

CITY OF MEADOWS PLACE, TEXAS
FORT BEND COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2009

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MEADOWS PLACE, TEXAS

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
STATEMENT OF NET ASSETS	9
STATEMENT OF ACTIVITIES	10-11
GOVERNMENTAL FUNDS BALANCE SHEET	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	14
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	15-16
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	17
NOTES TO BASIC FINANCIAL STATEMENTS	18-35
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	37
OTHER SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND	39
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND	40
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-DEBT SERVICE FUND	41
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-COMPONENT UNIT	42
LONG-TERM DEBT SERVICE REQUIREMENTS	43-46
CHANGE IN LONG-TERM BOND DEBT	47-48
TEXAS MUNICIPAL RETIREMENT SYSTEM – ANALYSIS OF FUNDING PROGRESS	49-50

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

7801 N. Capital of Texas Hwy.
Suite 350
Austin, Texas 78731-1169
(512) 418-2358
Fax: (512) 340-0604
www.mgsbpllc.com

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 discretely presented component unit and each major fund of the City of Meadows Place, Texas (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements 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, the discretely presented component unit and each major fund of the City as of September 30, 2009, 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

The Management's Discussion and Analysis on pages 3 through 8 and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted 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 required 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 other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary 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 Swedlund Barfoot, PLLC
Certified Public Accountants

December 15, 2009

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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, 2009. 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 basic financial statements. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The Statement of Net 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 and 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 two kinds of activities:

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

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

- Component Unit – The City includes one separate legal entity in its report – the Meadows Economic Development Corporation. Although legally separate, this component unit is included because the City is financially accountable for it.

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

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

NOTES TO THE BASIC 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 basic financial statements can be found on pages 18 through 35 in this report.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund. See page 37.

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 governmental activities of the City, assets exceeded liabilities by \$19,866,694 as of September 30, 2009. This compares with assets exceeding liabilities by \$19,760,029 as of September 30, 2008.

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 table provides a comparative analysis of the Statement of Net Assets as of September 30, 2009, and September 30, 2008:

	Summary of Changes in the Statement of Net Assets- Governmental Activities		
	2009	2008	Change Positive (Negative)
Current and Other Assets	\$ 4,144,443	\$ 4,036,070	\$ 108,373
Capital Assets (Net of Accumulated Depreciation)	<u>21,023,375</u>	<u>21,659,040</u>	<u>(635,665)</u>
Total Assets	<u>\$ 25,167,818</u>	<u>\$ 25,695,110</u>	<u>\$ (527,292)</u>
Long-Term Liabilities	\$ 4,837,938	\$ 5,386,591	\$ 548,653
Other Liabilities	<u>463,186</u>	<u>548,490</u>	<u>85,304</u>
Total Liabilities	<u>\$ 5,301,124</u>	<u>\$ 5,935,081</u>	<u>\$ 633,957</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 17,402,154	\$ 17,665,434	\$ (263,280)
Restricted	609,130	675,894	(66,764)
Unrestricted	<u>1,855,410</u>	<u>1,418,701</u>	<u>436,709</u>
Total Net Assets	<u>\$ 19,866,694</u>	<u>\$ 19,760,029</u>	<u>\$ 106,665</u>

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the City's operations for the years ended September 30, 2009, and September 30, 2008. The City's net assets related to governmental activities increased by \$106,665, accounting for a 0.5% increase in net assets. This compares with a decrease of \$619,087 in the prior fiscal year.

Summary of Changes in the Statement of Activities- Governmental Activities			
	2009	2008	Change Positive (Negative)
Revenues:			
Charges for Services	\$ 2,347,847	\$ 1,931,361	\$ 416,486
Grant Revenue	76,794	41,394	35,400
General Revenues:			
Property Taxes	2,304,091	2,035,554	268,537
Sales Taxes	804,273	803,385	888
Investment Revenues	29,069	119,846	(90,777)
Other Revenues	<u>263,438</u>	<u>289,486</u>	<u>(26,048)</u>
Total Revenues	<u>\$ 5,825,512</u>	<u>\$ 5,221,026</u>	<u>\$ 604,486</u>
Expenses:			
General Government	\$ 870,147	\$ 885,323	\$ 15,176
Municipal Court	112,894	101,046	(11,848)
Public Works	732,231	733,883	1,652
Police Department	1,459,919	1,481,943	22,024
Parks and Recreation	504,668	483,481	(21,187)
Public Utilities	1,809,585	1,901,965	92,380
Interest on Long-Term Debt	<u>229,403</u>	<u>252,472</u>	<u>23,069</u>
Total Expenses	<u>\$ 5,718,847</u>	<u>\$ 5,840,113</u>	<u>\$ 121,266</u>
Change in Net Assets	\$ 106,665	\$ (619,087)	\$ 725,752
Net Assets, Beginning of Year	<u>19,760,029</u>	<u>20,379,116</u>	<u>(619,087)</u>
Net Assets, End of Year	<u>\$ 19,866,694</u>	<u>\$ 19,760,029</u>	<u>\$ 106,665</u>

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's combined fund balances as of September 30, 2009, were \$3,636,292, an increase of \$159,967 from the prior year.

**CITY OF MEADOWS PLACE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS (Continued)

The General Fund fund balance increased by \$304,337 primarily due to an increase in revenues.

The Debt Service Fund fund balance decreased by \$73,608, primarily due to the structure of the debt service requirements.

The Capital Projects Fund fund balance decreased by \$70,762, primarily due to capital asset costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the budget during the current fiscal year. Actual revenue was \$121,502 more than budgeted revenue and actual expenditures were \$74,757 less than budgeted expenditures. See the budget to actual comparison on page 37.

CAPITAL ASSETS

The City's investment in capital assets as of September 30, 2009, amounts to \$21,023,375 (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:

- Purchase of Ticket Writer
- Purchase of 2 vehicles
- New Drive Lane and Catch basin
- Various Parks Improvements

Capital Assets at Year-End, Net of Accumulated Depreciation			
		2009	2008
Land	\$	8,363,976	\$ 8,363,976
Buildings		1,208,596	1,250,625
Machinery and Equipment		154,984	198,245
Park Improvements		422,223	341,247
Vehicles		108,675	124,034
Water System		1,919,058	2,039,220
Wastewater System		5,669,453	5,866,060
Drainage System		797,989	855,629
Streets and Sidewalks		2,378,421	2,620,004
Total Net Capital Assets	\$	21,023,375	\$ 21,659,040

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 THE YEAR ENDED SEPTEMBER 30, 2009**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the City had total bond debt payable of \$4,625,000. Of this debt, the Meadows Economic Development Corporation has agreed to make the payments on the \$200,000 remaining from the Series 1997 Bond issue.

The changes in the debt position of the City during the fiscal year ended September 30, 2009, are summarized as follows:

Bond Debt Payable, October 1, 2008	\$ 5,070,000
Less: Bond Principal Paid	<u>445,000</u>
Bond Debt Payable, September 30, 2009	<u>\$ 4,625,000</u>

The City's bonds carry an underlying rating issued by Moody's of "Baa1". The City's Series 1997 bonds carry an "BB+" rating by virtue of bond insurance issued by MBIA. The City's Series 2000 bonds do not currently carry an insured rating since the rating of FGIC was withdrawn. The City's Series 2005 bonds carry a "Ca" rating by virtue of bond insurance issued by Syncora. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The ratings above include all rating changes of the bond insurers through September 30, 2009.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MEADOWS PLACE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Government	Discretely Presented Component Unit
	Governmental Activities	Meadows Economic Development Corporation
ASSETS		
Cash and Cash Equivalents, Note 5	\$ 3,832,309	\$ 458,921
Receivables:		
Property Taxes	81,222	
Service Accounts (Net of Allowance for Doubtful Accounts of \$-0-)	128,277	
Garbage	34,736	
Franchise Fees	24,442	
Mixed Beverages Taxes	2,740	
Liens	12,251	
Other		31,197
Unamortized Bond Issuance Costs	28,466	
Land, Note 6	8,363,976	
Capital Assets (Net of Accumulated Depreciation), Note 6	12,659,399	
TOTAL ASSETS	\$ 25,167,818	\$ 490,118
LIABILITIES		
Accounts Payable	\$ 367,963	\$
Accrued Compensated Absences, Note 4	55,676	
Accrued Bond Interest Payable	9,047	417
Security Deposits	30,500	
Long-Term Liabilities:		
Equalization Fee, Note 9	212,938	
Bonds Payable Due Within One Year, Note 3	450,000	
Bonds Payable Due After One Year, Note 3	4,175,000	
TOTAL LIABILITIES	\$ 5,301,124	\$ 417
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 17,402,154	\$
Restricted For:		
Debt Service	609,130	
Unrestricted	1,855,410	489,701
TOTAL NET ASSETS	\$ 19,866,694	\$ 489,701

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, 2009**

	Program Revenues		
Expenses	Charges for Services	Grants	
GOVERNMENTAL ACTIVITIES			
General Government	\$ 870,147	\$ 216,739	\$ 630
Municipal Court	112,894	21,730	
Public Works	732,231		5,061
Police Department	1,459,919	419,276	17,112
Parks and Recreation	504,668	26,485	42,748
Public Utilities	1,809,585	1,663,617	11,243
Interest on Long-Term Debt	229,403		
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,718,847	\$ 2,347,847	\$ 76,794
COMPONENT UNIT	\$ 154,080	\$ -0-	\$ -0-
GENERAL REVENUES:			
Property Taxes			
Sales Taxes			
Franchise Fees			
Investment Revenues			
Other			
TOTAL GENERAL REVENUES			
CHANGE IN NET ASSETS			
NET ASSETS – OCTOBER 1, 2008			
NET ASSETS – SEPTEMBER 30, 2009			

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

<u>Net (Expense) Revenue and Changes in Net Assets</u>	
<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
<u>Governmental Activities</u>	<u>Meadows Economic Development Corporation</u>
\$ (652,778)	\$
(91,164)	
(727,170)	
(1,023,531)	
(435,435)	
(134,725)	
(229,403)	
<u>\$ (3,294,206)</u>	<u>\$ -0-</u>
<u>\$ -0-</u>	<u>\$ (154,080)</u>
\$ 2,304,091	\$
804,273	263,325
252,023	
29,069	3,670
11,415	
<u>\$ 3,400,871</u>	<u>\$ 266,995</u>
\$ 106,665	\$ 112,915
<u>19,760,029</u>	<u>376,786</u>
<u>\$ 19,866,694</u>	<u>\$ 489,701</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, 2009**

	General Fund	Debt Service Fund
ASSETS		
Cash and Cash Equivalents, Note 5	\$ 2,258,354	\$ 598,642
Receivables:		
Property Taxes	61,687	19,535
Service Accounts (Net of Allowance for Doubtful Accounts of \$0)	128,277	
Garbage	34,736	
Franchise Fees	24,442	
Mixed Beverage Taxes	2,740	
Liens	12,251	
Due from Other Governmental Entity		
TOTAL ASSETS	\$ 2,522,487	\$ 618,177
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 367,963	\$
Security Deposits	30,500	
Deferred Property Tax Revenue	61,687	19,535
TOTAL LIABILITIES	\$ 460,150	\$ 19,535
FUND BALANCES		
Reserved for Authorized Construction	\$	\$
Reserved for Future Debt Service		598,642
Unreserved/Undesignated	2,062,337	
TOTAL FUND BALANCES	\$ 2,062,337	\$ 598,642
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,522,487	\$ 618,177

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>Discretely Presented Component Unit</u>
\$ 975,313	\$ 3,832,309	\$ 458,921
	81,222	
	128,277	
	34,736	
	24,442	
	2,740	
	12,251	
		<u>31,197</u>
<u>\$ 975,313</u>	<u>\$ 4,115,977</u>	<u>\$ 490,118</u>
\$	\$ 367,963	\$
	30,500	
	<u>81,222</u>	
<u>\$ -0-</u>	<u>\$ 479,685</u>	<u>\$ -0-</u>
\$ 975,313	\$ 975,313	\$
	598,642	
	<u>2,062,337</u>	<u>490,118</u>
<u>\$ 975,313</u>	<u>\$ 3,636,292</u>	<u>\$ 490,118</u>
<u>\$ 975,313</u>	<u>\$ 4,115,977</u>	<u>\$ 490,118</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Total Fund Balances - Governmental Funds		\$ 3,636,292
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Unamortized bond issuance costs in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		28,466
Governmental funds do not include capital assets. However, in the Statement of Net Assets, capital assets are included:		
Land	\$ 8,363,976	
Capital Assets	<u>12,659,399</u>	21,023,375
Deferred tax revenues for the 2008 and prior tax levies became part of recognized revenue in the governmental activities of the District.		81,222
Governmental funds do not include accrued compensated absences. However, in the Statement of Net Assets, a liability is recorded.		(55,676)
Governmental funds do not include long-term liabilities. However, in the Statement of Net Assets, long-term liabilities are included:		
Equalization Fee	\$ (212,938)	
Bonds Payable Due Within One Year	(450,000)	
Bonds Payable Due After One Year	(4,175,000)	
Accrued Bond Interest Payable	<u>(9,047)</u>	<u>(4,846,985)</u>
Total Net Assets - Governmental Activities		<u>\$ 19,866,694</u>

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, 2009

	General Fund	Debt Service Fund
REVENUES		
Property Taxes and Penalties	\$ 1,769,103	\$ 504,097
City Sales Taxes	804,273	
Public Utilities	1,663,617	
Franchise Fees	252,023	
Fines and Forfeitures	441,006	
Licenses and Permits	47,200	
Investment Revenues	17,609	2,065
Other	76,741	
TOTAL REVENUES	\$ 5,071,572	\$ 506,162
EXPENDITURES		
Service Operations:		
General Government	\$ 541,424	\$ 6,273
Municipal Court	106,488	
Public Works	725,510	
Police Department	1,380,974	
Park and Recreation	416,086	
Public Utilities	1,526,815	
Capital Outlay	69,938	
Debt Service:		
Bond Principal		345,000
Bond Interest		228,497
TOTAL EXPENDITURES	\$ 4,767,235	\$ 579,770
NET CHANGE IN FUND BALANCES	\$ 304,337	\$ (73,608)
FUND BALANCES – OCTOBER 1, 2008	1,758,000	672,250
FUND BALANCES – SEPTEMBER 30, 2009	\$ 2,062,337	\$ 598,642

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

Capital Projects Fund	Total	Discretely Presented Component Unit
\$	\$ 2,273,200	\$
	804,273	263,325
	1,663,617	
	252,023	
	441,006	
	47,200	
9,395	29,069	3,670
<u>82,267</u>	<u>159,008</u>	
\$ <u>91,662</u>	\$ <u>5,669,396</u>	\$ <u>266,995</u>
\$ 21,705	\$ 569,402	\$ 10,590
	106,488	
	725,510	
	1,380,974	
38,477	454,563	
	1,526,815	
102,242	172,180	31,198
	345,000	100,000
	<u>228,497</u>	<u>12,500</u>
\$ <u>162,424</u>	\$ <u>5,509,429</u>	\$ <u>154,288</u>
\$ (70,762)	\$ 159,967	\$ 112,707
<u>1,046,075</u>	<u>3,476,325</u>	<u>377,411</u>
\$ <u>975,313</u>	\$ <u>3,636,292</u>	\$ <u>490,118</u>

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

CITY OF MEADOWS PLACE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net Change in Fund Balances – Governmental Funds	\$ 159,967
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenue when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	30,891
Governmental funds do not account for depreciation. However, in the Statement of Net Assets, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(828,210)
Governmental funds do not account for the decrease in accrued compensated absences. However, in the Statement of Activities, the decrease is recorded as a reduction of the current year expense.	3,725
Governmental funds report record proceeds from the sale of assets as revenue. However, in the Statement of Net Assets capital assets sold during the year are removed and a gain or loss is recorded in the Statement of Activities.	(10,833)
Governmental funds report capital expenditures in the period purchased. However, in the Statement of Net Assets, capital assets are increased by new purchases.	203,378
Governmental funds report equalization costs for the groundwater reduction plan as an expenditure in the year payments are made. However, a liability is recorded in the Statement of Net Assets for the remaining balance of the equalization fee and the expense is recorded in the Statement of Activities when the fee is assessed.	103,653
Governmental funds report bond principal payments and lease principal payments as expenditures. However, in the Statement of Net Assets, these payments are reported as decreases in long-term liabilities.	445,000
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.	<u>(906)</u>
Change in Net Assets – Governmental Activities	<u>\$ 106,665</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, 2009

NOTE 1. CREATION OF CITY

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The 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. 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.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2009

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 collectable 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.

In the government-wide Statement of Net Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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 Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

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

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

Program Revenues

In the Statement of Activities, program revenues include fines and forfeitures, charges for utility services, garbage services, grant proceeds, licenses and permits, and various user fees.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

Cash, Cash Equivalents and Investments

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

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net 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.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. 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, 2009	\$ 200,000	\$ 3,300,000
Interest Rates	5.00%	5.00% - 6.50%
Maturity Dates – Serially Beginning/Ending	March 15, 2010/2011	March 15, 2010/2020
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, 2009		\$ 1,125,000
Interest Rates		3.50% - 5.50%
Maturity Dates – Serially Beginning/Ending		March 15, 2010/2025
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. Series 2005 term 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, 2009

NOTE 3. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2009:

Bond Debt Payable – October 1, 2008		\$ 5,070,000
Less: Bond Principal Retirement		
Series 1997	\$ 100,000	
Series 2000	300,000	
Series 2005	45,000	445,000
 Bond Debt Payable - September 30, 2009		 \$ 4,625,000
 Bond Debt Payable-		
Due Within One Year		\$ 450,000
Due After One Year		4,175,000
 Bond Debt Payable-September 30, 2009		 \$ 4,625,000

As of September 30, 2009, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
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
2015-2019	1,835,000	407,515	2,242,515
2020-2024	725,000	75,997	800,997
2025	100,000	2,150	102,150
	\$ 4,625,000	\$ 1,340,699	\$ 5,965,699

During the year ended September 30, 2009, the City levied an ad valorem debt service tax at the rate of \$0.1756 per \$100 of assessed valuation, which resulted in a tax levy of \$501,077 on the adjusted taxable valuation of \$285,351,562 for the 2008 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, 2009

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, 2009, is accounted for in the Statement of Net Assets and is comprised of the following components:

Sick Leave	\$ 55,676
Comp-time	<u>-0-</u>
Total	<u>\$ 55,676</u>

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

Employees are allowed to earn up to 120 hours of comp-time for overtime hours worked. Upon termination of employment, whether voluntary or involuntary, including retirement, employees receive payment for 150 percent of accumulated comp-time earned at their base salary in effect at date of termination. During the prior year, the City began paying all accumulated comp-time in the last payroll period of the fiscal year. The City will no longer carry forward these balances.

NOTE 5. DEPOSITS AND INVESTMENTS

Cash and cash equivalents 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, 2009

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 \$307,832 and the bank balance was \$393,843. Of the bank balance, \$253,445 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, 2009, are part of cash and cash equivalents as listed below:

GENERAL FUND	\$ (162,073)
DEBT SERVICE FUND	469,905
CAPITAL PROJECTS FUND	-0-
COMPONENT UNIT	-0-
TOTAL DEPOSITS	\$ 307,832

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.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the City and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

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

As of September 30, 2009, the City had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND -</u>					
TexPool	\$ 1,647,920	\$ 1,647,920	\$	\$	\$
Lone Star	772,507	772,507			
<u>DEBT SERVICE FUND -</u>					
TexPool	128,737	128,737			
<u>CAPITAL PROJECTS FUND -</u>					
TexPool	975,313	975,313			
<u>COMPONENT UNIT -</u>					
TexPool	458,921	458,921			
TOTAL INVESTMENTS	\$ 3,983,398	\$ 3,983,398	\$ -0-	\$ -0-	\$ -0-

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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, 2009, the City's investment in TexPool and Lone Star were rated AAAm and AAA, respectively, 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 investments in TexPool and Lone Star to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the City, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets. All cash and investments of the Component Unit are restricted for activities of the economic development corporation.

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2009:

	<u>October 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2009</u>
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 8,363,976	\$ -0-	\$ -0-	\$ 8,363,976
Capital Assets at Historical Cost Subject to Depreciation				
Buildings	\$ 1,747,085	\$	\$	\$ 1,747,085
Furniture and Fixtures	244,908			244,908
Machinery and Equipment	587,805	29,320	(6,500)	610,625
Park Improvements	522,149	120,925		643,074
Vehicles	614,932	40,618	(45,658)	609,892
Water System	4,192,941			4,192,941
Wastewater System	8,715,771			8,715,771
Drainage	2,593,799			2,593,799
Streets and Sidewalks	<u>12,213,065</u>	<u>12,515</u>		<u>12,225,580</u>
Total Capital Assets at Historical Cost Subject to Depreciation	<u>\$ 31,432,455</u>	<u>\$ 203,378</u>	<u>\$ (52,158)</u>	<u>\$ 31,583,675</u>

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 6. CAPITAL ASSETS (Continued)

	<u>October 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2009</u>
Less Accumulated				
Depreciation				
Buildings	\$ 496,460	\$ 42,029	\$	\$ 538,489
Furniture and Fixtures	244,908			244,908
Machinery and Equipment	389,560	72,581	(6,500)	455,641
Park Improvements	180,902	39,949		220,851
Vehicles	490,898	45,144	(34,825)	501,217
Water System	2,153,721	120,162		2,273,883
Wastewater System	2,849,711	196,607		3,046,318
Drainage	1,738,170	57,640		1,795,810
Streets and Sidewalk	<u>9,593,061</u>	<u>254,098</u>		<u>9,847,159</u>
Total Accumulated				
Depreciation	<u>\$ 18,137,391</u>	<u>\$ 828,210</u>	<u>\$ (41,325)</u>	<u>\$ 18,924,276</u>
Total Depreciable Capital				
Assets, Net of				
Accumulated				
Depreciation	<u>13,295,064</u>	<u>(624,832)</u>	<u>(10,833)</u>	<u>12,659,399</u>
Total Capital Assets, Net of				
Accumulated				
Depreciation	<u>\$ 21,659,040</u>	<u>\$ (624,832)</u>	<u>\$ (10,833)</u>	<u>\$ 21,023,375</u>

The City's capital assets included donations of \$861,352, 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, 2009, follows:

General Government	\$ 302,544
Municipal Court	6,609
Public Works	6,380
Police Department	76,722
Public Utilities Water/Sewer	386,524
Parks and Recreation	<u>49,431</u>
Total Depreciation Expense	<u>\$ 828,210</u>

NOTE 7. MAINTENANCE AND OPERATIONS TAX LEVY

During the current fiscal year, the City levied a 2008 maintenance and operations tax at the rate of \$0.6144 per \$100 of valuation. The levy was based upon a total adjusted property valuation of \$285,351,562. This tax levy resulted in a total tax amount of \$1,753,200. 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, 2009

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 833 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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.

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

	<u>12/31/08</u>	<u>12/31/07</u>	<u>12/31/06</u>
Employee deposit rate	7%	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating,	100% Repeating,	100% Repeating,
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 8. PENSION PLAN (Continued)

Contributions

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

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance 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, 2008, valuation is effective for rates beginning January 2010).

The City's total payroll in fiscal year 2009 was approximately \$1,415,116, and the City's contributions were based on a payroll of approximately \$1,322,936. Contributions made by employees totaled \$92,606, and the City made contributions of \$151,860 during the fiscal year ended September 30, 2009. Funding information for the last three actuarial valuation dates are as follows:

Required Pension System Supplementary Information (Unaudited)

Actuarial Valuation Date	12/31/08	12/31/07	12/31/06
Actuarial Value of Assets	\$ 2,653,643	\$ 2,329,450	\$ 2,050,607
Actuarial Accrued Liability (AAL)	\$ 3,637,021	\$ 3,258,881	\$ 2,431,010
Percentage Funded	73.0%	71.5%	84.4%
Underfunded (Overfunded) AAL (UAAL)	\$ 983,378	\$ 929,431	\$ 380,403
Annual Covered Payroll	\$ 1,272,488	\$ 1,260,175	\$ 1,085,378
UAAL as a Percentage of Covered Payroll	77.3%	73.8%	35.1%
Annual Required Contribution	\$ 151,860	\$ 136,120	\$ 129,152
Percentage of Contributions Made	100.0%	100%	100%
Net Pension Obligation	\$ -0-	\$ -0-	\$ -0-

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 8. PENSION PLAN (Continued)

Required Pension System Supplementary Information (Unaudited) (Continued)

Actuarial valuation date	<u>12/31/08</u>	<u>12/31/07</u>	<u>12/31/06</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Amortization period	29 Years- Closed Period	30 Years- Closed Period	25 Years- Open Period
Asset valuation method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment return	7.5%	7.00%	7.00%
Projected salary increases	Varies by age and service	Varies by age and service	None
Inflation	3.0%	3.0%	3.5%
Cost-of-living adjustments	2.1%	2.1%	None

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(1) / (2)	(3) - (1)		(3) / (5)
12/31/2008	\$2,653,643	\$3,637,021	73.0%	\$983,378	\$1,272,488	77.3%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements on pages 49 and 50. Presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 8. PENSION PLAN (Continued)

Required Pension System Supplementary Information (Unaudited) (Continued)

The City is one of 833 municipalities which have a benefit plan administered by TMRS. Each of the municipalities has an annual, individual valuation performed. All assumptions for the December 31, 2008 valuations are contained in the 2008 TMRS Comprehensive Annual Financial Report.

NOTE 9. CONTRACTS

City of Houston

The Meadows Municipal Utility District (“MUD”), which was dissolved and added to City operations in 1993, had contracted with the City of Houston in a prior year for the use of capacity in the MUD’s sewage treatment plant. Under the terms of the contract (which has been continued with the City), the City operates and owns the plant and charges the City of Houston for a proportionate share of the plant’s operating costs. The City of Houston’s contracted plant capacity is 67,500 gallons per day for 180 connections which represents approximately 4.5 percent of total plant capacity. During the fiscal year ended September 30, 2009, the City received \$18,504 from the City of Houston for their proportionate share of the plant’s operating costs.

Fort Bend County Water Control & Improvement District No. 2

On May 19, 2008, the City entered into an agreement with Fort Bend County Water Control and Improvement District No. 2 (“the District”) for participation in a groundwater reduction plan. The agreement was effective as of January 1, 2008. The District has an existing surface water supply contract with the Gulf Coast Water Authority, owns a site for a surface water treatment plant and is developing a regional groundwater reduction plan to meet the regulatory plan requirement of the Fort Bend County Subsidence District. The District is willing to include the City in the groundwater reduction plan.

The District is developing the groundwater reduction plan for the benefit of the participants and shall act as the administrator in implementing the plan and maintaining the surface water fund. The surface water fund is a separate account owned and administered by the District for the benefit of the participants and shall only be used to pay costs associated with the groundwater reduction plan and its implementation and the issuance and payment of any bonds. The District will be responsible for designing the plan to meet the requirements of the subsidence district. The District will include the City as a participant in the plan and will include the pumpage from permitted wells owned by the City in their request for the subsidence district’s certification of the plan.

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 9. CONTRACTS (Continued)

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

The City will pay the District a monthly pumpage fee for all groundwater pumped by the City from its permitted wells and for all water supplied to the City by the District. As of year end, the pumpage fee is \$1.40 per 1,000 gallons. A groundwater credit will be applied on a monthly basis and deducted from the monthly pumpage fee. As of year end, the groundwater credit is \$0.45 per 1,000. During the current fiscal year, the City recorded \$215,408 in pumpage fees. The City will also pay an equalization fee on a monthly basis as a unit charge of \$0.20 per 1,000 gallons of groundwater pumped by the City from a permitted well and/or for water supplied to the City by the District until the City's equalization fee payments total \$328,054 plus interest calculated at 4.44% per year. The equalization fee is the City's pro rata share of the District's historical costs incurred prior to the effective date of this agreement for the procurement of a surface water supply, a plant site and feasibility studies and preparation of the groundwater reduction plan. During the current fiscal year, the City recorded payments of \$115,599 in equalization payments. Of this amount, \$103,653 was applied to principal leaving a balance in equalization fees of \$212,938. The remaining \$11,946 was recorded as interest expense.

NOTE 10. COMPONENT UNIT RECONCILIATION

Component Unit – Fund Balance per Balance Sheet	\$	490,118
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.		(417)
Component Unit – Net Assets per Statement of Net Assets	\$	489,701

NOTE 11. 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 \$79,897 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.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MEADOWS PLACE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOITE 12. GRANT REVENUES

During the current year, the City was awarded \$36,856, from the Texas Department of Public Safety's Division of Emergency Management. These funds were pass-through funds from the Federal Emergency Management Agency ("FEMA") to reimburse the District for costs associated with damage caused by Hurricane Ike on September 13, 2008.

On August 25, 2008, the City was awarded a matching grant from the Texas Parks and Wildlife Commission to fund the costs of park improvements to 14.8 acre community park located in the west area of the City. During the current year, the City received \$38,371 upon completion of the project. The project has been recorded in the City's capital assets.

On February 27, 2009, the City received its annual allocation from the Law Enforcement Officer Standards and Education account in the amount of \$1,567. These funds were provided by the Texas Comptroller of Public Accounts to be used to provide necessary training to full-time, fully paid law enforcement support personnel of the City.

On August 14, 2009, the City was awarded a matching grant from the Texas Parks and Wildlife Commission in the amount of \$73,300 to further develop a 16.5 acre community park located in the central area of the City.

On September 1, 2009, the City was awarded a grant from the State of Texas, State Criminal Justice Planning (421) Fund in the amount of \$61,496 for digital camera and equipment upgrades.

CITY OF MEADOWS PLACE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2009

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes and Penalties	\$ 1,731,830	\$ 1,769,103	\$ 37,273
City Sales Taxes	685,000	804,273	119,273
Public Utilities	1,685,740	1,663,617	(22,123)
Franchise Fees	230,000	252,023	22,023
Fines and Forfeitures	465,000	441,006	(23,994)
Licenses and Permits	25,000	47,200	22,200
Investment Revenue	65,000	17,609	(47,391)
Other	<u>62,500</u>	<u>76,741</u>	<u>14,241</u>
TOTAL REVENUES	\$ 4,950,070	\$ 5,071,572	\$ 121,502
EXPENDITURES			
General Government	\$ 527,383	\$ 541,424	\$ (14,041)
Municipal Court	109,013	106,488	2,525
Public Works	818,437	725,510	92,927
Police Department	1,503,206	1,380,974	122,232
Parks and Recreation	427,787	416,086	11,701
Public Utilities Water/Sewer	1,456,166	1,526,815	(70,649)
Capital Outlay	<u> </u>	<u>69,938</u>	<u>(69,938)</u>
TOTAL EXPENDITURES	\$ 4,841,992	\$ 4,767,235	\$ 74,757
NET CHANGE IN FUND BALANCE	\$ 108,078	\$ 304,337	\$ 196,259
FUND BALANCE – OCTOBER 1, 2008	<u>1,758,000</u>	<u>1,758,000</u>	<u> </u>
FUND BALANCE – SEPTEMBER 30, 2009	<u>\$ 1,866,078</u>	<u>\$ 2,062,337</u>	<u>\$ 196,259</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2009

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
Property Taxes and Penalties:			
Taxes – Ad Valorem Current	\$ 1,731,830	\$ 1,725,576	\$ (6,254)
Penalty and Interest		<u>43,527</u>	<u>43,527</u>
Total Property Taxes and Penalties	<u>\$ 1,731,830</u>	<u>\$ 1,769,103</u>	<u>\$ 37,273</u>
City Sales Taxes:			
Sales Tax	\$ 450,000	\$ 526,655	\$ 76,655
½% Ad Valorem Sales Tax	225,000	263,325	38,325
Mixed Beverage Sales Tax	<u>10,000</u>	<u>14,293</u>	<u>4,293</u>
Total City Sales Taxes	<u>\$ 685,000</u>	<u>\$ 804,273</u>	<u>\$ 119,273</u>
Public Utilities:			
Service Fees – Water	\$ 801,300	\$ 783,319	\$ (17,981)
Service Fees – Sewer	515,000	505,847	(9,153)
Garbage Fees	349,440	324,539	(24,901)
City of Houston		18,504	18,504
Late Fees	<u>20,000</u>	<u>31,408</u>	<u>11,408</u>
Total Public Utilities	<u>\$ 1,685,740</u>	<u>\$ 1,663,617</u>	<u>\$ (22,123)</u>
Franchise Fees	<u>\$ 230,000</u>	<u>\$ 252,023</u>	<u>\$ 22,023</u>
Fines and Forfeitures:			
Fines and Forfeitures	\$ 465,000	\$ 419,276	\$ (45,724)
Court Cost 10% Administrative		<u>21,730</u>	<u>21,730</u>
Total Fines and Forfeitures	<u>\$ 465,000</u>	<u>\$ 441,006</u>	<u>\$ (23,994)</u>
Licenses and Permits	<u>\$ 25,000</u>	<u>\$ 47,200</u>	<u>\$ 22,200</u>
Interest	<u>\$ 65,000</u>	<u>\$ 17,609</u>	<u>\$ (47,391)</u>
Other Revenues:			
Newsletter Advertising	\$ 12,500	\$ 11,923	\$ (577)
Miscellaneous Revenue	20,000	26,418	6,418
Rentals	30,000	9,716	(20,284)
Programs		17,269	17,269
Donations		<u>11,415</u>	<u>11,415</u>
Total Other Revenues	<u>\$ 62,500</u>	<u>\$ 76,741</u>	<u>\$ 14,241</u>
Total Revenues	<u>\$ 4,950,070</u>	<u>\$ 5,071,572</u>	<u>\$ 121,502</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
General Government:			
Personnel	\$ 315,233	\$ 324,882	\$ (9,649)
Operating and Other	<u>212,150</u>	<u>216,542</u>	<u>(4,392)</u>
Total General Government	<u>\$ 527,383</u>	<u>\$ 541,424</u>	<u>\$ (14,041)</u>
Municipal Court:			
Personnel	\$ 94,913	\$ 91,305	\$ 3,608
Operating and Other	<u>14,100</u>	<u>15,183</u>	<u>(1,083)</u>
Total Municipal Court	<u>\$ 109,013</u>	<u>\$ 106,488</u>	<u>\$ 2,525</u>
Public Works:			
Personnel	\$ 215,837	\$ 201,480	\$ 14,357
Operating and Other	<u>602,600</u>	<u>524,030</u>	<u>78,570</u>
Total Public Works	<u>\$ 818,437</u>	<u>\$ 725,510</u>	<u>\$ 92,927</u>
Police Department:			
Personnel	\$ 1,197,752	\$ 1,205,203	\$ (7,451)
Operating and Other	<u>305,454</u>	<u>175,771</u>	<u>129,683</u>
Total Police Department	<u>\$ 1,503,206</u>	<u>\$ 1,380,974</u>	<u>\$ 122,232</u>
Parks and Recreation:			
Personnel	\$ 161,787	\$ 167,026	\$ (5,239)
Operating and Other	<u>266,000</u>	<u>249,060</u>	<u>16,940</u>
Total Parks and Recreation	<u>\$ 427,787</u>	<u>\$ 416,086</u>	<u>\$ 11,701</u>
Public Utilities Water/Sewer:			
Personnel	\$ 102,999	\$ 96,559	\$ 6,440
Operating and Other	<u>1,353,167</u>	<u>1,430,256</u>	<u>(77,089)</u>
Total Public Utilities Water/Sewer	<u>\$ 1,456,166</u>	<u>\$ 1,526,815</u>	<u>\$ (70,649)</u>
Capital Outlay	<u>\$ -0-</u>	<u>\$ 69,938</u>	<u>\$ (69,938)</u>
Total Expenditures	<u>\$ 4,841,992</u>	<u>\$ 4,767,235</u>	<u>\$ 74,757</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes and Penalties	\$ 494,900	\$ 504,097	\$ 9,197
Investment Revenue	<u>7,500</u>	<u>2,065</u>	<u>(5,435)</u>
TOTAL REVENUES	<u>\$ 502,400</u>	<u>\$ 506,162</u>	<u>\$ 3,762</u>
EXPENDITURES			
General Government	\$ 8,500	\$ 6,273	\$ 2,227
Bond Principal	345,000	345,000	
Bond Interest	<u>228,497</u>	<u>228,497</u>	
TOTAL EXPENDITURES	<u>\$ 581,997</u>	<u>\$ 579,770</u>	<u>\$ 2,227</u>
NET CHANGE IN FUND BALANCE	\$ (79,597)	\$ (73,608)	\$ 5,989
FUND BALANCE – OCTOBER 1, 2008	<u>672,250</u>	<u>672,250</u>	
FUND BALANCE – SEPTEMBER 30, 2009	<u>\$ 592,653</u>	<u>\$ 598,642</u>	<u>\$ 5,989</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
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
City Sales Taxes	\$ 204,250	\$ 263,325	\$ 59,075
Investment Revenue	<u>750</u>	<u>3,670</u>	<u>2,920</u>
TOTAL REVENUES	<u>\$ 205,000</u>	<u>\$ 266,995</u>	<u>\$ 61,995</u>
EXPENDITURES			
General Government	\$ 35,000	\$ 10,590	\$ 24,410
Capital Outlay	40,000	31,198	8,802
Bond Principal	100,000	100,000	
Bond Interest	<u>22,030</u>	<u>12,500</u>	<u>9,530</u>
TOTAL EXPENDITURES	<u>\$ 197,030</u>	<u>\$ 154,288</u>	<u>\$ 42,742</u>
NET CHANGE IN FUND BALANCE	\$ 7,970	\$ 112,707	\$ 104,737
FUND BALANCE – OCTOBER 1, 2008	<u>377,411</u>	<u>377,411</u>	
FUND BALANCE – SEPTEMBER 30, 2009	<u>\$ 385,381</u>	<u>\$ 490,118</u>	<u>\$ 104,737</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2009

GENERAL OBLIGATION BONDS
 SERIES - 1997

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
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>\$ 200,000</u>	<u>\$ 10,000</u>	<u>\$ 210,000</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2009

GENERAL OBLIGATION BONDS
 SERIES - 2000

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
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>\$ 3,300,000</u>	<u>\$ 909,750</u>	<u>\$ 4,209,750</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2009

GENERAL OBLIGATION BONDS
 SERIES - 2005

Due During Fiscal Years Ending September 30	Principal Due March 15	Interest Due March 15/ September 15	Total
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>\$ 1,125,000</u>	<u>\$ 420,949</u>	<u>\$ 1,545,949</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MEADOWS PLACE, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2009

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
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	<u>100,000</u>	<u>2,150</u>	<u>102,150</u>
TOTAL	<u>\$ 4,625,000</u>	<u>\$ 1,340,699</u>	<u>\$ 5,965,699</u>

See accompanying independent auditor's report.

CITY OF MEADOWS PLACE, TEXAS
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Description	Original Bonds Issued	Bonds Outstanding October 1, 2008
City of Meadows Place, Texas General Obligation Bonds - Series 1997	\$ 1,275,000	\$ 300,000
City of Meadows Place, Texas General Obligation Bonds - Series 2000	6,000,000	3,600,000
City of Meadows Place, Texas General Obligation Bonds - Series 2005	<u>1,295,000</u>	<u>1,170,000</u>
TOTAL	<u>\$ 8,570,000</u> *	<u>\$ 5,070,000</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.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2009</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 100,000	\$ 12,500	\$ 200,000	Bank of New York Jacksonville, FL
	300,000	179,625	3,300,000	Bank of New York Jacksonville, FL
<u> </u>	<u>45,000</u>	<u>48,872</u>	<u>1,125,000</u>	Bank of New York Jacksonville, FL
<u>\$ -0-</u>	<u>\$ 445,000</u>	<u>\$ 240,997</u>	<u>\$ 4,625,000</u>	

See accompanying independent auditor's report.

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

Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded (Overfunded) Actuarial Accrued Liability
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
2005	\$ 2,059,004	\$ 2,391,362	86.10%	\$ 332,358
2006	\$ 2,050,607	\$ 2,431,010	84.40%	\$ 380,403
2007*	\$ 2,329,450	\$ 3,258,881	71.50%	\$ 929,431
2008	\$ 2,653,643	\$ 3,637,021	73.00%	\$ 983,378

* New actuarial cost method and assumptions were adopted by the TMRS Board of Trustees at their December, 2007 meeting, to be effective for the December 31, 2007 valuation. See Note 8 for additional information.

See accompanying independent auditor's report.

Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll	Annual Required Contribution To TMRS	Average City Rate
\$ 877,191	16.3%	\$ 61,692	7.04%
\$ 863,405	17.6%	\$ 66,500	7.71%
\$ 944,907	12.8%	\$ 78,467	7.91%
\$ 951,902	12.5%	\$ 73,620	7.54%
\$ 972,927	36.9%	\$ 101,949	10.13%
\$ 1,013,849	35.7%	\$ 122,344	11.17%
\$ 981,129	33.9%	\$ 128,769	11.32%
\$ 1,085,378	35.1%	\$ 129,152	10.67%
\$ 1,260,175	73.8%	\$ 136,120	10.43%
\$ 1,272,488	77.3%	\$ 151,860	11.48%

See accompanying independent auditor's report.