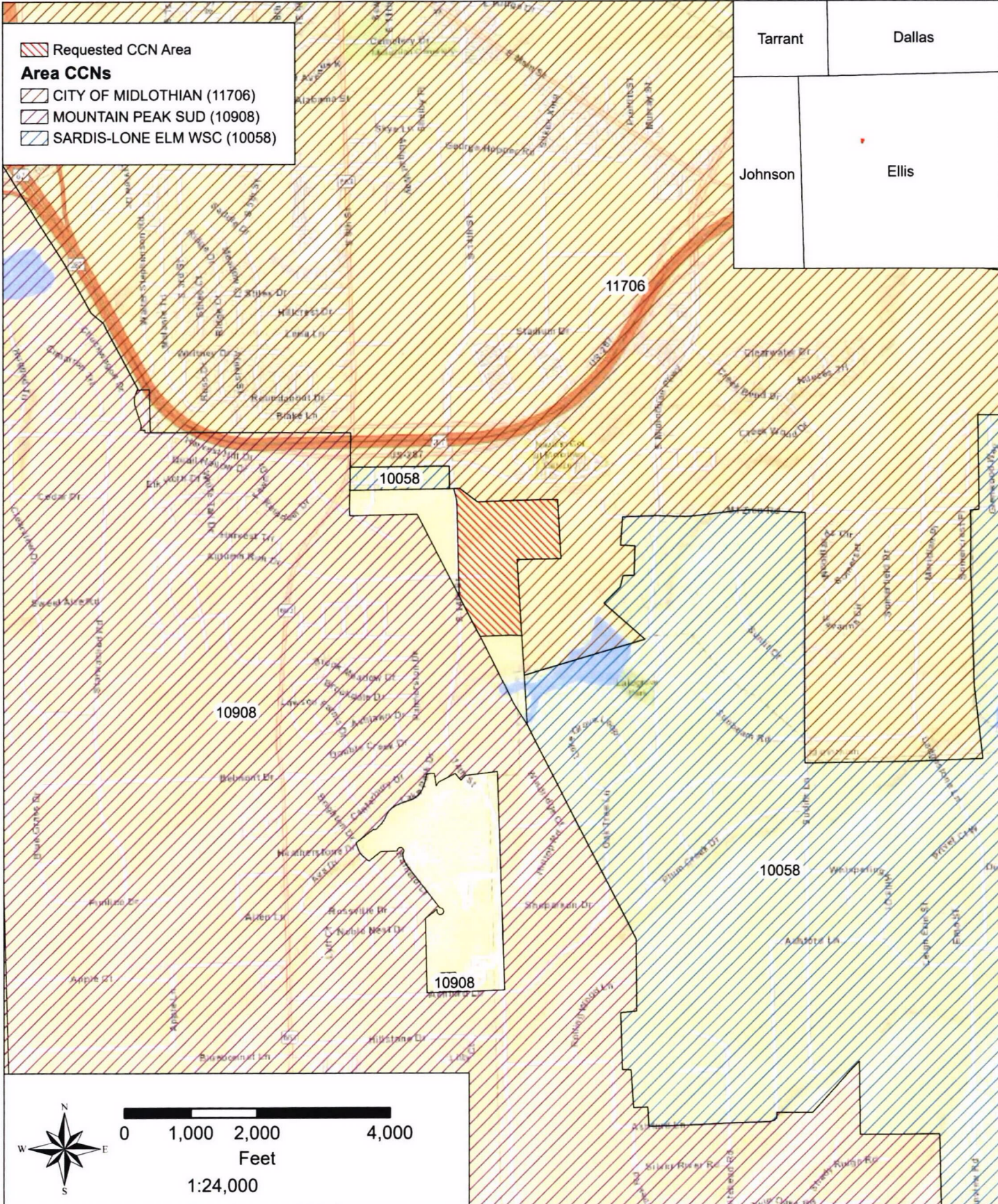
10. Small Scale Map



Attachment 10
 CCN Amendment
 City of Midlothian
 Ellis County, Texas

February 2021

11. Large Scale Map



Attachment 11
CCN Amendment
City of Midlothian
Ellis County, Texas

February 2021

12. Digital Data

DIGITAL DATA (FLASH DRIVE/S)

PLEASE CONTACT CENTRAL RECORDS

AT 512-936-7180