

CITY OF MEADOWS PLACE, TEXAS
FORT BEND COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2005

CITY OF MEADOWS PLACE, TEXAS

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2005

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the component units and each major fund of the City of Meadows Place, Texas (the "City"), which collectively comprise the City's basic financial statements as of and for the year ended September 30, 2005, as listed in the preceding table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted as promulgated within the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the component unit and each major fund of the City as of September 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and Board of Aldermen
City of Meadows Place, Texas

November 30, 2005

The Management's Discussion and Analysis on pages 3 to 8 and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 35 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, excluding that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McCall Gibson & Company, PLLC

McCall, Gibson & Company, PLLC
Certified Public Accountants

November 30, 2005

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2005**

Our discussion and analysis of the City of Meadows Place, Texas (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2005. Please read it in conjunction with the City's financial statements, which begin on page 9.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The governmental-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The Statement of Net Assets on page 9 presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. water and wastewater systems, streets and sidewalks, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities on pages 10 to 11 presents information showing how the City's net assets changed during the most recent fiscal year. All of the revenues and expenses are taken into account as soon as the underlying event giving rise to the item occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental Activities - Most of the City's basic services are reported here, including police, public works, municipal courts, parks, and general administration. Property taxes, sales taxes, franchise fees, fines and forfeitures finance most of these activities.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2005**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

- Business-Type Activities – Includes services for which the City charges a fee to customers to help cover all or most of the cost of providing such services. The City's water and wastewater systems, as well as garbage service are reported here.
- Component Units – The City includes one separate legal entity in its report – the Meadows Economic Development Corporation. Although legally separate, this “component unit” is included because the City is financially accountable for it.

FUND FINANCIAL STATEMENTS

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

Governmental funds are reported in the Governmental Funds Balance Sheet on pages 12 to 13 and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances on pages 15 to 16. The focus in the fund statements provides a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the City and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 33 in this report.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2005**

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). Budgetary comparison statements are included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$21,537,188 as of September 30, 2005. This compares with assets exceeding liabilities by \$22,511,860 as of September 30, 2004.

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

The following is a comparative analysis of government-wide changes in net assets:

	Summary of Net Assets		
	2005	2004	Change Positive (Negative)
Current and Other Assets	\$ 5,415,717	\$ 5,153,078	\$ 262,639
Capital Assets (Net of Accumulated Depreciation)	<u>23,096,602</u>	<u>23,212,965</u>	<u>(116,363)</u>
Total Assets	<u>\$28,512,319</u>	<u>\$28,366,043</u>	<u>\$ 146,276</u>
Long-Term Liabilities	\$ 6,395,000	\$ 5,500,000	\$ (895,000)
Other Liabilities	<u>580,131</u>	<u>354,183</u>	<u>(225,948)</u>
Total Liabilities	<u>\$ 6,975,131</u>	<u>\$ 5,854,183</u>	<u>\$(1,120,948)</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 16,737,652	\$ 17,622,955	\$ (885,303)
Restricted	1,973,342	1,377,855	595,487
Unrestricted	<u>2,826,194</u>	<u>3,511,050</u>	<u>(684,856)</u>
Total Net Assets	<u>\$21,537,188</u>	<u>\$22,511,860</u>	<u>\$ (974,672)</u>

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2005**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the City's operations for the year ended September 30, 2005. The City decreased its net assets by \$974,672, accounting for a 4.3% decrease in net assets. This compares with an increase of \$647,589 in the prior fiscal year.

	Summary of Changes in Net Assets		
	2005	2004	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,709,326	\$ 1,622,125	\$ 87,201
Sales Taxes	657,172	601,688	55,484
Charges for Services	1,367,946	994,112	373,834
Sale of Land		1,141,992	(1,141,992)
Other Revenues	467,108	722,777	(255,669)
Total Revenues	\$ 4,201,552	\$ 5,082,694	\$ (881,142)
Expenses for Services	5,176,224	4,435,105	(741,119)
Change in Net Assets	\$ (974,672)	\$ 647,589	\$ (1,622,261)
Net Assets, Beginning of Year	22,511,860	21,864,271	647,589
Net Assets, End of Year	\$ 21,537,188	\$ 22,511,860	\$ (974,672)

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's combined fund balances as of the end of the fiscal year ended September 30, 2005 were \$4,839,287, an increase of \$7,152 from the prior year.

The General Fund fund balance decreased by \$670,610, primarily due to planned capital outlay.

The Debt Service Fund fund balance increased by \$32,198, primarily due to increased property tax collections.

The Capital Projects Fund fund balance increased by \$645,564. This net increase was primarily due to the City receiving the proceeds of the sale of the Series 2005 bonds.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2005**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the budget during the fiscal year. Actual revenue was \$150,662 more than budgeted revenue due higher than expected property tax and sales tax revenue. Actual expenditures were \$248,661 more than budgeted expenditures due to higher than expected operating costs.

CAPITAL ASSETS

The City's investment in capital assets as of September 30, 2005 amounts to \$23,096,602 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sidewalks, streets, vehicles and equipment as well as the water, wastewater and drainage systems.

Capital asset events during the current fiscal year included the following:

- Construction of a new fire station
- Purchase of 3 vehicles
- Park improvements including renovations to the community center, parking lot and tennis courts

Capital Assets at year-End net of Accumulated Depreciation		
	2005	2004
Land	\$ 8,363,976	\$ 8,363,976
Construction in Progress	163,192	
Buildings	760,200	534,386
Furniture & Fixtures	2,040	3,062
Machinery & Equipment	260,047	259,331
Park Improvements	223,206	81,239
Vehicles	136,127	151,866
Water System	2,361,249	2,482,040
Sanitary Wastewater System	6,456,420	6,654,735
Drainage System	1,028,707	1,086,347
Streets and Sidewalks	3,341,438	3,595,983
Total Net Capital Assets	\$ 23,096,602	\$ 23,212,965

Additional information on the City's capital assets can be found in Note 6 on pages 28 and 29 of this report.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2005**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the City had a total of bond debt payable of \$6,395,000. Of this debt, the Meadows Economic Development Corporation has agreed to make the payments on the \$600,000 remaining from the Series 1997 Bond issue.

The changes in the debt position of the City during the fiscal year ended September 30, 2005, is summarized as follows:

Bond Debt Payable, October 1, 2004	\$ 5,500,000
Add: Series 2005 Bonds	1,295,000
Less: Bond Principal Paid	<u>400,000</u>
Bond Debt Payable, September 30, 2005	<u>\$ 6,395,000</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Meadows Economic Development Corporation
ASSETS				
Cash and Cash Equivalents, Note 5	\$ 4,064,718	\$ 1,120,633	\$ 5,185,351	\$ 126,468
Receivables:				
Property Taxes	25,066		25,066	
Service Accounts (Net of Allowance for Doubtful Accounts of \$-0-)		77,484	77,484	
Garbage		17,126	17,126	
Franchise Fees	35,982		35,982	
Mixed Beverages Taxes	4,160		4,160	
Liens	6,866		6,866	
Grant	21,612		21,612	
Due from Others	6,020		6,020	
Unamortized Bond Issuance Costs	36,050		36,050	
Land, Note 6	7,934,791	429,185	8,363,976	
Construction in Progress, Note 6	163,192		163,192	
Capital Assets (Net of Accumulated Depreciation), Note 6	<u>4,588,756</u>	<u>9,980,678</u>	<u>14,569,434</u>	
TOTAL ASSETS	<u>\$ 16,887,213</u>	<u>\$ 11,625,106</u>	<u>\$ 28,512,319</u>	<u>\$ 126,468</u>
LIABILITIES				
Accounts Payable	\$ 369,689	\$ 51,124	\$ 420,813	\$ 444
Wages Payable	17,442	929	18,371	
Accrued Compensated Absences, Note 4	51,911		51,911	
Due to Developer	7,201		7,201	
Retainage Payable	55,279		55,279	
Security Deposits		13,650	13,650	
Accrued Bond Interest Payable	4,853	8,053	12,906	1,417
Bonds Payable Due Within One Year, Note 3	165,440	274,560	440,000	
Bonds Payable Due in More than One Year, Note 3	<u>2,239,080</u>	<u>3,715,920</u>	<u>5,955,000</u>	
TOTAL LIABILITIES	<u>\$ 2,910,895</u>	<u>\$ 4,064,236</u>	<u>\$ 6,975,131</u>	<u>\$ 1,861</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 10,318,269	\$ 6,419,383	\$ 16,737,652	\$
Restricted For:				
Capital Projects	1,190,676		1,190,676	
Debt Service	782,666		782,666	
Unrestricted	<u>1,388,491</u>	<u>1,437,703</u>	<u>2,826,194</u>	<u>124,607</u>
TOTAL NET ASSETS	<u>\$ 13,680,102</u>	<u>\$ 7,857,086</u>	<u>\$ 21,537,188</u>	<u>\$ 124,607</u>

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

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Program Revenues		
	Expenses	Charges for Services	Grants
GOVERNMENTAL ACTIVITIES			
General Government	\$ 1,411,312	\$ 44,705	\$
Municipal Court	138,697	14,094	
Public Works	728,006		
Police Department	1,040,149	294,800	
Parks and Recreation	319,990	29,247	21,612
Interest on Long-Term Debt	297,491		
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,935,645	\$ 382,846	\$ 21,612
BUSINESS-TYPE ACTIVITIES			
Public Utilities	\$ 1,240,579	\$ 985,100	\$ -0-
TOTAL PRIMARY GOVERNMENT	\$ 5,176,224	\$ 1,367,946	\$ 21,612
COMPONENT UNIT	\$ 46,078	\$ -0-	\$ -0-
GENERAL REVENUES			
Property Taxes			
Sales Taxes			
Franchise Fees			
Investment Income			
Other			
Transfer In (Out)			
TOTAL GENERAL REVENUES			
CHANGE IN NET ASSETS			
NET ASSETS – OCTOBER 1, 2004, AS ADJUSTED, NOTE 11			
NET ASSETS – SEPTEMBER 30, 2005			

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

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>		<u>Component Unit</u>	
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Meadows Economic Development Corporation</u>
\$ (1,366,607)	\$	\$ (1,366,607)	\$
(124,603)		(124,603)	
(728,006)		(728,006)	
(745,349)		(745,349)	
(269,131)		(269,131)	
<u>(297,491)</u>		<u>(297,491)</u>	
<u>\$ (3,531,187)</u>	<u>\$ -0-</u>	<u>\$ (3,531,187)</u>	<u>\$ -0-</u>
<u>\$</u>	<u>\$ (255,479)</u>	<u>\$ (255,479)</u>	<u>\$ -0-</u>
<u>\$ (3,531,187)</u>	<u>\$ (255,479)</u>	<u>\$ (3,786,666)</u>	<u>\$ -0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (46,078)</u>
\$ 1,709,326	\$	\$ 1,709,326	\$
657,172		657,172	213,793
190,254		190,254	
143,680	9,062	152,742	16
2,500		2,500	
<u>100,000</u>		<u>100,000</u>	<u>(100,000)</u>
<u>\$ 2,802,932</u>	<u>\$ 9,062</u>	<u>\$ 2,811,994</u>	<u>\$ 113,809</u>
\$ (728,255)	\$ (246,417)	\$ (974,672)	\$ 67,731
<u>14,408,357</u>	<u>8,103,503</u>	<u>22,511,860</u>	<u>56,876</u>
<u>\$ 13,680,102</u>	<u>\$ 7,857,086</u>	<u>\$ 21,537,188</u>	<u>\$ 124,607</u>

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

CITY OF MEADOWS PLACE, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
September 30, 2005

	General Fund	Debt Service Fund
ASSETS		
Cash and Cash Equivalents, Note 5	\$ 3,044,940	\$ 786,337
Receivables:		
Property Taxes	15,831	9,235
Service Accounts (Net of Allowance for Doubtful Accounts of \$0)	77,484	
Garbage	17,126	
Franchise Fees	35,982	
Mixed Beverage Taxes	4,160	
Liens	6,866	
Grant		
Due from Others	6,020	
TOTAL ASSETS	\$ 3,208,409	\$ 795,572
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 287,240	\$
Wages Payable	18,371	
Due to Developer	7,201	
Retainage Payable	3,842	
Security Deposits	13,650	
Deferred Tax Revenue	15,831	9,235
TOTAL LIABILITIES	\$ 346,135	\$ 9,235
 FUND BALANCES		
Fund Balances:		
Reserved for Authorized Construction	\$	\$
Reserved for Future Debt Service		786,337
Unreserved/Undesignated	2,862,274	
TOTAL FUND BALANCES	\$ 2,862,274	\$ 786,337
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,208,409	\$ 795,572

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

<u>Capital Projects Fund</u>	<u>Primary Government Total</u>	<u>Component Unit</u>
\$ 1,354,074	\$ 5,185,351	\$ 126,468
	25,066	
	77,484	
	17,126	
	35,982	
	4,160	
	6,866	
21,612	21,612	
	<u>6,020</u>	
<u>\$ 1,375,686</u>	<u>\$ 5,379,667</u>	<u>\$ 126,468</u>
\$ 133,573	\$ 420,813	\$ 444
	18,371	
	7,201	
51,437	55,279	
	13,650	
	<u>25,066</u>	
<u>\$ 185,010</u>	<u>\$ 540,380</u>	<u>\$ 444</u>
\$ 1,190,676	\$ 1,190,676	\$
	786,337	
	<u>2,862,274</u>	<u>126,024</u>
<u>\$ 1,190,676</u>	<u>\$ 4,839,287</u>	<u>\$ 126,024</u>
<u>\$ 1,375,686</u>	<u>\$ 5,379,667</u>	<u>\$ 126,468</u>

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

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CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

Total Fund Balance per Balance Sheet \$ 4,839,287

Governmental funds do not include long-term liabilities. However, in the Statement of Net Assets long-term liabilities are included:

Bonds Payable Due Within One Year	\$ (440,000)	
Bonds Payable Due in More than One Year	(5,955,000)	
Accrued Bond Interest Payable	<u>(12,906)</u>	(6,407,906)

Governmental funds do not include Capital Assets. However, in the Statement of Net Assets, capital assets are included.

Land	\$ 8,363,976	
Construction in Progress	163,192	
Capital Assets	<u>14,569,434</u>	23,096,602

Governmental funds do not include accrued compensated absences. However, in the Statement of Net Assets, a liability is recorded. (51,911)

Governmental funds record costs of issuance as an expenditure. However, in the Statement of Net Assets, costs of issuance are amortized over the life of the bonds. 36,050

Governmental funds record deferred tax revenue and in the Statement of Net Assets tax revenue is recognized when earned. 25,066

Total Net Assets per Statement of Net Assets \$ 21,537,188

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

CITY OF MEADOWS PLACE, TEXAS
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	General Fund	Debt Service Fund
REVENUES		
Property Taxes and Penalties	\$ 1,094,811	\$ 621,505
City Sales Taxes	657,172	
Public Utilities	985,100	
Franchise Fees	190,254	
Fines and Forfeitures	308,894	
Licenses and Permits	26,545	
Investment Revenues	83,863	19,920
Other	49,907	
TOTAL REVENUES	\$ 3,396,546	\$ 641,425
EXPENDITURES		
Service Operations:		
General Government	\$ 425,467	\$ 14,160
Municipal Court	85,577	
Public Works	691,010	
Police Department	1,015,202	
Park and Recreation	310,400	
Public Utilities	841,217	
Capital Outlay	117,967	
Debt Service:		
Bond Principal		300,000
Bond Interest		295,067
TOTAL EXPENDITURES	\$ 3,486,840	\$ 609,227
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (90,294)	\$ 32,198
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issue, Note 12	\$	\$
Transfer In (Out)	(580,316)	
TOTAL OTHER FINANCING SOURCES (USES)	\$ (580,316)	\$ -0-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES, OTHER FINANCING SOURCES (USES) AND SPECIAL ITEMS	\$ (670,610)	\$ 32,198
FUND BALANCES – OCTOBER 1, 2004	3,532,884	754,139
FUND BALANCES – SEPTEMBER 30, 2005	\$ 2,862,274	\$ 786,337

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

Capital Projects Fund	Total	Component Unit
\$	\$ 1,716,316	\$
	657,172	213,793
	985,100	
	190,254	
	308,894	
	26,545	
48,959	152,742	16
<u>21,612</u>	<u>71,519</u>	
<u>\$ 70,571</u>	<u>\$ 4,108,542</u>	<u>\$ 213,809</u>
\$ 682,386	\$ 1,122,013	\$ 14,378
	85,577	
	691,010	
	1,015,202	
	310,400	
	841,217	
617,937	735,904	
	300,000	100,000
	<u>295,067</u>	<u>31,700</u>
<u>\$ 1,300,323</u>	<u>\$ 5,396,390</u>	<u>\$ 146,078</u>
<u>\$ (1,229,752)</u>	<u>\$ (1,287,848)</u>	<u>\$ 67,731</u>
\$ 1,295,000	\$ 1,295,000	\$
<u>580,316</u>		
<u>\$ 1,875,316</u>	<u>\$ 1,295,000</u>	<u>\$ -0-</u>
\$ 645,564	\$ 7,152	\$ 67,731
<u>545,112</u>	<u>4,832,135</u>	<u>58,293</u>
<u>\$ 1,190,676</u>	<u>\$ 4,839,287</u>	<u>\$ 126,024</u>

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

CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Change in Fund Balances – Governmental Funds	\$	7,152
Amounts Reported for Governmental Activities in the Statements of Activities are Different Because:		
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Assets, bond principal payments are reported as decreases in long-term liabilities.		400,000
Governmental funds report capital expenditures in the period purchased. However, in the Statement of Net Assets, Capital Assets are increased by new purchases.		735,257
Governmental funds report interest expenditures on bonds as expenditures in the year paid. However, in the Statement of Net Assets, interest is accrued on bonds through fiscal year end.		(2,424)
Governmental funds do not account for depreciation. However, in the Statement of Net Assets, capital assets are depreciated and depreciation expense is recorded.		(814,646)
Governmental funds record proceeds from issuing long-term debt agreement as an other financing source. However, in the Statement of Net Assets, long-term liabilities are increased.		(1,295,000)
Governmental funds do not account for the decrease in accrued compensated absences. However, in the Statement of Net Activities, the increase is recorded as an expense.		1,979
Governmental funds do not account for penalties and interest on tax collections receivable. However, in the Statement of Net Assets, revenue for the current year is recorded when the penalties are assessed.		<u>(6,990)</u>
Change in Net Assets per Statement of Activities	\$	<u>(974,672)</u>

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

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 1. CREATION OF CITY

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board has established the criteria for determining whether or not a given entity is a component unit. The criteria are (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The City is an independent political subdivision of the State of Texas and is considered a primary government.

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. Based on these considerations, the City's basic financial statements include the Meadows Economic Development Corporation. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Discretely Presented Component Units

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

Financial Statement Presentation

These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34-Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

GASB Statement No. 34 established standards for external financial reporting for all state and local government entities, which include a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components-Invested in Capital Assets, Net of Related Debt; Restricted; and Unrestricted. These classifications are defined as follows:

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

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

Government-Wide Financial Statements

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

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

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The City has three major governmental funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources accumulated for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources segregated for acquisition or construction of facilities and related costs.

Basis of Accounting

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

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

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

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

Budgeting

In compliance with governmental accounting principles, the City Council annually adopts an unappropriated budget for the General Fund, Debt Service Fund and Component Unit. The budgets were not amended during the current fiscal year.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the city. Cash in all funds is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

Pensions

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

Measurement Focus

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

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

Reserved:

To indicate fund equity which is legally segregated for a specific future use.

Unreserved:

Designated - To indicate fund equity for which the City has made tentative plans.

Undesignated - To indicate fund equity which is available for use in future periods.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates (Continued)

assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. BONDS PAYABLE

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

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

	Series 1997	Series 2000
Amount Outstanding - September 30, 2005	\$ 600,000	\$ 4,500,000
Interest Rates	4.50% - 5.00%	5.00% - 7.00%
Maturity Dates – Serially Beginning/Ending	March 15, 2005/2011	March 15, 2005/2020
Interest Payment Dates	March 15/ September 15	March 15/ September 15
Callable Dates	March 15, 2004	March 15, 2010
		Series 2005
Amount Outstanding - September 30, 2005		\$ 1,295,000
Interest Rates		3.50% - 5.50%
Maturity Dates – Serially Beginning/Ending		March 15, 2006/2025
Interest Payment Dates		March 15/ September 15
Callable Dates		March 15, 2015*

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

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 3. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2005:

Bond Debt Payable – October 1, 2004		\$ 5,500,000
Add: Series 2005 Bonds		1,295,000
Less: Bond Principal Retirement		
Series 1997	\$ 100,000	
Series 2000	<u>300,000</u>	<u>400,000</u>
Bond Debt Payable - September 30, 2005		<u>\$ 6,395,000</u>
Bond Debt Payable-		
Due Within One Year		\$ 440,000
Due After One Year		<u>5,955,000</u>
Bond Debt Payable-September 30, 2005		<u>\$ 6,395,000</u>

As of September 30, 2005, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2006	\$ 440,000	\$ 325,184	\$ 765,184
2007	440,000	297,235	737,235
2008	445,000	269,047	714,047
2009	445,000	240,997	685,997
2010	450,000	213,510	663,510
2011-2015	1,875,000	758,112	2,633,112
2016-2020	1,850,000	318,983	2,168,983
2021-2025	<u>450,000</u>	<u>50,094</u>	<u>500,094</u>
	<u>\$ 6,395,000</u>	<u>\$ 2,473,162</u>	<u>\$ 8,868,162</u>

During the year ended September 30, 2005, the City levied an ad valorem debt service tax at the rate of \$0.2725 per \$100 of assessed valuation, which resulted in a tax levy of \$604,506 on the adjusted taxable valuation of \$221,837,060 for the 2004 tax year. The bond orders require the City to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes, see Note 7 related to maintenance and operations tax.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 3. BONDS PAYABLE (Continued)

The City's tax calendar is as follows:

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

NOTE 4. ACCRUED COMPENSATED EMPLOYEE ABSENCES

The liability for accrued compensated absences at September 30, 2005, is accounted for in the Statement of Net Assets and is comprised of the following components:

Sick Leave	\$ 42,220
Comp-time	<u>9,691</u>
Total	<u>\$ 51,911</u>

Employees are allowed to earn twelve sick leave days per year. Employees may accumulate up to 36 sick leave days. Upon termination of employment, whether voluntary or involuntary, including retirement, employees receive payment for a maximum of 50 percent of accumulated sick leave days at their base salary in effect at date of termination.

Employees are allowed to earn up to 240 hours of comp-time for overtime hours worked. Upon termination of employment, whether voluntary or involuntary, including retirement, employees receive payment for 100 percent of accumulated comp-time earned at their base salary in effect at date of termination.

NOTE 5. DEPOSITS AND INVESTMENTS

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

Deposits

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

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the City of securities eligible under the laws of Texas to secure the funds of the City, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the City's deposits was \$147,381 and the bank balance was \$257,293. Of the bank balance, \$192,359 was covered by federal depository insurance and the balance was collateralized with securities held in a third party depository in the City's name.

The carrying values of the deposits are included in the governmental funds balance sheet and the statement of net assets at September 30, 2005, as listed below:

POOLED CASH	<u>\$ 147,381</u>
TOTAL CASH	<u><u>\$ 147,381</u></u>

Investments

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all City funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the City's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the City Council.

Texas statutes include specifications for and limitations applicable to the City and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

As of September 30, 2005, the City had the following investments and maturities:

Fund and Investment Type	Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND -</u>					
TexPool	\$ 2,081,258	\$ 2,081,258	\$	\$	\$
Lone Star	324,681	324,681			
<u>DEBT SERVICE</u>					
<u>FUND -</u>					
(Restricted for					
Payment of Debt					
Service and Cost					
of Assessing and					
Collecting					
Taxes)					
TexPool	645,472	645,472			
<u>CAPITAL PROJECTS</u>					
<u>FUND -</u>					
(Restricted for					
Purchase of					
Capital Assets)					
TexPool	2,112,431	2,112,431			
<u>ECONOMIC</u>					
<u>DEVELOPMENT</u>					
<u>CORPORATION -</u>					
(Restricted for					
Activities of the					
Economic					
Development					
Corporation)					
TexPool	596	596			
Total Investments	<u>\$ 5,164,438</u>	<u>\$ 5,164,438</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk. Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2005, the City's investment in the TexPool and LoneSTAR Fund were rated AAAM by Standard and Poor's.

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

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2005:

	<u>October 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2005</u>
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 8,363,976	\$	\$	\$ 8,363,976
Construction in Progress	<u> </u>	<u>163,192</u>	<u> </u>	<u>163,192</u>
Total Capital Assets Not Being Depreciated	<u>\$ 8,363,976</u>	<u>\$ 163,192</u>	<u>\$ -0-</u>	<u>\$ 8,527,168</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 823,085	\$ 269,967	\$	\$ 1,093,052
Furnitures and Fixtures	244,907			244,907
Machinery Equipment	395,525	53,099		448,624
Park Improvements	162,706	147,157		309,863
Vehicles	629,514	64,868	62,410	631,972
Water System	4,147,376			4,147,376
Wastewater System	8,715,772			8,715,772
Drainage	2,593,799			2,593,799
Streets and Sidewalks	<u>12,167,820</u>	<u> </u>	<u> </u>	<u>12,167,820</u>
Total Capital Assets at Historical Cost Subject to Depreciation	<u>\$ 29,880,504</u>	<u>\$ 535,091</u>	<u>\$ (62,410)</u>	<u>\$ 30,353,185</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 6. CAPITAL ASSETS (Continued)

	<u>October 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2005</u>
Less Accumulated				
Depreciation				
Buildings	\$ 288,700	\$ 44,152	\$	\$ 332,852
Furnitures and Fixtures	241,845	1,022		242,867
Machinery Equipment	136,194	52,382		188,576
Park Improvements	81,467	5,190		86,657
Vehicles	477,648	80,608	62,410	495,846
Water System	1,665,335	120,792		1,786,127
Wastewater System	2,061,037	198,314		2,259,351
Drainage	1,507,452	57,640		1,565,092
Streets and Sidewalk	<u>8,571,837</u>	<u>254,546</u>		<u>8,826,383</u>
Total Accumulated				
Depreciation	<u>\$ 15,031,515</u>	<u>\$ 814,646</u>	<u>\$ 62,410</u>	<u>\$ 15,783,751</u>
Total Depreciable Capital				
Assets, Net of				
Accumulated				
Depreciation	<u>14,848,989</u>	<u>(279,555)</u>		<u>14,569,434</u>
Total Capital Assets, Net				
of Accumulated				
Depreciation	<u>\$ 23,212,965</u>	<u>\$ (116,363)</u>	<u>\$ -0-</u>	<u>\$ 23,096,602</u>

The City's capital assets included donations of \$817,456, most of which were donated land and improvements for parks and recreational facilities. Remaining amounts have been provided by expenditures of the General and Capital Projects Funds. Depreciation categorized by department at September 30, 2005, follows:

General Government	\$ 288,652
Municipal Court	9,590
Public Works	15,497
Police Department	64,549
Public Utilities Water/Sewer	399,362
Parks and Recreation	<u>36,996</u>
Total Depreciation Expense	<u>\$ 814,646</u>

NOTE 7. MAINTENANCE AND OPERATIONS TAX LEVY

During the current fiscal year, the City levied a 2004 maintenance and operations tax at the rate of \$0.4875 per \$100 of valuation. The levy was based upon a total adjusted property valuation of \$221,837,060. This tax levy resulted in a total tax amount of \$1,081,456. The revenue derived from this levy is deposited into the combined General Fund and Public Utilities Fund of the City.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 8. PENSION PLAN

Plan Description and Provisions

The City 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"), one of 801 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the 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%, or 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

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.

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. 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 state statutes.

Contributions

The contribution rate for employees was increased to seven percent effective November 1, 2003, and the matching percent remains 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement rate, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 8. PENSION PLAN (Continued)

Contributions (Continued)

unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25 year amortization period.

The unit credit actuarial cost method is used for determining the City's contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2004, valuation is effective for rates beginning January 2006).

The City's total payroll in fiscal year 2005 was approximately \$1,136,864, and the City's contributions were based on a payroll of approximately \$1,096,473. Contributions made by employees totaled \$76,754, and the City made contributions of \$122,344 during the fiscal year ended September 30, 2005.

	2005	2004	2003	2002	2001
Actuarial Valuation Date	12/31/04	12/31/03	12/31/02	12/31/01	12/31/00
Actuarial Value of Assets	\$ 1,998,757	\$1,808,882	\$ 1,564,933	\$ 1,412,051	\$ 1,232,686
Actuarial Accrued Liability	2,360,859	2,167,751	1,683,980	1,532,748	1,384,508
Percentage Funded	84.70%	83.4%	92.9%	92.1%	89.0%
Unfunded (Over-Funded) Actuarial Accrued Liability	362,102	358,869	119,047	120,697	151,822
Annual Covered Payroll	1,013,849	972,927	951,902	944,907	863,405
Unfunded (Over-Funded) Actuarial Accrued Liability as a Percentage of Covered Payroll	35.7%	36.9%	12.5%	12.8%	17.6%
Net Pension Obligation (NPO) at the Beginning of the Period	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 8. PENSION PLAN (Continued)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Annual Pension Costs:					
Annual Required Contribution (ARC)	122,344	101,949	73,620	78,467	66,500
Contributions Made	122,344	101,949	73,620	78,467	66,500
Increase in NPO	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NPO at the end of the period	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Ten-year trend information may be found in the supplemental information section of the City's financial report.

NOTE 9. CONTRACT WITH CITY OF HOUSTON

The Meadows Municipal Utility District ("MUD"), which was dissolved and added to City operations in 1993, had contracted with the City of Houston in a prior year for the use of capacity in the MUD's sewage treatment plant. Under the terms of the contract (which has been continued with the City), the City operates and owns the plant and charges the City of Houston for a proportionate share of the plant's operating costs. The City of Houston's contracted plant capacity is 67,500 gallons per day for 180 connections which represents approximately 4.5 percent of total plant capacity. During the fiscal year ended September 30, 2005, the City received \$18,504 from the City of Houston for their proportionate share of the plant's operating costs.

NOTE 10. COMPONENT UNIT RECONCILIATION

Component Unit – Fund Balance per Balance Sheet	\$ 126,024
Governmental funds report interest expenditures in the year paid. However, in the Statement of Net Assets, interest is accrued on bonds through the fiscal year end.	<u>(1,417)</u>
Component Unit – Net Assets per Statement of Net Assets	<u>\$ 124,607</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 11. PRIOR PERIOD ADJUSTMENT

In the prior fiscal year, the purchase of a phone system was incorrectly recorded as a capital lease. The effect of correcting the recording of the lease is as follows:

Net Assets – October 1, 2004	\$ 22,421,850
Effect of Correction	<u>90,010</u>
Net Assets – As Adjusted October 1, 2004	<u>\$ 22,511,860</u>

NOTE 12. BOND SALE

On February 24, 2005, the City sold \$1,295,000 of Series 2005 General Obligation bonds for the purposes of constructing street and related drainage improvements within the City.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The City, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. During the current fiscal year the City contributed \$67,728 to TML for this insurance coverage. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

CITY OF MEADOWS PLACE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2005

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes and Penalties	\$ 1,053,974	\$ 1,094,811	\$ 40,837
City Sales Taxes	562,250	657,172	94,922
Public Utilities	958,160	985,100	26,940
Franchise Fees	195,000	190,254	(4,746)
Fines and Forfeitures	360,000	308,894	(51,106)
Licenses and Permits	45,000	26,545	(18,455)
Investment Revenue	31,000	83,863	52,863
Other	40,500	49,907	9,407
TOTAL REVENUES	<u>\$ 3,245,884</u>	<u>\$ 3,396,546</u>	<u>\$ 150,662</u>
EXPENDITURES			
General Government	\$ 373,064	\$ 425,467	\$ (52,403)
Municipal Court	94,815	85,577	9,238
Public Works	606,984	691,010	(84,026)
Police Department	1,047,557	1,015,202	32,355
Parks and Recreation	283,007	310,400	(27,393)
Public Utilities	760,252	841,217	(80,965)
Capital Outlay	72,500	117,967	(45,467)
TOTAL EXPENDITURES	<u>\$ 3,238,179</u>	<u>\$ 3,486,840</u>	<u>\$ (248,661)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 7,705</u>	<u>\$ (90,294)</u>	<u>\$ (97,999)</u>
OTHER FINANCING SOURCES (USES)			
Transfer Out	<u>\$ -0-</u>	<u>\$ (580,316)</u>	<u>\$ (580,316)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ 7,705</u>	<u>\$ (670,610)</u>	<u>\$ (678,315)</u>
FUND BALANCES – OCTOBER 1, 2004	<u>3,532,884</u>	<u>3,532,884</u>	
FUND BALANCES – SEPTEMBER 30, 2005	<u>\$ 3,540,589</u>	<u>\$ 2,862,274</u>	<u>\$ (678,315)</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS

SUPPLEMENTAL INFORMATION

SEPTEMBER 30, 2005

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2005

	Original and Final Budget	Actual	Variance Positive (Negative)
Property Taxes and Penalties:			
Taxes – Ad Valorem Current	\$ 1,053,974	\$ 1,084,771	\$ 30,797
Penalty and Interest		10,040	10,040
Total Property Taxes and Penalties	<u>\$ 1,053,974</u>	<u>\$ 1,094,811</u>	<u>\$ 40,837</u>
City Sales Taxes:			
Sales Tax	\$ 361,500	\$ 427,586	\$ 66,086
½% Ad Valorem Sales Tax	180,750	213,793	33,043
Mixed Beverage Sales Tax	20,000	15,793	(4,207)
Total City Sales Taxes	<u>\$ 562,250</u>	<u>\$ 657,172</u>	<u>\$ 94,922</u>
Public Utilities:			
Service Fees – Water	\$ 374,500	\$ 373,023	\$ (1,477)
Service Fees – Sewer	385,200	377,289	(7,911)
Tap Connections		33,856	33,856
Garbage Fees	168,960	162,314	(6,646)
City of Houston	13,500	18,504	5,004
Late Fees	16,000	20,114	4,114
Total Public Utilities	<u>\$ 958,160</u>	<u>\$ 985,100</u>	<u>\$ 26,940</u>
Franchise Fees	<u>\$ 195,000</u>	<u>\$ 190,254</u>	<u>\$ (4,746)</u>
Fines and Forfeitures:			
Fines and Forfeitures	\$ 300,000	\$ 294,800	\$ (5,200)
Court Cost 10% Administrative	60,000	14,094	(45,906)
Total Fines and Forfeitures	<u>\$ 360,000</u>	<u>\$ 308,894</u>	<u>\$ (51,106)</u>
Licenses and Permits	<u>\$ 45,000</u>	<u>\$ 26,545</u>	<u>\$ (18,455)</u>
Interest	<u>\$ 31,000</u>	<u>\$ 83,863</u>	<u>\$ 52,863</u>
Other Revenues:			
Newsletter Advertising	\$ 7,000	\$ 10,015	\$ 3,015
Miscellaneous Revenue	5,500	8,145	2,645
Rentals	8,000	10,174	2,174
Programs	20,000	19,073	(927)
Donations		2,500	2,500
Total Other Revenues	<u>\$ 40,500</u>	<u>\$ 49,907</u>	<u>\$ 9,407</u>
Total Revenues	<u>\$ 3,245,884</u>	<u>\$ 3,396,546</u>	<u>\$ 150,662</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2005

	Original/Final Budget	Actual	Variance Positive (Negative)
General Government:			
Personnel	\$ 223,464	\$ 208,062	\$ 15,402
Operating and Other	<u>149,600</u>	<u>217,405</u>	<u>(67,805)</u>
Total General Government	<u>\$ 373,064</u>	<u>\$ 425,467</u>	<u>\$ (52,403)</u>
Municipal Court:			
Personnel	\$ 81,515	\$ 73,084	\$ 8,431
Operating and Other	<u>13,300</u>	<u>12,493</u>	<u>807</u>
Total Municipal Court	<u>\$ 94,815</u>	<u>\$ 85,577</u>	<u>\$ 9,238</u>
Public Works:			
Personnel	\$ 239,109	\$ 233,475	\$ 5,634
Operating and Other	<u>367,875</u>	<u>457,535</u>	<u>(89,660)</u>
Total Public Works	<u>\$ 606,984</u>	<u>\$ 691,010</u>	<u>\$ (84,026)</u>
Police Department:			
Personnel	\$ 860,657	\$ 895,415	\$ (34,758)
Operating and Other	<u>186,900</u>	<u>119,787</u>	<u>67,113</u>
Total Police Department	<u>\$ 1,047,557</u>	<u>\$ 1,015,202</u>	<u>\$ 32,355</u>
Parks and Recreation:			
Personnel	\$ 116,285	\$ 127,187	\$ (10,902)
Operating and Other	<u>166,722</u>	<u>183,213</u>	<u>(16,491)</u>
Total Parks and Recreation	<u>\$ 283,007</u>	<u>\$ 310,400</u>	<u>\$ (27,393)</u>
Public Utilities:			
Personnel	\$ 90,215	\$ 81,737	\$ 8,478
Operating and Other	<u>670,037</u>	<u>759,480</u>	<u>(89,443)</u>
Total Public Utilities Water/Sewer	<u>\$ 760,252</u>	<u>\$ 841,217</u>	<u>\$ (80,965)</u>
Capital Outlay	<u>\$ 72,500</u>	<u>\$ 117,967</u>	<u>\$ (45,467)</u>
Total Expenditures	<u>\$ 3,238,179</u>	<u>\$ 3,486,840</u>	<u>\$ (248,661)</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2005

	Original/Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes and Penalties	\$ 596,085	\$ 621,505	\$ 25,420
Investment Revenue	<u>12,000</u>	<u>19,920</u>	<u>7,920</u>
TOTAL REVENUES	<u>\$ 608,085</u>	<u>\$ 641,425</u>	<u>\$ 33,340</u>
EXPENDITURES			
General Government	\$ 7,000	\$ 14,160	\$ (7,160)
Bond Principal	300,000	300,000	
Bond Interest	<u>308,250</u>	<u>295,067</u>	<u>13,183</u>
TOTAL EXPENDITURES	<u>\$ 615,250</u>	<u>\$ 609,227</u>	<u>\$ 6,023</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (7,165)</u>	<u>\$ 32,198</u>	<u>\$ 39,363</u>
FUND BALANCES – OCTOBER 1, 2004	<u>754,139</u>	<u>754,139</u>	
FUND BALANCES – SEPTEMBER 30, 2005	<u>\$ 746,974</u>	<u>\$ 786,337</u>	<u>\$ 39,363</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMPONENT UNIT
YEAR ENDED SEPTEMBER 30, 2005

	Original/Final Budget	Actual	Variance Positive (Negative)
REVENUES			
City Sales Taxes	\$ 180,750	\$ 213,793	\$ 33,043
Investment Revenue	<u>750</u>	<u>16</u>	<u>(734)</u>
TOTAL REVENUES	<u>\$ 181,500</u>	<u>\$ 213,809</u>	<u>\$ 32,309</u>
EXPENDITURES			
General Government	\$ 23,200	\$ 14,378	\$ 8,822
Bond Principal	100,000	100,000	
Bond Interest	<u>31,700</u>	<u>31,700</u>	
TOTAL EXPENDITURES	<u>\$ 154,900</u>	<u>\$ 146,078</u>	<u>\$ 8,822</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 26,600	\$ 67,731	\$ 41,131
FUND BALANCES – OCTOBER 1, 2004	<u>58,293</u>	<u>58,293</u>	
FUND BALANCES – SEPTEMBER 30, 2005	<u>\$ 84,893</u>	<u>\$ 126,024</u>	<u>\$ 41,131</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2005

GENERAL OBLIGATION BONDS
SERIES - 1997

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
2006	\$ 100,000	\$ 27,050	\$ 127,050
2007	100,000	22,300	122,300
2008	100,000	17,450	117,450
2009	100,000	12,500	112,500
2010	100,000	7,500	107,500
2011	100,000	2,500	102,500
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
TOTAL	<u>\$ 600,000</u>	<u>\$ 89,300</u>	<u>\$ 689,300</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2005

GENERAL OBLIGATION BONDS
SERIES - 2000

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
2006	\$ 300,000	\$ 242,250	\$ 542,250
2007	300,000	221,250	521,250
2008	300,000	200,250	500,250
2009	300,000	179,625	479,625
2010	300,000	159,750	459,750
2011	300,000	142,500	442,500
2012	300,000	127,500	427,500
2013	300,000	112,500	412,500
2014	300,000	97,500	397,500
2015	300,000	82,500	382,500
2016	300,000	67,500	367,500
2017	300,000	52,500	352,500
2018	300,000	37,500	337,500
2019	300,000	22,500	322,500
2020	300,000	7,500	307,500
2021			
2022			
2023			
2024			
2025			
TOTAL	<u>\$ 4,500,000</u>	<u>\$ 1,753,125</u>	<u>\$ 6,253,125</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2005

GENERAL OBLIGATION BONDS
SERIES - 2005

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
2006	\$ 40,000	\$ 55,884	\$ 95,884
2007	40,000	53,685	93,685
2008	45,000	51,347	96,347
2009	45,000	48,872	93,872
2010	50,000	46,260	96,260
2011	50,000	43,510	93,510
2012	50,000	40,760	90,760
2013	55,000	38,422	93,422
2014	60,000	36,335	96,335
2015	60,000	34,085	94,085
2016	65,000	31,693	96,693
2017	65,000	29,157	94,157
2018	70,000	26,490	96,490
2019	75,000	23,590	98,590
2020	75,000	20,553	95,553
2021	80,000	17,376	97,376
2022	85,000	13,951	98,951
2023	90,000	10,275	100,275
2024	95,000	6,342	101,342
2025	<u>100,000</u>	<u>2,150</u>	<u>102,150</u>
TOTAL	<u>\$ 1,295,000</u>	<u>\$ 630,737</u>	<u>\$ 1,925,737</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2005

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2006	\$ 440,000	\$ 325,184	\$ 765,184
2007	440,000	297,235	737,235
2008	445,000	269,047	714,047
2009	445,000	240,997	685,997
2010	450,000	213,510	663,510
2011	450,000	188,510	638,510
2012	350,000	168,260	518,260
2013	355,000	150,922	505,922
2014	360,000	133,835	493,835
2015	360,000	116,585	476,585
2016	365,000	99,193	464,193
2017	365,000	81,657	446,657
2018	370,000	63,990	433,990
2019	375,000	46,090	421,090
2020	375,000	28,053	403,053
2021	80,000	17,376	97,376
2022	85,000	13,951	98,951
2023	90,000	10,275	100,275
2024	95,000	6,342	101,342
2025	100,000	2,150	102,150
TOTAL	<u>\$ 6,395,000</u>	<u>\$ 2,473,162</u>	<u>\$ 8,868,162</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Description	Original Bonds Issued	Bonds Outstanding October 1, 2004
City of Meadows Place, Texas General Obligation Bonds - Series 1997	\$ 1,275,000	\$ 700,000
City of Meadows Place, Texas General Obligation Bonds - Series 2000	6,000,000	4,800,000
City of Meadows Place, Texas General Obligation Bonds - Series 2005	<u>1,295,000</u>	<u> </u>
TOTAL	<u>\$ 8,570,000</u> *	<u>\$ 5,500,000</u>

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

* In addition to the bond issues listed above, the City has retired the following bond issues; Series 1991 in the amount of \$800,000 and the Series 1993 in the amount of \$3,050,000.

See accompanying independent auditor's report.

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2005</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 100,000	\$ 31,700	\$ 600,000	Bank of New York Jacksonville, FL
	300,000	263,250	4,500,000	Bank of New York Jacksonville, FL
<u>1,295,000</u>	<u> </u>	<u>31,817</u>	<u>1,295,000</u>	Bank of New York Jacksonville, FL
<u>\$ 1,295,000</u>	<u>\$ 400,000</u>	<u>\$ 326,767</u>	<u>\$ 6,395,000</u>	

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS - UNAUDITED
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Percentage Funded</u>	<u>Unfunded (Overfunded) Actuarial Accrued Liability</u>
1995	\$ 521,766	\$ 552,586	94.42%	\$ 30,820
1996	\$ 607,570	\$ 669,467	90.75%	\$ 61,897
1997	\$ 733,244	\$ 800,808	91.56%	\$ 67,564
1998	\$ 885,204	\$ 1,013,506	87.30%	\$ 128,302
1999	\$ 1,052,060	\$ 1,195,162	88.00%	\$ 143,102
2000	\$ 1,232,686	\$ 1,384,508	89.00%	\$ 151,822
2001	\$ 1,412,051	\$ 1,532,748	92.10%	\$ 120,697
2002	\$ 1,564,933	\$ 1,683,980	92.90%	\$ 119,047
2003	\$ 1,808,882	\$ 2,167,751	83.40%	\$ 358,869
2004	\$ 1,998,757	\$ 2,360,859	84.70%	\$ 362,102

See accompanying independent
auditor's report .

<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll</u>	<u>Annual Required Contribution to TMRS</u>	<u>Average City Rate</u>
\$ 783,176	3.94%	\$ 38,359	4.90%
\$ 824,668	7.51%	\$ 42,520	5.16%
\$ 859,233	7.86%	\$ 49,439	5.75%
\$ 939,814	1.37%	\$ 51,317	5.46%
\$ 877,191	1.63%	\$ 61,692	7.04%
\$ 863,405	1.76%	\$ 66,500	7.71%
\$ 944,907	1.28%	\$ 78,467	7.91%
\$ 951,902	1.25%	\$ 73,620	7.54%
\$ 972,927	3.69%	\$ 101,949	10.13%
\$ 1,013,849	3.57%	\$ 122,344	11.17%

See accompanying independent
auditor's report .