

TOWN OF NORTHLAKE, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council
Town of Northlake, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Northlake, 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. 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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Northlake, Texas as of September 30, 2009, and the respective changes in financial position and where applicable, cash flows thereof 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 other required supplementary information on pages 2 through 9 and 37 through 42, 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 Town's basic financial statements. The combining schedules on pages 43 and 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining 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.

Fort Worth, TX
August 2, 2010

TOWN OF NORTHLAKE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Northlake, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2009.

Financial Highlights

- The assets of the Town of Northlake exceeded its liabilities at the close of the most recent fiscal year by \$6,235,440 (Net assets). Of this amount, \$705,008 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$265,393.
- As of the close of the current fiscal year, the Town of Northlake's governmental funds reported combined ending fund balances of \$1,371,380, a decrease of \$142,078 in comparison with the prior year. The decrease is due primarily to the spending down of the Capital Projects Fund offset by the excess of revenue over expenditures of the Hotel/Motel Tax Fund and the Special Court Revenue Fund.
- At the end of the current fiscal year, unreserved fund balance for the general fund was a surplus of \$127,390 or 6.8% of total general fund expenditures.
- The Town's total long-term debt increased \$152,178.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the Town of Northlake'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 Town of Northlake is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Northlake that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, municipal court, police, public works, economic development and promotional. The business-type activities of the Town include water and sewer activities.

The government-wide financial statements can be found on pages 10-11 of this report.

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 Town of Northlake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five individual major governmental funds as well as other non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects, 4A and 4B Economic Development and Hotel/Motel Tax funds.

The Town adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for the general and major special revenue funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Proprietary Funds. The Town maintains one type of proprietary fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activities.

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 19-36 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for certain Governmental Funds. Required supplementary information can be found on pages 37-42 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of September 30, 2009, the Town of Northlake's assets exceeded liabilities by \$6,235,440.

The largest portion of the Town's net assets (72.1%) reflects its investment in capital assets (e.g., land, buildings, automobiles, equipment, construction in progress, water and sewer system and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Northlake's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY 2008-09</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2007-08</u>
Current and Other Assets	\$ 1,740,347	\$ 1,740,948	\$ 739,961	\$ 649,292	\$ 2,480,308	\$ 2,390,240
Capital Assets	\$ 5,248,966	\$ 5,351,974	\$ 1,044,443	\$ 999,958	\$ 6,293,409	\$ 6,351,932
Total Assets	\$ 6,989,313	\$ 7,092,922	\$ 1,784,404	\$ 1,649,250	\$ 8,773,717	\$ 8,742,172
Long-Term Liabilities Outstanding	\$ 2,058,104	\$ 1,905,926	\$ 10,857	\$ -	\$ 2,068,961	\$ 1,905,926
Other Liabilities	\$ 311,056	\$ 230,627	\$ 158,260	\$ 104,786	\$ 469,316	\$ 335,413
Total Liabilities	\$ 2,369,160	\$ 2,136,553	\$ 169,117	\$ 104,786	\$ 2,538,277	\$ 2,241,339
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 3,452,783	\$ 3,802,221	\$ 1,044,443	\$ 999,958	\$ 4,497,226	\$ 4,802,179
Restricted for Debt Service	\$ 27,567	\$ 11,159	\$ -	\$ -	\$ 27,567	\$ 11,159
Restricted for Court Technology and Security	\$ 92,978	\$ 83,515	\$ -	\$ -	\$ 92,978	\$ 83,515
Restricted for Economic Development	\$ 553,152	\$ 557,184	\$ -	\$ -	\$ 553,152	\$ 557,184
Restricted for Promotional Activities	\$ 453,784	\$ 410,536	\$ -	\$ -	\$ 453,784	\$ 410,536
Unrestricted	\$ 39,889	\$ 91,754	\$ 570,844	\$ 544,506	\$ 610,733	\$ 636,260
Total Net Assets	\$ 4,620,153	\$ 4,956,369	\$ 1,615,287	\$ 1,544,464	\$ 6,235,440	\$ 6,500,833

The unrestricted net assets of \$610,733 may be used to meet the Town's ongoing obligations to citizens and creditors.

As of September 30, 2009, the Town is able to report a positive balance in all five categories of net assets, for the government as a whole, as well as all five categories for its separate governmental and business-type activities.

- Overall, there is a decrease of \$265,393 in total net assets during the fiscal year as mentioned above. This is driven by a decrease in governmental activities net assets of \$336,216, primarily an increase of accrued liabilities, and an increase in business-type activities net assets of \$70,823.

Governmental Activities. Governmental activities decreased the Town's net assets by \$336,216. Total revenues decreased by \$106,116. The economic crisis was responsible in part for the decrease in sales tax and hotel occupancy tax collections. This decrease was offset by an increase in property tax revenues due to mostly to new construction. Increases in expenses of \$262,435 were due to the addition of two full-time and one part-time positions and capital outlays for building expansion and equipment purchases.

Business-type Activities. Business-type activities increased the Town's net assets by \$70,823. Changes in rates for services were made during fiscal year 2008-09 whereby the first 3,000 gallons of residential use were not charged a per gallon rate. Even with this change, total operating revenue increased for the year by \$109,848 due to new commercial accounts. Total operating expenses increased by \$71,986 which was due to increased wholesale water and sewer treatment purchases.

Town of Northlake's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY 2008-09</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2007-08</u>
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	\$ 759,010	\$ 808,969	\$ 669,910	\$ 560,062	\$ 1,428,920	\$ 1,369,031
Capital Grant and Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Revenues						
Property Taxes	\$ 694,223	\$ 467,930	\$ -	\$ -	\$ 694,223	\$ 467,930
Sales Taxes	\$ 247,016	\$ 414,168	\$ -	\$ -	\$ 247,016	\$ 414,168
Franchise Taxes	\$ 113,301	\$ 78,528	\$ -	\$ -	\$ 113,301	\$ 78,528
Hotel/Motel Taxes	\$ 71,908	\$ 94,113	\$ -	\$ -	\$ 71,908	\$ 94,113
Interest on Investments	\$ 12,862	\$ 46,752	\$ 6,100	\$ 19,818	\$ 18,962	\$ 66,570
Miscellaneous	\$ 53,407	\$ 147,383	\$ 108,000	\$ 9,760	\$ 161,407	\$ 157,143
Total Revenues	\$ 1,951,727	\$ 2,057,843	\$ 784,010	\$ 589,640	\$ 2,735,737	\$ 2,647,483
Expenses						
General Government	\$ 1,109,319	\$ 718,073	\$ -	\$ -	\$ 1,109,319	\$ 718,073
Municipal Court	\$ 249,971	\$ 228,102	\$ -	\$ -	\$ 249,971	\$ 228,102
Police	\$ 591,428	\$ 551,560	\$ -	\$ -	\$ 591,428	\$ 551,560
Public Works	\$ 281,734	\$ 543,579	\$ -	\$ -	\$ 281,734	\$ 543,579
Economic Development	\$ 97,797	\$ 49,044	\$ -	\$ -	\$ 97,797	\$ 49,044
Promotional	\$ 32,569	\$ 9,284	\$ -	\$ -	\$ 32,569	\$ 9,284
Interest on Long-Term Debt	\$ 94,125	\$ 94,866	\$ -	\$ -	\$ 94,125	\$ 94,866
Water and Sewer	\$ -	\$ -	\$ 544,187	\$ 472,201	\$ 544,187	\$ 472,201
Total Expenses	\$ 2,456,943	\$ 2,194,508	\$ 544,187	\$ 472,201	\$ 3,001,130	\$ 2,666,709
Change in Net Assets Before Transfers	\$ (505,216)	\$ (136,665)	\$ 239,823	\$ 117,439	\$ (265,393)	\$ (19,226)
Transfers	\$ 169,000	\$ 169,000	\$ (169,000)	\$ (169,000)	\$ -	\$ -
Change in Net Assets	\$ (336,216)	\$ 32,335	\$ 70,823	\$ (51,561)	\$ (265,393)	\$ (19,226)
Net Assets 9/30 Prior Year	\$ 4,956,369	\$ 4,924,034	\$ 1,544,464	\$ 1,596,025	\$ 6,500,833	\$ 6,520,059
Net Assets 9/30 Current Year	\$ 4,620,153	\$ 4,956,369	\$ 1,615,287	\$ 1,544,464	\$ 6,235,440	\$ 6,500,833

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town of Northlake's governmental funds reported combined ending fund balances of \$1,371,380, a decrease of \$142,078 in comparison with the prior year. The unreserved, undesignated fund balance at year end is a surplus of \$127,390. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for road projects (\$120,633), 2) to pay for court technology and security (\$92,978), 3) to pay for economic development (\$553,152), 4) to pay for promotional activities (\$453,784), and 5) to service future debt obligations (\$23,443).

The general fund is the chief operating fund of the Town. The Town of Northlake initially budgeted and planned for an increase in fund balance for fiscal year 2008-09 of \$161,990 for the general fund, and subsequently amended the planned increase to \$171,184.

Proprietary Funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements.

Unrestricted net assets of the proprietary funds are \$570,844. The water and sewer fund had a net asset increase of \$70,823.

General Fund Budgetary Highlights

The Town of Northlake ended the fiscal year 2008-09 with a negative revenue budget variance of \$87,203 which was primarily due to lower than anticipated sales tax collections, and City of Fort Worth revenue sharing. The Town had a negative expenditure budget variance of \$122,971 that was caused primarily due to higher than anticipated costs for various professional services, including engineering, legal, accounting, and auditing.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business type activities as of September 30, 2009, amount to \$6,293,409 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, automobiles, equipment, infrastructure, water and sewer system and construction in progress. The total decrease in the Town's investment in capital assets for the current fiscal year was \$58,523. This was comprised of a \$103,008 decrease in governmental activities and a \$44,485 increase for business type activities. Major capital asset events during the current fiscal year included the following:

- Completed construction on Schober Road improvements
- Construction of Bingham Road improvements
- Expansion of main Town Hall building
- Purchase of Dump Truck

Town of Northlake's Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	FY 2008-09	FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09	FY 2007-08
Land	\$ 2,754,654	\$ 2,729,654	\$ 15,986	\$ 15,986	\$ 2,770,640	\$ 2,745,640
Buildings and Improvements	\$ 126,667	\$ 136,117	\$ -	\$ -	\$ 126,667	\$ 136,117
Automobiles	\$ 68,877	\$ 22,590	\$ 16,484	\$ -	\$ 85,361	\$ 22,590
Equipment	\$ 40,550	\$ 58,432	\$ 6,331	\$ 8,781	\$ 46,881	\$ 67,213
Infrastructure	\$ 2,223,718	\$ 2,241,623	\$ -	\$ -	\$ 2,223,718	\$ 2,241,623
Water and Sewer System	\$ -	\$ -	\$ 983,142	\$ 975,191	\$ 983,142	\$ 975,191
Construction in Progress	\$ 34,500	\$ 163,558	\$ 22,500	\$ -	\$ 57,000	\$ 163,558
Total	\$ 5,248,966	\$ 5,351,974	\$ 1,044,443	\$ 999,958	\$ 6,293,409	\$ 6,351,932

Additional information on the Town's capital assets can be found in Note 4 of this report.
Long-term Debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$1,850,000. The debt is backed by the full faith and credit of the Town.

Town of Northlake's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	FY 2008-09	FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09	FY 2007-08
Capital Leases	\$ 66,816	\$ 40,926	\$ -	\$ -	\$ 66,816	\$ 40,926
Certificates of Obligation	\$ 1,850,000	\$ 1,865,000	\$ -	\$ -	\$ 1,850,000	\$ 1,865,000
Compensated Absences	\$ 141,288	\$ -	\$ 10,857	\$ -	\$ 152,145	\$ -
Total	\$ 2,058,104	\$ 1,905,926	\$ 10,857	\$ -	\$ 2,068,961	\$ 1,905,926

During the current fiscal year the Town's total debt increased by \$163,035. Regularly scheduled annual principal and interest payments were made in a timely manner.

Additional information on the Town's long-term debt can be found in Note 5.

Economic Factors and Next Year's Budgets and Rates

The Town of Northlake does not plan on increasing any property tax rates during the fiscal year 2009-2010. Overall general fund revenues are expected to be lower in fiscal year 2009-2010. Sales tax revenue and permit fees are expected to decrease.

Expenses for the general fund are expected to increase. This is due to the Town increasing salaries and inflation. Water and sewer fund revenues are expected to be higher than fiscal year 2009-2010 due to additional customers.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional information, contact the Town Secretary: Attn: Town Secretary at P.O. Box 729, Northlake, Texas 76247, phone (940) 648-3290 or email townsecretary@town.northlake.tx.us.

BASIC FINANCIAL STATEMENTS

**TOWN OF NORTHLAKE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,524,665	\$ 616,724	\$ 2,141,389
Receivables (net of allowances for uncollectibles)	188,243	123,237	311,480
Deferred charges	27,439	-	27,439
Capital assets			
Land	2,754,654	15,986	2,770,640
Construction in progress	34,500	22,500	57,000
Buildings and improvements	126,667	-	126,667
Automobiles	68,877	16,484	85,361
Equipment	40,550	6,331	46,881
Infrastructure	2,223,718	-	2,223,718
Water and sewer system	-	983,142	983,142
Total assets	<u>6,989,313</u>	<u>1,784,404</u>	<u>8,773,717</u>
LIABILITIES			
Accounts payable	165,371	122,638	288,009
Accrued liabilities	145,685	35,622	181,307
Noncurrent liabilities			
Due within one year	83,064	-	83,064
Due in more than one year	1,975,040	10,857	1,985,897
Total liabilities	<u>2,369,160</u>	<u>169,117</u>	<u>2,538,277</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,452,783	1,044,443	4,497,226
Restricted for debt service	27,567	-	27,567
Restricted for court technology and security	92,978	-	92,978
Restricted for economic development	553,152	-	553,152
Restricted for promotional activities	453,784	-	453,784
Unrestricted	39,889	570,844	610,733
Total net assets	<u>\$ 4,620,153</u>	<u>\$ 1,615,287</u>	<u>\$ 6,235,440</u>

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

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

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business - Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 1,109,319	\$ -	\$ -	\$ -	\$ (1,109,319)	\$ -	\$ (1,109,319)
Municipal court	249,971	38,330	-	-	(211,641)	-	(211,641)
Police	591,428	489,716	-	-	(101,712)	-	(101,712)
Public works	281,734	230,964	-	-	(50,770)	-	(50,770)
Economic development	97,797	-	-	-	(97,797)	-	(97,797)
Promotional	32,569	-	-	-	(32,569)	-	(32,569)
Interest on long-term debt	94,125	-	-	-	(94,125)	-	(94,125)
Total governmental activities	<u>2,456,943</u>	<u>759,010</u>	<u>-</u>	<u>-</u>	<u>(1,697,933)</u>	<u>-</u>	<u>(1,697,933)</u>
Business-type activities							
Water and sewer	544,187	669,910	-	-	-	125,723	125,723
Total business-type activities	<u>544,187</u>	<u>669,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,723</u>	<u>125,723</u>
Total primary government	<u>\$ 3,001,130</u>	<u>\$ 1,428,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,697,933)</u>	<u>125,723</u>	<u>(1,572,210)</u>
General revenues							
Taxes							
Property taxes					694,223	-	694,223
Sales taxes					247,016	-	247,016
Franchise taxes					113,301	-	113,301
Hotel/Motel taxes					71,908	-	71,908
Interest					12,862	6,100	18,962
Miscellaneous					53,407	108,000	161,407
Transfers					169,000	(169,000)	-
Total general revenues and transfers					<u>1,361,717</u>	<u>(54,900)</u>	<u>1,306,817</u>
Change in net assets					(336,216)	70,823	(265,393)
NET ASSETS, beginning of year					<u>4,956,369</u>	<u>1,544,464</u>	<u>6,500,833</u>
NET ASSETS, end of year					<u>\$ 4,620,153</u>	<u>\$ 1,615,287</u>	<u>\$ 6,235,440</u>

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

**TOWN OF NORTHLAKE, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

ASSETS	General Fund	Capital Projects Fund	Economic Development Corporation 4A	Economic Development Corporation 4B	Hotel/Motel Tax Fund	Non Major Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 267,737	\$ 153,410	\$ 274,833	\$ 262,239	\$ 449,163	\$ 117,283	\$ 1,524,665
Receivables							
Property taxes, net of allowance	18,829	-	-	-	-	4,124	22,953
Sales taxes	18,732	-	9,366	9,366	-	-	37,464
Franchise taxes	71,209	-	-	-	-	-	71,209
Hotel/Motel taxes	-	-	-	-	6,234	-	6,234
Municipal court receivable, net	31,771	-	-	-	-	-	31,771
Other accounts receivable	18,612	-	-	-	-	-	18,612
Due from other funds	31,877	-	-	-	-	-	31,877
Total assets	\$ 458,767	\$ 153,410	\$ 284,199	\$ 271,605	\$ 455,397	\$ 121,407	\$ 1,744,785
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 162,964	\$ 900	\$ 215	\$ 215	\$ 215	\$ 862	\$ 165,371
Accrued liabilities	99,923	-	1,111	1,111	1,398	-	103,543
Deferred revenue	68,490	-	-	-	-	4,124	72,614
Due to other funds	-	31,877	-	-	-	-	31,877
Total liabilities	331,377	32,777	1,326	1,326	1,613	4,986	373,405
Fund balances							
Reserved for							
Debt service	-	-	-	-	-	23,443	23,443
Capital projects	-	120,633	-	-	-	-	120,633
Court technology and security	-	-	-	-	-	92,978	92,978
Economic development	-	-	282,873	270,279	-	-	553,152
Promotional activities	-	-	-	-	453,784	-	453,784
Unreserved, undesignated	127,390	-	-	-	-	-	127,390
Total fund balances	127,390	120,633	282,873	270,279	453,784	116,421	1,371,380
Total liabilities and fund balances	\$ 458,767	\$ 153,410	\$ 284,199	\$ 271,605	\$ 455,397	\$ 121,407	\$ 1,744,785

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

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

Total fund balances - governmental funds	\$ 1,371,380
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.	5,248,966
Revenues earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements.	72,614
Costs associated with the issuance of governmental long term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	27,439
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.	(42,142)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(2,058,104)</u>
Net assets of governmental activities	<u><u>\$ 4,620,153</u></u>

**TOWN OF NORTHLAKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	Capital Projects Fund	Economic Development Corporation 4A	Economic Development Corporation 4B	Hotel/Motel Tax Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Property	\$ 558,980	\$ -	\$ -	\$ -	\$ -	\$ 122,422	\$ 681,402
Sales and beverage	123,508	-	61,754	61,754	-	-	247,016
Franchise	113,301	-	-	-	-	-	113,301
Hotel/Motel	-	-	-	-	71,908	-	71,908
Building permits, plat and other fees	230,964	-	-	-	-	-	230,964
Municipal court	496,274	-	-	-	-	-	496,274
Interest income	190	2,972	2,727	2,530	3,909	534	12,862
Miscellaneous	3,222	-	-	-	-	32,296	35,518
Total revenues	1,526,439	2,972	64,481	64,284	75,817	155,252	1,889,245
Expenditures							
Current							
General government	670,479	-	-	-	-	1,012	671,491
Municipal court	224,784	-	-	-	-	16,969	241,753
Police	631,157	-	-	-	-	5,310	636,467
Public works	281,734	-	-	-	-	-	281,734
Economic development	-	-	48,824	48,973	-	-	97,797
Promotional	-	-	-	-	32,569	-	32,569
Capital outlay	68,966	130,821	-	-	-	-	199,787
Debt service							
Principal	-	-	-	-	-	15,000	15,000
Interest and fiscal charges	-	-	-	-	-	92,691	92,691
Total expenditures	1,877,120	130,821	48,824	48,973	32,569	130,982	2,269,289
Excess (deficiency) of revenues over expenditures	(350,681)	(127,849)	15,657	15,311	43,248	24,270	(380,044)
Other financing sources (uses)							
Transfers in	311,691	-	-	-	-	-	311,691
Transfers out	-	(107,691)	(17,500)	(17,500)	-	-	(142,691)
Capital lease obligation	68,966	-	-	-	-	-	68,966
Total other financing sources (uses)	380,657	(107,691)	(17,500)	(17,500)	-	-	237,966
Net change in fund balances	29,976	(235,540)	(1,843)	(2,189)	43,248	24,270	(142,078)
Fund balances, beginning of year	97,414	356,173	284,716	272,468	410,536	92,151	1,513,458
Fund balances, end of year	\$ 127,390	\$ 120,633	\$ 282,873	\$ 270,279	\$ 453,784	\$ 116,421	\$ 1,371,380

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

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

Net change in fund balances - total governmental funds	\$ (142,078)
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.	252,096
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(355,104)
The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(12,665)
Current year changes in long term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(141,288)
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.	341
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.	<u>62,482</u>
Change in net assets of governmental activities	<u><u>\$ (336,216)</u></u>

**TOWN OF NORTHLAKE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
SEPTEMBER 30, 2009**

<u>ASSETS</u>	<u>Business Type Activities - Enterprise Fund Water and Sewer</u>
Current assets	
Deposits and investments	\$ 616,724
Accounts receivable, net	123,237
Total current assets	739,961
Property, plant and equipment	
Land	15,986
Automobiles	17,714
Water and sewer system	1,150,697
Equipment	24,500
Construction in progress	22,500
	1,231,397
Less accumulated depreciation	186,954
Net property, plant and equipment	1,044,443
TOTAL ASSETS	1,784,404
<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities	
Payable from current assets:	
Accounts payable	122,638
Accrued liabilities	35,622
Total current liabilities	158,260
Compensated absences	10,857
Net assets	
Invested in capital assets, net of related debt	1,044,443
Unrestricted	570,844
TOTAL NET ASSETS	\$ 1,615,287

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

**TOWN OF NORTHLAKE, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2009**

	Business Type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Water and sewer service	\$ 669,910
Total operating revenues	669,910
Operating expenses	
Operating expenses	511,540
Depreciation	32,647
Total operating expenses	544,187
Operating income	125,723
Nonoperating revenues	
Interest income	6,100
Miscellaneous revenue	108,000
Total nonoperating revenues	114,100
Income before transfers	239,823
Transfers out	(169,000)
Change in net assets	70,823
Net assets, beginning of year	1,544,464
Net assets, end of year	\$ 1,615,287

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

**TOWN OF NORTHLAKE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2009**

	Business Type Activities - Enterprise Fund Water and Sewer
OPERATING ACTIVITIES	
Cash received from customers	\$ 624,580
Cash payments to suppliers for goods and services	<u>(458,066)</u>
Net cash provided by operating activities	166,514
NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(169,000)
Cost recovery fees	<u>108,000</u>
Net cash used in noncapital financing activities	(61,000)
CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures	<u>(77,132)</u>
Net cash used in capital and related financing activities	(77,132)
INVESTING ACTIVITIES	
Interest received	<u>6,100</u>
Net cash provided by investing activities	6,100
Net increase in cash and cash equivalents	34,482
Cash and cash equivalents, beginning of year	<u>571,385</u>
Cash and cash equivalents, end of year	<u><u>\$ 605,867</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 125,723
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	32,647
Change in assets and liabilities:	
Accounts receivable	(45,330)
Accounts payable and accrued liabilities	<u>53,474</u>
Net cash provided by operating activities	<u><u>\$ 166,514</u></u>

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

TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 in Section P80 of GASB's *Codification of 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.

Financial Reporting Entity

The basic financial statements of the Town include the primary government 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.

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.

The Northlake Economic Development Corporation 4A (the 4A Corporation) and the Northlake Economic Development Corporation 4B (the 4B Corporation) were found to be component units of the Town and are included in the basic financial statements as major special revenue funds using a blended presentation.

TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

The 4A Corporation was formed to promote the public welfare and economic development for the areas within the Town of Northlake as authorized by the State under the Texas Development Corporation Act of 1979 and is governed by Section 4A of the act. The 4A Corporation receives funding from a one-half cent sales tax.

The 4B Corporation was formed to promote economic development within the Town and the State of Texas in order to eliminate unemployment and the public welfare of, for and on behalf of the Town by undertaking, developing, implementing, providing and financing projects under the Development Corporation Act of 1979 as defined in Section 4B of the Act. The 4B Corporation receives funding from a one-half cent sales tax.

Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

The 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 proprietary activities. These statements present each major fund as a separate column on the fund financial 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:

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

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.

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of governmental capital assets including but not limited to right-of-way, roads, road drainage, and traffic lights.

Economic Development Corporation 4A Fund

The Economic Development Corporation 4A Fund is used to account for the funds received from a one-half cent sales tax to be used for economic development.

Economic Development Corporation 4B Fund

The Economic Development Corporation 4B Fund is used to account for the funds received from a one-half cent sales tax to be used for economic development.

Hotel/Motel Tax Fund

The Hotel/Motel Tax Fund is used to account for Hotel/Motel tax receipts to be used for promotional purposes.

Other Non Major Funds

The Other Non Major Funds are used to account for debt service and special revenue funds created by the Town, which do not meet the requirements to be presented as a major fund of the Town.

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

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Water and Sewer Fund

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus/Basis of Accounting – Continued

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and municipal court 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.

Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The Town's current tax rate is \$0.295 per \$100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

Interfund Receivables and Payables

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

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair 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.

TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets – Continued

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 and improvements	30 Years
Automobiles	3 Years
Equipment	3 - 10 Years
Infrastructure	5 - 40 Years
Water and sewer system	30 - 50 Years

Compensated Absences

Town employees are granted vacation and sick pay in varying amounts. In the event of termination, an employee is reimbursed for accumulated unused vacation and sick days. Employees are reimbursed for one-third of accumulated unused sick leave if the employee has at least five years of service and began employment prior to June 1, 2004. Compensated absences are paid out of the General Fund.

Net Assets

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.

NOTE 2. DEPOSITS AND INVESTMENTS

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 90 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.

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk – Continued

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

<u>Investment Type</u>	<u>Weighted Average Amount</u>	<u>Maturity</u>
Logic	\$ 1,613,691	56 days
Texpool	2,649	44 days

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

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of September 30, 2009</u>
Logic	\$ 1,613,691	AAA	AAA
Texpool	2,649	AAA	AAAm

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 investments with one issuer.

TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS 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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2009, the carrying amount of the Town's cash on hand and deposits were \$525,046 and the bank balance was \$237,091. The bank balance was fully covered by federal depository insurance.

For purposes of the statement of cash flows, the Town considers all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

Investment in State Investment Pools

The Town is a voluntary participant in various investment pools. These pools include the following: TexPool and LOGIC.

The State Comptroller of Public Accounts exercises responsibility over TexPool. 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 cost 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.

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investment in State Investment Pools – Continued

LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the Town is not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses amortized cost rather than market value to report new assets to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the value of LOGIC shares.

NOTE 3. ACCOUNTS RECEIVABLE

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of September 30, 2009, including the applicable allowances for uncollectible accounts, are presented below.

	General Fund		Debt Service Fund	Enterprise Fund Water and Sewer
	Property Tax Receivable	Municipal Court Receivable	Property Tax Receivable	Accounts Receivable
Gross receivables	\$ 22,052	\$ 105,903	\$ 4,830	\$ 123,925
Less: allowance for uncollectibles	3,223	74,132	706	688
Net receivables	<u>\$ 18,829</u>	<u>\$ 31,771</u>	<u>\$ 4,124</u>	<u>\$ 123,237</u>

TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

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

	Balance September 30, 2008	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2009
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,729,654	\$ 25,000	\$ -	\$ 2,754,654
Construction in progress	163,558	34,500	(163,558)	34,500
	<u>2,893,212</u>	<u>59,500</u>	<u>(163,558)</u>	<u>2,789,154</u>
Total capital assets not being depreciated				
	<u>2,893,212</u>	<u>59,500</u>	<u>(163,558)</u>	<u>2,789,154</u>
Capital assets being depreciated				
Buildings and improvements	187,132	-	-	187,132
Automobiles	164,989	82,635	-	247,624
Equipment	107,861	4,044	-	111,905
Infrastructure	2,822,143	269,475	-	3,091,618
	<u>3,282,125</u>	<u>356,154</u>	<u>-</u>	<u>3,638,279</u>
Total capital assets being depreciated				
	<u>3,282,125</u>	<u>356,154</u>	<u>-</u>	<u>3,638,279</u>
Less accumulated depreciation				
Buildings and improvements	51,015	9,450	-	60,465
Automobiles	142,399	36,348	-	178,747
Equipment	49,429	21,926	-	71,355
Infrastructure	580,520	287,380	-	867,900
	<u>823,363</u>	<u>355,104</u>	<u>-</u>	<u>1,178,467</u>
Total accumulated depreciation				
	<u>823,363</u>	<u>355,104</u>	<u>-</u>	<u>1,178,467</u>
Total capital assets being depreciated, net				
	<u>2,458,762</u>	<u>1,050</u>	<u>-</u>	<u>2,459,812</u>
Governmental activities capital assets, net				
	<u>\$ 5,351,974</u>	<u>\$ 60,550</u>	<u>\$ (163,558)</u>	<u>\$ 5,248,966</u>

TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2008	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2009
Business type activities				
Capital assets not being depreciated				
Land	\$ 15,986	\$ -	\$ -	\$ 15,986
Construction in progress	-	22,500	-	22,500
	<u>15,986</u>	<u>22,500</u>	<u>-</u>	<u>38,486</u>
Total capital assets not being depreciated				
	<u>15,986</u>	<u>22,500</u>	<u>-</u>	<u>38,486</u>
Capital assets being depreciated				
Equipment	24,500	-	-	24,500
Automobiles	-	17,714	-	17,714
Water and sewer system	1,113,779	36,918	-	1,150,697
	<u>1,138,279</u>	<u>54,632</u>	<u>-</u>	<u>1,192,911</u>
Total capital assets being depreciated				
	<u>1,138,279</u>	<u>54,632</u>	<u>-</u>	<u>1,192,911</u>
Less accumulated depreciation				
Equipment	15,719	2,450	-	18,169
Automobiles	-	1,230	-	1,230
Water and sewer system	138,588	28,967	-	167,555
	<u>154,307</u>	<u>32,647</u>	<u>-</u>	<u>186,954</u>
Total accumulated depreciation				
	<u>154,307</u>	<u>32,647</u>	<u>-</u>	<u>186,954</u>
Total capital assets being depreciated, net				
	<u>983,972</u>	<u>21,985</u>	<u>-</u>	<u>1,005,957</u>
Governmental activities capital assets, net				
	<u>\$ 999,958</u>	<u>\$ 44,485</u>	<u>\$ -</u>	<u>\$ 1,044,443</u>

**TOWN OF NORTHLAKE, 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:

Governmental activities		
General government	\$	13,653
Municipal court		8,218
Police		37,596
Public works		<u>295,637</u>
Total depreciation expense - Governmental activities	\$	<u>355,104</u>
Business-type activities		
Water and sewer	\$	<u>32,647</u>
Total depreciation expense - Business-type activities	\$	<u>32,647</u>

NOTE 5. LONG-TERM DEBT

Amounts payable at September 30, 2009 are comprised of the following individual issues:

	Governmental Activities	Business-type Activities
Capital Leases		
Various lease agreements for various types of equipment, with terms ranging from 24 to 48 months, effective interest rates ranging from 6.5 to 12.0%, and secured by the related equipment.	<u>\$ 66,816</u>	<u>\$ -</u>
Certificates of Obligation		
\$1,900,000 Series 2005 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$10,000 to \$190,000 through April 15, 2025, with interest at 4.97%.	<u>\$ 1,850,000</u>	<u>\$ -</u>

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. LONG-TERM DEBT – CONTINUED

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

	Balance Beginning			Balance End	Due Within
	of Year	Increase	Decrease	of Year	One Year
Governmental Activities					
Capital Leases	\$ 40,926	\$ 68,966	\$ 43,076	\$ 66,816	\$ 33,681
Certificates of Obligation	1,865,000	-	15,000	1,850,000	20,000
Compensated Absences	-	141,288	-	141,288	29,383
Total governmental activities	<u>\$ 1,905,926</u>	<u>\$ 210,254</u>	<u>\$ 58,076</u>	<u>\$ 2,058,104</u>	<u>\$ 83,064</u>
Business Type Activities					
Compensated Absences	\$ -	\$ 10,857	\$ -	\$ 10,857	\$ -
Total business type activities	<u>\$ -</u>	<u>\$ 10,857</u>	<u>\$ -</u>	<u>\$ 10,857</u>	<u>\$ -</u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2009, are as follows:

Certificates of Obligation:

	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2010	\$ 20,000	\$ 91,945	\$ -	\$ -	\$ 111,945
2011	25,000	90,951	-	-	115,951
2012	75,000	89,708	-	-	164,708
2013	85,000	85,981	-	-	170,981
2014	90,000	81,756	-	-	171,756
2015-2019	565,000	333,985	-	-	898,985
2020-2024	800,000	171,465	-	-	971,465
2025	190,000	9,443	-	-	199,443
	<u>\$ 1,850,000</u>	<u>\$ 955,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,805,234</u>

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Capital Leases

	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2010	\$ 33,681	\$ 3,818	\$ -	\$ -	\$ 37,499
2011	28,447	1,406	-	-	29,853
2012	4,688	60	-	-	4,748
	\$ 66,816	\$ 5,284	\$ -	\$ -	\$ 72,100

Operating Leases

The Town is committed under various noncancelable operating leases, primarily for office buildings and equipment (principally in the General Fund). Future minimum operating lease commitments are as follows for fiscal years ending September 30:

2010	\$ 14,518
2011	5,694
2012	1,775
2013	-
2014	-
	\$ 21,987

Rent expenditures were \$80,160 for the year ended September 30, 2009.

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. INTERFUND TRANSFERS AND BALANCES

All interfund transfers between the various funds are approved supplements to the operations of those funds.

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 169,000
General Fund	Capital Projects Fund	107,691
General Fund	4A Fund	17,500
General Fund	4B Fund	17,500
		<u>17,500</u>
		<u>\$ 311,691</u>

Due to/froms are primarily related to cash receipts of the receivable fund that deposited into the bank account of the payable fund.

At September 30, 2009, there was a due to the General Fund from the Capital Projects Fund in the amount of \$31,877.

NOTE 7. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The Town provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town 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 (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained 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 the TMRS website at www.TMRS.com.

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Plan Description – Continued

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

Deposit rate:	6%
Matching ratio (Town to Employee):	2-1
A member is vested after	5 yrs
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each town 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 cost 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 allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that town. 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 Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. 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 serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Annual required contribution (ARC)	\$ 37,934	\$ 36,982	\$ 58,990
Interest on net pension obligation	-	-	-
Adjustment to the ARC	-	-	-
Annual pension cost (APC)	37,934	36,982	58,990
Contributions made (100% contributed)	<u>(37,934)</u>	<u>(36,982)</u>	<u>(58,990)</u>
Increase (decrease) in net pension obligation	-	-	-
Net pension obligation (asset), beginning of year	-	-	-
Net pension obligation (asset), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Contributions – Continued

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:

Valuation Date	12/31/2006	12/31/2007	12/31/2008
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years; open period	25 years; closed period	24 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions			
Investment Rate of Return*	7.0%	7.0%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	NA	0.00%	0.00%

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ 323,426	400,527	80.8%	\$ 77,101	\$ 694,984	11.1%

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

**TOWN OF NORTHLAKE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. 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 for which the Town carries commercial insurance.

The Town had no significant changes in insurance coverage from the year ended September 30, 2008. Settlement amounts have not exceeded insurance coverage for the year ended September 30, 2009, nor any of the three preceding years.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**TOWN OF NORTHLAKE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION
IN TEXAS MUNICIPAL RETIREMENT SYSTEM
SEPTEMBER 30, 2009**

Texas Municipal Retirement System

Schedule of Funding Progress:

(unaudited)

<u>Actuarial Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/06	\$ 207,316	\$ 244,331	84.8%	\$ 37,015	\$ 476,484	7.8%
*12/31/07	229,692	282,329	81.4%	52,637	541,493	9.7%
12/31/08	323,426	400,527	80.8%	77,101	694,984	11.1%

* In December 2007, the TMRS Board of Trustees approved changes in the actuarial assumptions and funding methodology for all TMRS plans.

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

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes				
Property	\$ 602,572	\$ 563,728	\$ 558,980	\$ (4,748)
Sales and beverage	200,000	150,000	123,508	(26,492)
Franchise	97,300	121,475	113,301	(8,174)
Building permits, plat and other fees	219,500	206,164	230,964	24,800
Municipal court	588,200	528,200	496,274	(31,926)
Interest income	-	-	190	190
Miscellaneous	44,075	44,075	3,222	(40,853)
Total revenues	1,751,647	1,613,642	1,526,439	(87,203)
Expenditures				
Current				
General government	495,145	599,091	670,479	(71,388)
Municipal court	277,359	249,140	224,784	24,356
Police	687,666	629,681	631,157	(1,476)
Public works	441,178	276,237	281,734	(5,497)
Capital outlay	-	-	68,966	(68,966)
Total expenditures	1,901,348	1,754,149	1,877,120	(122,971)
Excess (deficiency) of revenues over expenditures	(149,701)	(140,507)	(350,681)	(210,174)
Other financing sources (uses):				
Transfers in	311,691	311,691	311,691	-
Transfers out	-	-	-	-
Capital lease obligation	-	-	68,966	68,966
Total other financing sources (uses)	311,691	311,691	380,657	68,966
Net change in fund balances	161,990	171,184	29,976	(141,208)
Fund balance, beginning of year	97,414	97,414	97,414	-
Fund balance, end of year	\$ 259,404	\$ 268,598	\$ 127,390	\$ (141,208)

**TOWN OF NORTHLAKE, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 ECONOMIC DEVELOPMENT CORPORATION 4A
 YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 100,000	\$ 75,000	\$ 61,754	\$ (13,246)
Interest income	5,000	5,000	2,727	(2,273)
Total revenues	105,000	80,000	64,481	(15,519)
Expenditures				
Economic development	64,167	76,517	48,824	27,693
Total expenditures	64,167	76,517	48,824	27,693
Other financing sources (uses)				
Transfers out	-	-	(17,500)	(17,500)
Total other financing sources (uses)	-	-	(17,500)	(17,500)
Net change in fund balances	40,833	3,483	(1,843)	(5,326)
Fund balance, beginning of year	284,716	284,716	284,716	-
Fund balance, end of year	\$ 325,549	\$ 288,199	\$ 282,873	\$ (5,326)

**TOWN OF NORTHLAKE, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 ECONOMIC DEVELOPMENT CORPORATION 4B
 YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sales taxes	\$ 100,000	\$ 75,000	\$ 61,754	\$ (13,246)
Interest income	5,000	5,000	2,530	(7,373)
Total revenues	105,000	80,000	64,284	(20,619)
Expenditures				
Economic development	64,167	75,667	48,973	26,694
Total expenditures	64,167	75,667	48,973	26,694
Other financing sources (uses)				
Transfers out	-	-	(17,500)	(17,500)
Total other financing sources (uses)	-	-	(17,500)	(17,500)
Net change in fund balances	40,833	4,333	(2,189)	(11,425)
Fund balance, beginning of year	272,468	272,468	272,468	-
Fund balance, end of year	\$ 313,301	\$ 276,801	\$ 270,279	\$ (11,425)

**TOWN OF NORTHLAKE, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 HOTEL/MOTEL TAX FUND
 YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Hotel/Motel tax	\$ 85,000	\$ 80,000	\$ 71,908	\$ (8,092)
Interest income	12,000	12,000	3,909	(8,091)
Total revenues	97,000	92,000	75,817	(16,183)
Expenditures				
Promotional	35,987	37,637	32,569	5,068
Total expenditures	35,987	37,637	32,569	5,068
Net change in fund balances	61,013	54,363	43,248	(11,115)
Fund balance, beginning of year	315,365	315,365	410,536	95,171
Fund balance, end of year	\$ 376,378	\$ 369,728	\$ 453,784	\$ 84,056

TOWN OF NORTHLAKE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Town Council adopts an annual operating budget, which can be amended by the Council throughout the year. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of accounting principles generally accepted in the United States of America.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the Town Council, budgetary transfers between departments can be made. The budget amounts on the budgetary comparison schedules reflect the final budget authorization.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2009, expenditures exceed appropriations in the General fund by \$147,327. The excess expenditures were covered by available fund balance in the fund.

COMBINING SCHEDULES

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

<u>ASSETS</u>	Debt Service Fund	Special Revenue Fund	Total Non Major Governmental Funds
Cash and cash equivalents	\$ 23,443	\$ 93,840	\$ 117,283
Receivables			
Property taxes, net of allowance	4,124	-	4,124
Total assets and other debits	<u>\$ 27,567</u>	<u>\$ 93,840</u>	<u>\$ 121,407</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ -	\$ 862	\$ 862
Unearned revenue	4,124	-	4,124
Total liabilities	4,124	862	4,986
Fund Balances			
Reserved for			
Debt service	23,443	-	23,443
Court technology and security	-	92,978	92,978
Total fund balances	<u>23,443</u>	<u>92,978</u>	<u>116,421</u>
Total liabilities and fund balances	<u>\$ 27,567</u>	<u>\$ 93,840</u>	<u>\$ 121,407</u>

**TOWN OF NORTHLAKE, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2009**

	Debt Service Fund	Special Revenue Fund	Total Non Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes			
Property	\$ 122,422	\$ -	\$ 122,422
Interest income	76	458	534
Miscellaneous	<u>-</u>	<u>32,296</u>	<u>32,296</u>
Total revenues	122,498	32,754	155,252
Expenditures			
Current			
General government	-	1,012	1,012
Municipal court	-	16,969	16,969
Police	-	5,310	5,310
Debt service			
Principal	15,000	-	15,000
Interest and fiscal charges	<u>92,691</u>	<u>-</u>	<u>92,691</u>
Total expenditures	<u>107,691</u>	<u>23,291</u>	<u>130,982</u>
Excess of revenues over expenditures	14,807	9,463	24,270
Other financing sources			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	14,807	9,463	24,270
Fund balances, beginning of year	<u>8,636</u>	<u>83,515</u>	<u>92,151</u>
Fund balances, end of year	<u>\$ 23,443</u>	<u>\$ 92,978</u>	<u>\$ 116,421</u>