

TOWN OF TROPHY CLUB, TEXAS

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
TOWN OF TROPHY CLUB, TEXAS

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas, (the Town), as of and for the year ended September 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas as of September 30, 2009, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and budgetary comparison information on pages 3 through 9 and 36 through 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 supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have issued a report dated March 8, 2010 on our consideration of the Town's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance

Town of Trophy Club, Texas
March 8, 2010

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with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Town of Trophy Club's basic financial statements. The accompanying combining financial statements and budgetary comparison schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying combining financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 8, 2010

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

The Town of Trophy Club, Texas (the "Town") Management's Discussion and Analysis is a narrative overview and analysis designed to provide the reader a means to identify and understand the financial activity of the Town and changes in the Town's financial position during the fiscal year ended September 30, 2009.

The Management's Discussion and Analysis (MD&A) is supplemental to, and should be considered along with the Town's financial statements.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year, the assets of the Town exceeded its liabilities by \$39,681,006. Of this amount, (6,197,041) is unrestricted net assets and may be used to meet the Town's ongoing commitments to its citizens and creditors.

The Town's net assets increased by \$3,967,843 as a result of operations and contributions from the Public Improvement District #1.

At the end of the fiscal year, the Town's governmental funds reported a combined fund balance of \$5,889,579.

For the year ended September 30, 2009, the unreserved fund balance for the General Fund was \$2,010,869, 37% of the total expenditures for the General Fund for 2009.

The governmental long-term debt obligations of the Town decreased by \$624,982. This decrease was comprised of debt service, note and capital lease payments, and a decrease in compensated absences of \$648,293 during the fiscal year; and the addition of \$23,311 in new capital lease obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to introduce the reader to the Town's basic financial statements, which are comprised of three components: 1. Government-Wide Financial Statements, 2. Fund Financial Statements, and 3. Notes to Basic Financial Statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements – the government-wide financial statements are designed to provide the reader with a general overview of the Town's finances in a way that is comparable with financial statements from the private sector. The government-wide financial statements consist of two statements:

1. **The Statement of Net Assets** – (Page 10) this statement presents information on all of the Town's assets and liabilities; the difference between the two is reported as net assets. Over an extended period, the increase or decrease in net assets will serve as a good indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

2. **The Statement of Activities** – (Page 11) gives information showing how the Town's net assets have changed during the fiscal year. All revenues and expenses are reported on the full accrual basis so certain revenue and expense items will result in cash flows in future fiscal periods (such as uncollected taxes or unused vacation leave).

In the above statements, the Town's operations are presented as Governmental Activities - where most of the Town's basic activities are reported, including police, fire, public works, court, council and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees.

The 4A Economic Development Corporation and 4B Economic Development Corporation are considered (discretely presented) component units of the Town. Their balances and activities have been combined and reported separately from those of the Town in the above statements.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or objectives. Fund financial statements provide detailed information about the most important funds and not about the Town as a whole as in the government-wide financial statements.

The Town uses fund accounting to demonstrate compliance with finance related legal requirements which can be categorized into two activities – governmental funds and proprietary funds.

Governmental Funds – All of the Town's activities are reported in governmental funds. They are used to account for those functions known as government activities. But unlike government-wide financial statements, governmental funds financial statements focus on how monies flow into and out of those funds and their resulting balances at the end of the fiscal year. Statements of governmental funds provide a detailed short-term view of the Town's general government operations and the basic services it provides. Such information can be useful in evaluating a government's short-term financing requirements.

The Town maintains three governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds.

The 4A Economic Development Corporation and 4B Economic Development Corporation are reported as discretely presented component units. Information on these component units is presented in the Statement of Net Assets - Discretely Presented Component Units and the Statement of Activities – Discretely Presented Component Units.

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

City Operational Analysis – The following table provides a summary analysis of the Town's operations for the fiscal year ended September 30, 2009. Governmental activities have increased the Town's net assets by \$3,967,843 which amounts to an 11% increase in total net assets for the year.

Table 2
Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Revenue:		
Program revenue		
Charges for services	\$ 1,551,633	\$ 1,284,324
Operating grants and contributions	55,801	977,774
Capital grants and contributions	3,736,920	27,776,510
General revenue		
Ad valorem taxes	3,639,192	3,217,051
Sales and mixed beverage taxes	588,362	608,218
Franchise taxes	546,271	489,500
Occupancy taxes	17,069	25,705
Intergovernmental revenue	260,507	254,572
Unrestricted investment earnings	85,800	465,064
Miscellaneous	163,192	629,225
Total revenue	<u>10,644,747</u>	<u>35,727,943</u>
Expenses:		
General government	17,040	250,774
Storm drainage	131,921	132,283
Emergency medical services	611,799	741,240
Manager's office	474,005	446,175
Human resources	38,376	28,702
Finance	237,327	225,825
Information systems	166,257	186,733
Legal	246,297	165,219
Police	1,402,023	1,406,860
Court	60,929	69,170
Recreation	414,006	422,486
Facilities management	101,514	94,511
Parks	810,515	1,386,349
Community development	197,765	289,714
Planning and zoning	100,522	125,838
Fire	-	893,653
Streets	1,195,065	394,338
Trophy Club Park	-	121,270
Water and sewer	80,197	8,600
Transfers	-	4,422,288
Interest on long term debt	391,346	2,532,457
Total expenses and transfers	<u>6,676,904</u>	<u>14,344,485</u>
Increase in net assets	<u>\$ 3,967,843</u>	<u>\$ 21,383,458</u>

TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Financial Analysis of the Town's Funds

Governmental Funds - the main focus of the Town's governmental funds is to provide information on the flow of monies to and from the funds; and to note the unreserved fund balance, which is a good indicator of resources available for spending in the near term. The information derived from these funds is highly useful in assessing the Town's financial requirements. The unreserved fund balance may serve as a useful measure of the governments net resources available for use at the fiscal year end.

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,889,579 of which 34%, or \$2,019,100, is unreserved and available to the Town for future spending. The remaining fund balance is not available for spending and is committed to pay debt service and other items.

General Fund Budgetary Highlights

Revenue: Significant variances between budgeted and actual revenues included: ad valorem taxes were \$72,221 over budget; sales taxes were \$53,496 under budget; licenses and permits were \$277,210 under budget; and interest income was \$50,232 under budget.

Expenses: As revenues declined from budgeted projections during the fiscal year, each department took measures to reduce expenditures to offset the lower revenues and all ended fiscal year 2008-2009 under budget. Emergency Medical Services (EMS) was \$56,860 under budget due to salary savings and reduced supply purchases. The Town Manager's Office budget included \$73,657 for salary adjustments that were not given during the fiscal year. The Police department was \$104,361 under budget due to salary savings and reduced expenditures for supplies and equipment. The Parks department ended the fiscal year \$61,336 under budget primarily due to lower fuel and utility costs. The Recreation department was \$46,140 under budget primarily due to salary savings. The Planning and Zoning department was \$41,303 under budget due to lower engineering costs associated with slower than anticipated development. **Overall:** The Town had a net positive savings of \$475,604.

Capital Asset and Debt Administration

The Town's investments of capital assets for its governmental activities as of September 30, 2009 amounted to \$41,789,507 net of accumulated depreciation. They represent a broad range of capital assets including, but not limited to land, buildings, police and fire, and EMS equipment, park facilities, streets, water lines and a storm water drainage system. Significant increases came from contributions from Trophy Club Public Improvement District #1.

**TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Table 3
Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities 2009	Governmental Activities 2008
Land	\$ 3,334,724	\$ 3,334,724
Buildings	1,474,685	1,554,626
Improvements other than buildings	12,506,216	9,719,013
Machinery and equipment	501,920	554,125
Vehicles	286,357	359,773
Water System	31,822	33,566
Infrastructure	2,865,258	2,997,179
Construction in progress	20,788,525	13,502,996
Totals	\$ 41,789,507	\$ 32,056,002

Major additions to capital assets for the fiscal year include the following:

Description	Amount
Computer Equipment	\$ 28,182
EMS Vehicle	13,628
Streets	1,893,215
Construction in progress - streets	8,865,523

Additional information about capital assets may be found in Note 4 in the notes to financial statements beginning on page 28 of this report.

Debt Administration

Long-Term Debt - at the end of the 2008-2009 fiscal year, the Town had \$8,410,160 in bonded debt, notes payable and capital lease obligations, a decrease of 6.9% from the previous fiscal year. Of this amount, \$8,162,000 is backed by the full faith and credit of the government. The Town's general obligation debt maintains an "A2" rating from Moody's investor services.

**TOWN OF TROPHY CLUB, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Table 4
Outstanding Debt at Year-End

	Governmental Activities 2009	Governmental Activities 2008
General obligation bonds	\$ 7,310,000	\$ 7,755,000
Contractual obligations	852,000	922,000
Notes payable	-	8,000
Capital leases	198,756	295,306
Compensated absences	49,404	54,836
Total	<u>\$ 8,410,160</u>	<u>\$ 9,035,142</u>

Economic Factors and Next Year's Budgets and Rates

In the budget for the next fiscal year, revenues have been projected to increase by 4.7%. The two largest sources of revenue: sales tax receipts and property tax receipts were budgeted to increase 7.4%, and 6.6%, respectively. Expenditures are expected to increase 1.5%.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all interested parties. Questions concerning any of the information in this report or requests for additional information should be directed to the Town of Trophy Club, Director of Finance, 100 Municipal Drive, Trophy Club, Texas 76262.

BASIC FINANCIAL STATEMENTS

TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 6,815,432	\$ 614,856
Receivables:		
Sales taxes	88,945	53,368
Ad valorem taxes	46,343	-
Franchise fees	332,472	-
Accounts, net of allowance	73,919	-
Grants	39,210	-
Other	12,605	-
Due from other governments	53,095	-
Prepaid items	55,903	-
Bond issuance costs	44,257	-
Capital assets:		
Land	3,334,724	-
Construction in progress	20,788,525	-
Buildings	1,934,264	-
Improvements other than buildings	23,296,221	-
Machinery and equipment	1,045,461	-
Vehicles	956,824	-
Water system	43,600	-
Infrastructure	5,330,030	-
Accumulated depreciation	(14,940,142)	-
TOTAL ASSETS	\$ 49,351,688	\$ 668,224
LIABILITIES		
Accounts payable	\$ 958,559	\$ 29,964
Accrued liabilities	233,877	-
Interest payable	30,811	-
Due to other governments	37,275	-
Noncurrent liabilities:		
Debt due within one year	696,344	-
Debt due in more than one year	7,713,816	-
TOTAL LIABILITIES	9,670,682	29,964
NET ASSETS		
Invested in capital assets, net of related debt	33,443,249	-
Restricted for debt service	40,716	-
Unrestricted	6,197,041	638,260
TOTAL NET ASSETS	\$ 39,681,006	\$ 638,260

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009**

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Governmental activities:						
General government	\$ 17,040	\$ -	\$ -	\$ 3,736,920	\$ 3,719,880	\$ -
Storm drainage	131,921	121,405	-	-	(10,516)	-
Emergency medical services	611,799	139,314	5,610	-	(466,875)	-
Manager's office	474,005	-	-	-	(474,005)	-
Human resources	38,376	-	-	-	(38,376)	-
Finance	237,327	-	-	-	(237,327)	-
Information systems	166,257	-	-	-	(166,257)	-
Legal	246,297	-	-	-	(246,297)	-
Police	1,402,023	-	28,880	-	(1,373,143)	-
Court	60,929	140,553	-	-	79,624	-
Recreation	414,006	117,049	-	-	(296,957)	-
Facilities management	101,514	-	-	-	(101,514)	-
Parks	810,515	126,511	20,797	-	(663,207)	-
Community development	197,765	816,029	-	-	618,264	-
Planning and zoning	100,522	-	-	-	(100,522)	-
Fire	-	-	514	-	514	-
Streets	1,195,065	-	-	-	(1,195,065)	-
Water and sewer	80,197	90,772	-	-	10,575	-
Interest on long-term debt	391,346	-	-	-	(391,346)	-
Total governmental activities	6,676,904	1,551,633	55,801	3,736,920	(1,332,550)	-
Component units:						
4A Economic Development Corporation	193,020	-	-	-	-	(193,020)
4B Economic Development Corporation	74,002	-	-	-	-	(74,002)
Total component units	\$ 267,022	\$ -	\$ -	\$ -	-	(267,022)
General Revenues:						
Taxes:						
Ad valorem					3,639,192	-
Sales and mixed beverage					588,362	344,867
Franchise taxes					546,271	-
Occupancy taxes					17,069	-
Intergovernmental revenue					260,507	-
Investment income					85,800	4,443
Miscellaneous revenues					163,192	-
Total general revenues					5,300,393	349,310
Change in net assets						
Net Assets - beginning of year					3,967,843	82,288
Net Assets - end of year					\$ 39,681,006	\$ 638,260

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,207,337	\$ 63,305	\$ 4,481,968	\$ 62,822	\$ 6,815,432
Receivables					
Sales taxes	88,945	-	-	-	88,945
Ad valorem taxes	38,121	8,222	-	-	46,343
Franchise fees	332,472	-	-	-	332,472
Accounts (net of allowance for uncollectible accounts)	50,941	-	-	22,978	73,919
Grants	39,210	-	-	-	39,210
Miscellaneous	12,605	-	-	-	12,605
Due from other governments	53,095	-	-	-	53,095
Due from other funds	54,300	-	-	7,066	61,366
Prepays	54,647	-	-	1,256	55,903
Total assets	<u>\$ 2,931,673</u>	<u>\$ 71,527</u>	<u>\$ 4,481,968</u>	<u>\$ 94,122</u>	<u>\$ 7,579,290</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 219,715	\$ -	\$ 731,762	\$ 7,082	\$ 958,559
Accrued liabilities	216,434	-	-	17,443	233,877
Due to other governments	37,275	-	-	-	37,275
Due to other funds	-	-	-	61,366	61,366
Deferred revenue	390,412	8,222	-	-	398,634
Total liabilities	<u>863,836</u>	<u>8,222</u>	<u>731,762</u>	<u>85,891</u>	<u>1,689,711</u>
Fund balances					
Reserved for debt service	-	63,305	-	-	63,305
Reserved for parks	2,321	-	-	-	2,321
Reserved for prepaids	54,647	-	-	-	54,647
Reserved for capital projects	-	-	3,750,206	-	3,750,206
Unreserved and undesignated reported in:					
General fund	2,010,869	-	-	-	2,010,869
Special revenue fund	-	-	-	8,231	8,231
Total fund balances	<u>2,067,837</u>	<u>63,305</u>	<u>3,750,206</u>	<u>8,231</u>	<u>5,889,579</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,931,673</u>	<u>\$ 71,527</u>	<u>\$ 4,481,968</u>	<u>\$ 94,122</u>	<u>\$ 7,579,290</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

Total fund balances - governmental funds	\$ 5,889,579
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	41,789,507
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund financial statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	44,257
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(30,811)
Revenues earned but not available within sixty days of year-end are not recognized as revenue in the fund financial statements.	398,634
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(49,404)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(8,360,756)</u>
Net assets of governmental activities	<u><u>\$ 39,681,006</u></u>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Ad valorem taxes	\$ 2,978,276	\$ 644,848	\$ -	\$ -	\$ 3,623,124
Sales and mixed beverage taxes	588,362	-	-	-	588,362
Franchise taxes	546,271	-	-	-	546,271
Occupancy taxes	-	-	-	17,069	17,069
Licenses and permits	631,895	-	-	-	631,895
Intergovernmental	68,532	157,183	10,000	-	235,715
Charges for services	576,902	-	-	217,283	794,185
Fines	140,553	-	-	-	140,553
Investment income	17,727	2,841	64,945	287	85,800
Miscellaneous	109,439	11,101	57,054	1,000	178,594
Grant revenue	-	-	-	50,191	50,191
Contributions	-	-	3,736,920	-	3,736,920
Total revenues	<u>5,657,957</u>	<u>815,973</u>	<u>3,868,919</u>	<u>285,830</u>	<u>10,628,679</u>
Expenditures:					
Current:					
General government	-	-	22,382	85,319	107,701
Emergency medical services	609,159	-	-	-	609,159
Manager's office	474,657	-	-	-	474,657
Human resources	38,717	-	-	-	38,717
Finance	236,212	-	-	-	236,212
Information systems	196,433	-	-	-	196,433
Legal	246,297	-	-	-	246,297
Police	1,307,423	-	-	28,061	1,335,484
Court	61,036	-	-	-	61,036
Parks	715,973	-	-	104,373	820,346
Recreation	409,847	-	-	-	409,847
Facilities management	84,098	-	-	-	84,098
Community development	165,277	-	-	-	165,277
Planning and zoning	99,885	-	-	-	99,885
Streets	791,304	-	-	-	791,304
Water	-	-	-	78,453	78,453
Capital outlay	-	-	10,394,523	-	10,394,523
Debt service:					
Principal retirement	-	515,000	-	-	515,000
Interest and fiscal charges	-	389,921	-	-	389,921
Total expenditures	<u>5,436,318</u>	<u>904,921</u>	<u>10,416,905</u>	<u>296,206</u>	<u>17,054,350</u>
Excess (deficiency) of revenues over expenditures	<u>221,639</u>	<u>(88,948)</u>	<u>(6,547,986)</u>	<u>(10,376)</u>	<u>(6,425,671)</u>
Other financing sources (uses):					
Transfer in	-	-	104,700	-	104,700
Transfer out	(104,700)	-	-	-	(104,700)
Capital lease proceeds	23,310	-	-	-	23,310
Total other financing sources (uses)	<u>(81,390)</u>	<u>-</u>	<u>104,700</u>	<u>-</u>	<u>23,310</u>
Net change in fund balances	140,249	(88,948)	(6,443,286)	(10,376)	(6,402,361)
Fund Balances - beginning of year	<u>1,927,588</u>	<u>152,253</u>	<u>10,193,492</u>	<u>18,607</u>	<u>12,291,940</u>
Fund Balances - end of year	<u>\$ 2,067,837</u>	<u>\$ 63,305</u>	<u>\$ 3,750,206</u>	<u>\$ 8,231</u>	<u>\$ 5,889,579</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Net change in fund balances - total governmental funds	\$ (6,402,361)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	10,800,548
Depreciation expense on capital assets reported in the statement of activities does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(1,067,043)
Payments on long-term debt, including capital leases, are recorded as expenditures in the Governmental Fund Financial Statements, but are reflected as reductions in the liability for long-term debt in the government-wide statements.	642,861
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund financial statements and capitalized and amortized over the life of the debt in the government-wide financial statements. This amount represents \$2,927 of amortization of issuance costs.	(2,927)
Governmental funds reflect the proceeds from the issuance of bonds, contractual obligations, and capital leases as other financing sources; however, in the government-wide financial statements the proceeds are reflected as increases in liabilities.	(23,311)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in the governmental funds.	5,433
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.	(1,425)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	16,068
Change in net assets of governmental activities	\$ 3,967,843

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
SEPTEMBER 30, 2009**

	Agency Fund
	PID NO. 1
	Debt Service
ASSETS	
Cash and cash equivalents	2,804,900
Total assets	\$ 2,804,900
LIABILITIES	
Due to debt holders	2,804,900
Total liabilities	\$ 2,804,900

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2009**

	4A Economic Development Corporation	4B Economic Development Corporation	Totals September 30, 2009
ASSETS			
Cash and cash equivalents	\$ 370,079	\$ 244,777	\$ 614,856
Receivables, net:			
Sales taxes	35,579	17,789	53,368
TOTAL ASSETS	\$ 405,658	\$ 262,566	\$ 668,224
LIABILITIES			
Accounts payable	\$ 25,574	\$ 4,390	\$ 29,964
TOTAL LIABILITIES	25,574	4,390	29,964
NET ASSETS			
Unrestricted	380,084	258,176	638,260
TOTAL NET ASSETS	\$ 380,084	\$ 258,176	\$ 638,260

The Notes to Basic Financial Statements are an integral part of this statement.

**TOWN OF TROPHY CLUB, TEXAS
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Expenses</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
		<u>4A Economic Development Corporation</u>	<u>4B Economic Development Corporation</u>	<u>Total</u>
4A Economic Development Corporation				
General government	\$ 193,020	\$ (193,020)	\$ -	\$ (193,020)
4B Economic Development Corporation				
General government	74,002	-	(74,002)	(74,002)
Total component units	<u>\$ 267,022</u>	<u>(193,020)</u>	<u>(74,002)</u>	<u>(267,022)</u>
General Revenues:				
Sales taxes		229,912	114,955	344,867
Investment income		2,747	1,696	4,443
Total general revenues		<u>232,659</u>	<u>116,651</u>	<u>349,310</u>
Change in net assets		39,639	42,649	82,288
Net Assets - beginning of year		<u>340,445</u>	<u>215,527</u>	<u>555,972</u>
Net Assets - end of year		<u>\$ 380,084</u>	<u>\$ 258,176</u>	<u>\$ 638,260</u>

The Notes to Basic Financial Statements are an integral part of this statement.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Town of Trophy Club (the "Town") is a "home rule town" incorporated in 1985. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: council, public safety (police and emergency medical services), parks, public works (public improvements, streets, planning and zoning), and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed by *Governmental Accounting and Financial Reporting Standards*, the Town has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the Town are described below.

B. Financial Reporting Entity

The Town of Trophy Club is a municipal corporation governed by an elected mayor and a five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Continued

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Separate financial statements for the individual component units are not prepared.

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

Discretely Presented Component Units

The 4A Economic Development Corporation (4A) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the 4A and affect the day-to-day operations of the 4A by removing appointed board members at will. The scope of public service of 4A benefits the Town and its citizens and is operated primarily within the geographic boundaries of the Town.

The 4B Economic Development Corporation (4B) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the 4B and affect the day-to-day operations of the 4B by removing appointed board members at will. The scope of public service of the 4B benefits the Town and its citizens and is operated primarily within the geographic boundaries of the Town.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported as a single column in the government-wide financial statements.

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

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and fiduciary activities. The governmental fund financial statements present each major fund as a separate column on the fund financial statements. A separate financial statement is provided for the agency fund even though it is excluded from the government-wide statements.

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

General Fund

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

Debt Service Fund

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

Capital Projects Funds

The Capital Projects Funds are used to account for funds received and expended for the acquisition and construction of infrastructure and other capital assets.

In addition, the Town reports the following non-major governmental funds:

Grant Fund

This fund is used to account for grant monies received by and expended by the Town.

Hotel/Motel Fund

This fund is used to account for local hotel and motel occupancy tax receipts, as well as expenses (events).

Town Utility Fund

This fund is used to account for water usage receipts from PID properties and for expenses related to the cost of providing the water service.

Trophy Club Park Fund

This fund is utilized to account for funds received and expended for the maintenance of park land.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

The Town reports the following fiduciary fund:

Public Utility District (PID) No. 1 Debt Service Agency Fund

This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town as an agent for the Public Improvement District.

D. Measurement Focus and Basis of Accounting

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

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

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

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Cash and Investments

The Town’s cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the Town, at its option, can withdraw funds within a twenty-four hour period from TexPool, investments are considered to be cash equivalents. State statutes authorize the Town to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the Town, and placed through a primary government securities dealer. The Town’s investments are governed by the same state statutes.

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Cash and Investments – Continued

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

F. Prepaid Items

Prepaid items represent costs such as postage deferred to subsequent periods.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. 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 expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Vehicles	6 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

H. Accumulated Vacation, Compensated Time and Sick Leave

It is the Town's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs and any deferred loss on the refunding of bonds are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Long-Term Obligations – Continued

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by parties for use for a specific purpose.

K. Net Assets

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Adopted Accounting Pronouncements

On September 30, 2009, the Town adopted the guidance for subsequent events set forth under generally accepted accounting principles. The current guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. Specifically, the guidance set forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The current guidance for accounting for subsequent events provides largely the same guidance on subsequent events which previously existed only in auditing literature. The adoption of the new standard for accounting for subsequent events had no impact on the financial statements as management already followed a similar approach to the adoption of this standard. The Town has evaluated subsequent events through March 8, 2010.

NOTE 2. CASH AND INVESTMENTS

At September 30, 2009, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,616,329 (including \$7,474 of Component Unit deposits) and the bank balance was \$7,935,945 (including \$7,474 of Component Unit deposits). The Town's cash deposits at September 30, 2009 and during the year ended September 30, 2009 were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Legal and contractual provisions governing deposits and investments

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	2 years	85%	NA
U.S. Agencies Securities	2 years	85%	NA
State of Texas Securities	2 years	85%	NA
Certificates of Deposits	2 years	85%	NA
Municipal Securities	2 years	85%	NA
Money Market	2 years	50%	NA
Mutual Funds	2 years	50%	NA
Investment pools	2 years	100%	NA

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

Cash and investments as of September 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets

Primary Government:

Cash and cash equivalents	\$ 4,805,055
Current investments	2,010,377

Fiduciary Fund:

Cash and cash equivalents	2,804,900
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Component Unit:

Cash and cash equivalents	7,474
Current investments	607,382

Total cash and investments	<u><u>\$ 10,235,188</u></u>
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**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Legal and contractual provisions governing deposits and investments – Continued

Cash and investments as of September 30, 2009 consist of the following:

Cash on hand	\$ 1,100
Deposits with financial institutions	7,616,329
Investments	<u>2,617,759</u>
Total cash and investments	<u>\$ 10,235,188</u>

Disclosures relating to interest rate risk

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

As of September 30, 2009, the Town had the following investments:

Investment Type	Amount	Weighted Average Maturity
Texpool	<u>\$ 2,617,759</u>	44 days
Total Investments	<u>\$ 2,617,759</u>	

As of September 30, 2009, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

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

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Texpool	<u>\$ 2,617,759</u>	N/A	AAAm
Total Investments	<u>\$ 2,617,759</u>		

Concentration of credit risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2009, other than external investment pools, the Town did not have 5% or more of its investment with one issuer.

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less FDIC insurance at all times.

As of September 30, 2009 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

Investment in state investment pools

The Town is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

NOTE 3. RECEIVABLES

Year-end receivable balances for the Town's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Nonmajor Governmental Funds
Governmental Funds			
Receivables			
Property taxes	\$ 38,121	\$ 8,222	\$ -
Franchise taxes	332,472	-	-
Sales Taxes	88,945	-	-
Accounts	349,811	-	22,978
Grants	39,210	-	-
Other	12,605	-	-
Gross receivables	861,164	8,222	22,978
Less: allowance	(298,870)	-	-
Net total receivables	<u>\$ 562,294</u>	<u>\$ 8,222</u>	<u>\$ 22,978</u>

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not depreciated:				
Land	\$ 3,334,724	\$ -	\$ -	\$ 3,334,724
Construction in progress	13,502,996	8,865,523	(1,579,994)	20,788,525
Total capital assets not depreciated	<u>16,837,720</u>	<u>8,865,523</u>	<u>(1,579,994)</u>	<u>24,123,249</u>
Capital assets being depreciated:				
Buildings	1,934,264	-	-	1,934,264
Improvements other than buildings	19,823,012	1,893,215	1,579,994	23,296,221
Machinery and equipment	1,017,279	28,182	-	1,045,461
Vehicles	943,196	13,628	-	956,824
Water system	43,600	-	-	43,600
Infrastructure	5,330,030	-	-	5,330,030
Total capital assets being depreciated	<u>29,091,381</u>	<u>1,935,025</u>	<u>1,579,994</u>	<u>32,606,400</u>
Less accumulated depreciation for:				
Buildings	(379,638)	(79,941)	-	(459,579)
Improvements other than buildings	(10,103,999)	(686,006)	-	(10,790,005)
Machinery and equipment	(463,154)	(80,387)	-	(543,541)
Vehicles	(583,423)	(87,044)	-	(670,467)
Water system	(10,034)	(1,744)	-	(11,778)
Infrastructure	(2,332,851)	(131,921)	-	(2,464,772)
Total accumulated depreciation	<u>(13,873,099)</u>	<u>(1,067,043)</u>	<u>-</u>	<u>(14,940,142)</u>
Total capital assets being depreciated, net	<u>15,218,282</u>	<u>867,982</u>	<u>1,579,994</u>	<u>17,666,258</u>
Governmental activities capital assets, net	<u>\$ 32,056,002</u>	<u>\$ 9,733,505</u>	<u>\$ -</u>	<u>\$ 41,789,507</u>

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4. CAPITAL ASSETS – CONTINUED

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

General government	\$	58,293
Storm drainage		131,921
Emergency medical services		17,408
Information systems		14,619
Police		65,458
Court		417
Recreation		13,202
Facilities management		17,417
Parks		4,473
Community development		50,127
Streets		691,964
Water and sewer		1,744
 Total depreciation expense	 \$	 1,067,043

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund receivables and payables balances at September 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Hotel/Motel Fund	\$ 31,528	To reimburse expenditures for 4th of July celebration
General Fund	Trophy Club Park	15,001	To record annual transfers for administrative and public safety services
Grant Fund	Trophy Club Park	2,587	Reimbursable expenditures moved to the Grant Fund
General Fund	Town Utility Fund	7,513	To record storm drainage fees, refuse fees, and refuse taxes
Grant Fund	Trophy Club Park	4,479	Reimbursable expenditures moved to the Grant Fund
General Fund	Grant Fund	258	Reimbursable expenditures moved to the General Fund
	Total	\$ 61,366	

Transfers between funds during the year are as follows:

Transfer In	Transfer Out	Amount	Purpose
Capital Projects	General Fund	\$ 104,700	For future equipment purchase
	Total	\$ 104,700	

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

The Town periodically issues general obligation bonds and contractual obligations to provide funds for general government purposes. The Town also periodically utilizes notes and capital leases to provide financing for general government purposes.

At September 30, 2009, the Town's long-term debt consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Average Annual Payment</u>	<u>Original Amount</u>	<u>Balance 9/30/2009</u>
Contractual Obligations:						
Combination Tax and Revenue-Series 2004	3.50-4.75 %	2004	2024	\$46,183	\$ 650,000	\$ 495,000
Combination Tax and Revenue-Series 2007	4.20 %	2007	2017	\$53,452	\$ 474,000	<u>357,000</u>
						<u>\$ 852,000</u>
General Obligation Bonds:						
Improvements	4.25-5.625 %	2002	2022	170,357	3,000,000	\$2,260,000
Refunding	3.50-4.50 %	2002	2014	175,000	1,580,000	895,000
Improvements	4.00-4.90 %	2002	2022	80,000	1,400,000	1,065,000
Improvements	4.00-5.00 %	2007	2027	168,421	3,260,000	<u>3,090,000</u>
						<u>\$7,310,000</u>
Capital Lease Obligations:						
Vehicle	4.29%	2007	2010	\$21,047	\$75,729	\$ 39,485
Vehicle	6.50%	2007	2010	15,573	43,732	15,532
Vehicle	4.00%	2008	2012	74,205	256,836	128,198
Vehicle	6.60%	2009	2011	8,365	23,311	<u>15,541</u>
						<u>\$ 198,756</u>

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 7,755,000	\$ -	\$(445,000)	\$ 7,310,000	\$ 470,000
Contractual Obligations	922,000	-	(70,000)	852,000	70,000
Notes Payable	8,000	-	(8,000)	-	-
Capital Leases	295,306	23,311	(119,861)	198,756	106,940
Compensated Absences	54,836	-	(5,432)	49,404	49,404
Total Governmental Activities					
Long-term Liabilities	<u>\$ 9,035,142</u>	<u>\$ 23,311</u>	<u>\$(648,293)</u>	<u>\$ 8,410,160</u>	<u>\$ 696,344</u>

The annual requirements to amortize all debts outstanding as of September 30, 2009, are as follows:

Year Ended September 30,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2010	\$ 470,000	\$ 330,895	\$ 800,895
2011	485,000	309,593	794,593
2012	510,000	287,266	797,266
2013	535,000	263,473	798,473
2014	555,000	238,708	793,708
2015-2019	2,110,000	887,806	2,997,806
2020-2024	1,945,000	379,413	2,324,413
2025-2027	700,000	62,645	762,645
	<u>\$ 7,310,000</u>	<u>\$ 2,759,796</u>	<u>\$ 10,069,796</u>

Year Ended September 30,	Contractual Obligations		Total Requirements
	Principal	Interest	
2010	\$ 70,000	\$ 38,833	\$ 108,833
2011	73,000	35,702	108,702
2012	75,000	32,490	107,490
2013	77,000	29,080	106,080
2014	78,000	25,642	103,642
2015-2019	312,000	76,607	388,607
2019-2024	167,000	24,347	191,347
	<u>\$ 852,000</u>	<u>\$ 262,701</u>	<u>\$ 1,114,701</u>

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

Year Ended September 30,	Capital Leases
2010	\$ 116,023
2011	66,495
2012	30,583
	213,101
Less: interest	(14,345)
Present value	\$ 198,756

The general fund has been used to liquidate notes payable and capital lease liabilities.

NOTE 7. PROPERTY TAX

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

Taxes are due on October 1, the levy date, and are delinquent if unpaid by the following January 31; after which time the Town has an enforceable lien with respect to both real and personal property.

Under state law, property taxes levied on real property constitute a perpetual lien which cannot be forgiven without specific approval of the State Legislature. Penalties and interest are included for any payment received after January 31.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes. Uncollectible personal property taxes can be written off upon expiration of the five year statute of limitations.

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. PENSION PLAN

Texas Municipal Retirement System

Plan Description

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the Town 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 Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the Town were as follows:

Deposit rate	7%
Matching ratio (Town to employee)	2-1
A member is vested after	5 years

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

Contributions

Under the state law governing TMRS, the actuary annually determines the Town 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 the Town matching percent, which are the obligation of the Town as of an employee's retirement date, 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 Town to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit actuarial cost method is used for determining the Town contribution rate. Both the employees and the Town make contributions monthly.

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. PENSION PLAN – CONTINUED

Texas Municipal Retirement System – Continued

Contributions – Continued

Since the Town needs to know its contribution rate in advance for budgetary purposes, 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, 2007 valuation is effective for rates beginning January 2009)

The following is a schedule of actuarial liabilities and funding progress for the past three years:

	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
Actuarial valuation date			
Actuarial value of assets	\$ 4,773,166	\$ 4,131,103	\$ 3,388,657
Actuarial accrued liability	7,839,301	6,909,211	4,935,961
Percentage funded	60.9%	59.8%	68.7%
Unfunded actuarial accrued liability	3,066,135	2,778,108	1,547,304
Annual covered payroll	4,054,683	3,645,425	3,191,559
Unfunded actuarial accrued liability as a percentage of covered payroll	75.6%	76.2%	48.5%
 Net pension obligation at beginning of period	 -	 -	 -
Annual pension cost:			
Annual required contribution	483,441	480,538	406,607
Less: contributions made	<u>(483,441)</u>	<u>(480,538)</u>	<u>(406,607)</u>
Net pension obligation at end of period	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

The following actuarial assumptions were used:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level percent of payroll
Remaining Amortization	29 years – closed period
Asset Valuation Method	Amortized cost
Investment Rate of Return	7.5%
Projected Salary Increases	Varies by age and service
Includes Inflation at	3.0%
Cost of Living Adjustments	2.1% (3.0% CPI)

All assumptions for the December 31, 2008 valuations are contained in the 2008 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

TOWN OF TROPHY CLUB, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. CONTRIBUTIONS

The Town received contributions of \$157,183 and \$19,856, respectively, from the 4A Economic Development Corporation (4A) and 4B Economic Development Corporation (4B) during the year ended September 30, 2009. These contributions represent payment for various items such as pool bond payments, pool operations, property maintenance, and administrative services. The contributions have been recorded as part of intergovernmental revenue in the Town's statement of revenues, expenditures, and changes in fund balance – governmental funds, and as expenses in the statement of activities for 4A and 4B.

NOTE 10. RISK MANAGEMENT

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

NOTE 11. PUBLIC UTILITY DISTRICT NO. 1

On May 7, 2007, the Trophy Club Town Council approved Resolution 2007-08 authorizing and providing for the creation of a Public Improvement District. Trophy Club Public Improvement District No.1 consists of approximately 609.68 acres within the corporate limits of the Town of Trophy Club. This District was created in accordance with Chapter 372 of the Texas Local Government Code.

On December 13, 2007 the Trophy Club Town Council approved the issuance and sale of \$27,500,000 in bonds, known as Trophy Club Public Improvement No. 1 Special Assessment Revenue Bonds, Series 2007. These bonds were authorized in order to finance the authorized improvements found in the Service and Assessment Plan. An Assessment on each property located in the District will repay the bonds. The Town is acting only as an agent and has no obligation to support payment of the bonds, directly or indirectly.

The Service and Assessment Plan included the following projects: Thoroughfare Improvements, Water Distribution System Improvements, Wastewater Collection System Improvements, Trails and Open Space, Elevated Water Storage, Thoroughfare Landscaping and Irrigation, Screening Walls and Entry Features, Public Parks, Drainage Improvements, and Construction Administration.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF TROPHY CLUB, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 2,906,055	\$ 2,906,055	\$ 2,978,276	\$ 72,221
Sales taxes	641,858	641,858	588,362	(53,496)
Franchise taxes	538,092	538,092	546,271	8,179
Licenses and permits	909,105	909,105	631,895	(277,210)
Intergovernmental	55,157	55,157	68,532	13,375
Charges for services	567,356	567,356	576,902	9,546
Fines	100,880	100,880	140,553	39,673
Investment income	67,959	67,959	17,727	(50,232)
Miscellaneous	101,913	101,913	109,439	7,526
Total revenues	<u>5,888,375</u>	<u>5,888,375</u>	<u>5,657,957</u>	<u>(230,418)</u>
Expenditures:				
Current				
Emergency medical services	666,019	666,019	609,159	56,860
Manager's office	536,068	547,115	474,657	72,458
Human resources	39,219	39,219	38,717	502
Finance	256,231	256,231	236,212	20,019
Information systems	213,707	213,707	196,433	17,274
Legal	149,589	256,589	246,297	10,292
Police	1,411,784	1,411,784	1,307,423	104,361
Court	76,463	76,463	61,036	15,427
Parks	777,309	777,309	715,973	61,336
Recreation	455,987	455,987	409,847	46,140
Facilities management	101,705	101,705	84,098	17,607
Community development	177,156	177,156	165,277	11,879
Planning and zoning	141,188	141,188	99,885	41,303
Streets	791,450	791,450	791,304	146
Total expenditures	<u>5,793,875</u>	<u>5,911,922</u>	<u>5,436,318</u>	<u>475,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>94,500</u>	<u>(23,547)</u>	<u>221,639</u>	<u>245,186</u>
Other financing sources (uses):				
Transfer out	-	-	(104,700)	(104,700)
Capital lease proceeds	17,500	17,500	23,310	5,810
Total other financing sources	<u>17,500</u>	<u>17,500</u>	<u>(81,390)</u>	<u>(98,890)</u>
Net change in fund balance	112,000	(6,047)	140,249	146,296
Fund Balances - beginning of year	<u>1,927,588</u>	<u>1,927,588</u>	<u>1,927,588</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 2,039,588</u>	<u>\$ 1,921,541</u>	<u>\$ 2,067,837</u>	<u>\$ 146,296</u>

**TOWN OF TROPHY CLUB, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2009**

NOTE 1. BUDGETARY CONTROL

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

1. Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.

Annual Appropriated budgets are consistent with U.S. generally accepted accounting principles and are legally adopted for the general fund, the Trophy Club Park fund and the debt service fund.

All appropriations lapse on September 30 of the fiscal year.

SUPPLEMENTARY INFORMATION

**TOWN OF TROPHY CLUB, TEXAS
COMBINING BALANCE SHEET-
NON MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	<u>Grant Fund</u>	<u>Hotel/Motel Fund</u>	<u>Town Utility Fund</u>	<u>Trophy Club Park</u>	<u>Total Non-major Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 779	\$ 31,536	\$ 18,491	\$ 12,016	\$ 62,822
Accounts receivable (net of allowance for uncollectibles)	-	1,024	21,954	-	22,978
Due from other funds	7,066	-	-	-	7,066
Prepays	-	-	-	1,256	1,256
Total assets	<u>\$ 7,845</u>	<u>\$ 32,560</u>	<u>\$ 40,445</u>	<u>\$ 13,272</u>	<u>\$ 94,122</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ -	\$ 2,432	\$ 4,650	\$ 7,082
Other accrued liabilities	-	-	15,775	1,668	17,443
Due to other funds	258	31,528	7,513	22,067	61,366
Total liabilities	<u>258</u>	<u>31,528</u>	<u>25,720</u>	<u>28,385</u>	<u>85,891</u>
FUND BALANCES (DEFICITS)					
Unreserved	<u>7,587</u>	<u>1,032</u>	<u>14,725</u>	<u>(15,113)</u>	<u>8,231</u>
Total fund balances (deficits)	<u>7,587</u>	<u>1,032</u>	<u>14,725</u>	<u>(15,113)</u>	<u>8,231</u>
Total liabilities and fund balances (deficits)	<u>\$ 7,845</u>	<u>\$ 32,560</u>	<u>\$ 40,445</u>	<u>\$ 13,272</u>	<u>\$ 94,122</u>

**TOWN OF TROPHY CLUB, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Grant Fund</u>	<u>Hotel/Motel Fund</u>	<u>Town Utility Fund</u>	<u>Trophy Club Park</u>	<u>Total Non-major Governmental Funds</u>
Revenues:					
Grant revenue	\$ 50,191	\$ -	\$ -	\$ -	\$ 50,191
Charges for services	-	-	90,772	126,511	217,283
Occupancy taxes	-	17,069	-	-	17,069
Investment income	214	63	4	6	287
Miscellaneous	-	-	-	1,000	1,000
Total revenues	<u>50,405</u>	<u>17,132</u>	<u>90,776</u>	<u>127,517</u>	<u>285,830</u>
Expenditures:					
General government	43,491	41,828	-	-	85,319
Police	28,061	-	-	-	28,061
Parks	1,740	-	-	102,633	104,373
Water	-	-	78,453	-	78,453
Total expenditures	<u>73,292</u>	<u>41,828</u>	<u>78,453</u>	<u>102,633</u>	<u>296,206</u>
Excess (deficiency) of revenues over (under) expenditures	(22,887)	(24,696)	12,323	24,884	(10,376)
Fund balances (deficits) - beginning	30,474	25,728	2,402	(39,997)	18,607
Fund balances (deficits) - ending	<u>\$ 7,587</u>	<u>\$ 1,032</u>	<u>\$ 14,725</u>	<u>\$ (15,113)</u>	<u>\$ 8,231</u>

**TOWN OF TROPHY CLUB, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues				
Ad valorem taxes	\$ 625,735	\$ 625,735	\$ 644,848	\$ 19,113
Investment income	12,000	12,000	2,841	(9,159)
Miscellaneous	10,000	10,000	11,101	1,101
Intergovernmental revenue	157,183	157,183	157,183	-
Total revenues	<u>804,918</u>	<u>804,918</u>	<u>815,973</u>	<u>11,055</u>
Expenditures:				
Debt service:				
Principal	515,000	515,000	515,000	-
Interest and fiscal charges	389,918	389,918	389,921	(3)
Total expenditures	<u>904,918</u>	<u>904,918</u>	<u>904,921</u>	<u>(3)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>(88,948)</u>	<u>11,052</u>
Fund Balances - beginning of year	<u>152,253</u>	<u>152,253</u>	<u>152,253</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 52,253</u>	<u>\$ 52,253</u>	<u>\$ 63,305</u>	<u>\$ 11,052</u>

**TOWN OF TROPHY CLUB, TEXAS
TROPHY CLUB PARK FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 107,263	\$ 107,263	\$ 126,511	\$ 19,248
Investment income	200	200	6	(194)
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>107,463</u>	<u>107,463</u>	<u>127,517</u>	<u>20,054</u>
Expenditures:				
Parks	105,558	107,263	102,633	4,630
Total expenditures	<u>105,558</u>	<u>107,263</u>	<u>102,633</u>	<u>4,630</u>
Excess of revenues over expenditures	1,905	200	24,884	24,684
Fund Balance (deficit)- beginning of year	<u>(39,997)</u>	<u>(39,997)</u>	<u>(39,997)</u>	<u>-</u>
Fund Balance (deficit) - end of year	<u><u>\$ (38,092)</u></u>	<u><u>\$ (39,797)</u></u>	<u><u>\$ (15,113)</u></u>	<u><u>\$ 24,684</u></u>

**TOWN OF TROPHY CLUB, TEXAS
4A ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 251,143	\$ 251,143	\$ 229,912	\$ (21,231)
Investment income	10,000	10,000	2,747	(7,253)
Total revenues	<u>261,143</u>	<u>261,143</u>	<u>232,659</u>	<u>(28,484)</u>
Expenditures:				
General government	259,893	259,893	193,020	66,873
Total expenditures	<u>259,893</u>	<u>259,893</u>	<u>193,020</u>	<u>66,873</u>
Excess of revenues over expenditures	1,250	1,250	39,639	38,389
Fund Balance - beginning of year	<u>340,445</u>	<u>340,445</u>	<u>340,445</u>	<u>-</u>
Fund Balance - end of year	<u><u>\$ 341,695</u></u>	<u><u>\$ 341,695</u></u>	<u><u>\$ 380,084</u></u>	<u><u>\$ 38,389</u></u>

**TOWN OF TROPHY CLUB, TEXAS
4B ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Sales taxes	\$ 125,572	\$ 125,572	\$ 114,955	\$ (10,617)
Investment income	5,000	5,000	1,696	(3,304)
Total revenues	<u>130,572</u>	<u>130,572</u>	<u>116,651</u>	<u>(13,921)</u>
Expenditures:				
General government	124,572	124,572	74,002	50,570
Total expenditures	<u>124,572</u>	<u>124,572</u>	<u>74,002</u>	<u>50,570</u>
Excess of revenues over expenditures	6,000	6,000	42,649	36,649
Fund Balances - beginning of year	<u>215,527</u>	<u>215,527</u>	<u>215,527</u>	<u>-</u>
Fund Balances - end of year	<u><u>\$ 221,527</u></u>	<u><u>\$ 221,527</u></u>	<u><u>\$ 258,176</u></u>	<u><u>\$ 36,649</u></u>