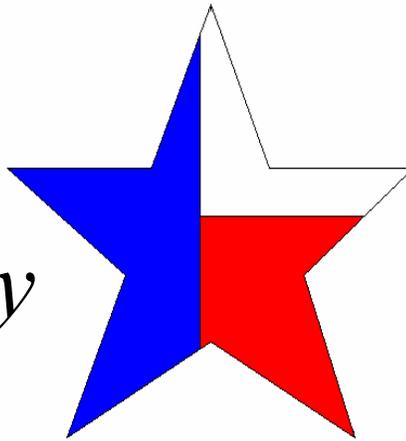


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2003

*City of
Jersey
Village*



Mayor

Ed Heathcott

City Council

Rusty Preece

Greg Holden

Frances Wubbenhorst

Russell Hamley

A.J. Widacki

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
CITY OF JERSEY VILLAGE, TEXAS
For the fiscal year ended
September 30, 2003**

**Prepared by
Finance Department**

**Stephen Lawrenz
Director of Finance**

CITY OF JERSEY VILLAGE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Letter of Transmittal	1	
Organizational Chart	12	
Certificate of Achievement for Excellence In Financial Reporting	13	
Principal Officials	14	
FINANCIAL SECTION		
Independent Auditors' Report	17	
General Purpose Financial Statements		
Combined Balance Sheet – All Fund Types and Account Groups And Discretely Presented Component Units	20	1
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types and Discretely Presented Component Units	22	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General and Debt Service Funds	24	3
Comparative Statements of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type	26	4
Comparative Statements of Cash Flows – Proprietary Fund Type	27	5
Notes to Financial Statements	29	6
Required Pension System Supplementary Information	50	7
Individual Fund And Account Group Statements And Schedules		
General Fund		
Comparative Balance Sheets	54	A-1
Schedule of Revenues – Budget and Actual	55	A-2
Schedule of Expenditures – Budget and Actual	56	A-3
Special Revenue Funds		
Combining Balance Sheet	62	B-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	63	B-2
Debt Service Fund		
Comparative Balance Sheets	66	C-1
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	67	C-2
Capital Projects Fund		
Comparative Balance Sheets	70	D-1
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	71	D-2

CITY OF JERSEY VILLAGE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
FINANCIAL SECTION (continued)		
Individual Fund And Account Group Statements And Schedules (continued)		
Enterprise Funds		
Combining Balance Sheets	74	E-1
Combining Statements of Revenues, Expenses and Changes in Retained Earnings	76	E-2
Combining Statements of Cash flows	77	E-3
General Fixed Assets Account Group		
Comparative Schedule of General Fixed Assets - By Source	81	F-1
Schedule of Balances in General Fixed Assets - By Function and Activity	82	F-2
Schedule of Changes in General Fixed Assets - By Function and Activity	83	F-3
General Long-Term Debt Account Group		
Comparative Schedule of General Long-Term Debt	87	G-1
Schedule of General Long-Term Debt Service Requirements to Maturity	88	G-2
UNAUDITED STATISTICAL SECTION		
General Governmental Expenditures - By Function	92	I
General Governmental Revenues - By Source	94	II
Property Tax Levies and Collections	96	III
Assessed and Estimated Actual Value of Taxable Property	97	IV
Property Tax Rates and Tax Levies – Direct And Overlapping Governments	98	V
Ratio of Net General Long-Term Debt to Assessed Value and Net General Long-Term Debt per Capita	100	VI
Computation of Direct and Estimated Overlapping Debt	102	VII
Percent of Annual Debt Service Expenditures for General Long-Term Debt to Total General Expenditures	103	VIII
Property Tax Rate Distribution	104	IX
Principal Taxpayers	105	X
Demographic Statistics	106	XI
Miscellaneous Statistical Data	107	XII

INTRODUCTORY SECTION

January 26, 2004

Honorable Mayor and City Council
City of Jersey Village
16501 Jersey Drive
Jersey Village, Texas 77040

Dear Mayor and City Council:

The Comprehensive Annual Financial Report of the City of Jersey Village, Texas (the "City") for the fiscal year ended September 30, 2003, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. We believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements, the combining and individual fund and account group financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City provides a full range of municipal services, including public safety (police and fire protection); residential solid waste sanitation services; water and wastewater services; public improvements; repair and maintenance of infrastructure; recreational and community activities and general administrative services. In addition, the City owns and operates a public golf course. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds and account groups for which the City, as the primary government, is accountable. The Jersey Village Crime Control and Prevention District ("JVCC&PD") is considered to meet the criteria of a component unit, and therefore, has been included in the report as a discretely presented component unit. The JVCC&PD was created by the City under Chapter 363 of the Texas Local Government Code for the purpose of providing additional crime control and prevention to the City. The district held a required election in May 2003 on the continuance of the JVCC&PD, which resulted in an overwhelming support to maintain the JVCC&PD for an additional ten years.

FORM OF GOVERNMENT

The City of Jersey Village has adopted a Council-Manager form of government. The Council is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term. The Mayor and two Council members are elected on one rotation (every odd year) and the three remaining Council members are on a separate rotation (elected in even years). The City Manager is appointed by the Council and is responsible for implementation of council policy and all day-to-day operations of the City.

The Council appoints many residents, who have volunteered their expertise, experience, and time, to serve on various boards and commissions. These standing boards and commissions make recommendations relative to special projects, issues, ongoing operations, and planning for the future. Standing boards and commissions, which meet on a regular basis, include: Planning and Zoning Commission, Board of Adjustments and Appeals, Recreation and Events, Golf Course Advisory Committee and Parks and Landscaping. Specialized boards are convened for specific projects and meet until a recommendation is formulated and presented to the City Council.

MISSION STATEMENT

The mission of the City of Jersey Village as adopted by the Council, staff, and employees is to work with its citizens to preserve a sense of community and enhance the quality of life by providing friendly, personalized services for the safety and well-being of the City, its natural resources and environment, in a fiscally responsible manner.

GEOGRAPHIC DESCRIPTION

The City is located in Harris County, Texas, 15 miles northwest of downtown Houston. Estimated total population of Jersey Village has increased from 4,938 in 1990 to 7,462 in 2003¹. Per capita income is 184% of state and 167% of national averages². Property market value increased by a moderate 3.5% average annual rate from 1993 through 2003. Most of the growth is attributed to steady development of residential property, which constitutes over 37% of the City's 3.5 square miles of land area. Much of the undeveloped land is zoned for commercial uses. The City has limited opportunities to annex adjacent areas, and there is currently no planned annexation in place. The largest taxpayer is an real estate company, which constitutes 10.8% of the total taxable base. The top 10 taxpayers represent 26.5% of the total taxable base. Financial position is strong, with the City holding a total general fund balance of about \$2,506,008 or 48% of total operating expenditures, as of September 30, 2003. Property taxes account for over 41.8% of general fund operating revenues, while a 1.5% sales tax makes up about 31.0% of revenue in the general fund. An additional half cent sales tax is generated for the Jersey Village Crime Control District, which is used to reimburse cost associated with crime control. The 2004 fiscal year budget projects a small decrease in the fund balance. With a current total tax rate of \$.67500 per \$100.00 of assessed value, only 27% of the levy limit is being used. To reduce property taxes, taxpayers passed a referendum in 1995 for a 0.5% increase in the sales tax amounting to almost \$532,000 in fiscal 2003 in additional annual revenues. The increase went into effect October 1, 1995. Net General Long-Term debt is high, at about \$2,679 per capita. Debt service accounts for 14.4% of the primary government's operating expenditures.

¹ Total population based on the most recent U.S. Census. Total population for 2003 is based on the year-to-year growth trend from 1990 to 2000.

² Per capita income is based on the most recent U.S. census. Per capita income for the following: Texas, \$19,617; Harris County, \$21,435; and Jersey Village \$36,092.

FINANCIAL INFORMATION

General Governmental Functions

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's adopted Budget Policy and Procedure establishes budgeting controls. The objective of this policy is to ensure compliance with legal provisions of the annual budget, City charter, code, and state statutes. Activities of the General, Special Revenue and Debt Service Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Project Funds, and financial operating plans are established for the Enterprise Fund. Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is established at the department level within an individual fund. The City also utilizes an encumbrance accounting system to aid in accomplishing budgetary control. Unencumbered amounts lapse at year-end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Revenues and Other Financing Sources

The following schedule presents a summary of governmental fund type (General, Special Revenue, Debt Service, Capital Projects Fund and Component Unit) revenues for the fiscal year ended September 30, 2003, and the amount of increases and decreases in relation to prior year revenues (in thousands):

<u>Revenue Source</u>	<u>Amount (1000's)</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2002</u>
Property taxes	\$ 4,208	52.94 %	\$ (848)
Other taxes	2,658	33.44	(785)
Licenses and permits	113	1.42	(10)
Fines and forfeitures	510	6.42	100
Charges for services	220	2.77	125
Other revenue	121	1.52	(219)
Interest revenue	119	1.50	(80)
Total	<u>\$ 7,949</u>	<u>100.00 %</u>	<u>\$ (1,717)</u>

Property Tax

Property tax revenues for the year totaled \$4,207,729, a decrease of approximately 17 percent from last year. The following table presents a comparison of valuations, tax rates, and tax levies:

	<u>2002-2003</u>	<u>2001-2002</u>	<u>Change</u>
Taxable Assessed Valuation:	<u>\$ 614,916,040</u>	<u>\$ 719,759,660</u>	<u>\$ (104,843,620)</u>
Tax Rate per \$100			
General Fund	0.34673	0.42452	(0.07779)
Debt Service Fund	0.32827	0.25048	0.07779
Total	<u>\$ 0.67500</u>	<u>\$ 0.67500</u>	<u>\$ 0.00000</u>
Tax Levy	<u>\$ 4,150,683</u>	<u>\$ 4,858,378</u>	<u>\$ (707,694)</u>

The net assessed property valuation on which the City levied taxes for 2002 was \$614,916,040, a decrease of 14.6 percent over the previous tax year. Residential valuations remained flat while commercial valuations decreased 35.5 percent for a net decrease of 14.6 percent.

The combined tax rate for 2003 fiscal year was \$0.67500 per \$100 of valuation³. The allocation between the Debt Service and General Fund components was \$.32827 per \$100 valuation and \$.34673 per \$100 valuation, respectively. The total levy for the 2003 fiscal year was \$4,150,683, a decrease from the previous year of \$707,694. For the 2003 fiscal year, Council approved a homestead exemption of 8% of the appraisal value with a minimum exemption of \$5,000.

Current property tax collections represent an outstanding 99.1 percent of the current levy. The ratio of total collections (current and delinquent) to the current tax levy is 100.2 percent. Collections are comparable to collections for the past year and continue to remain higher level than in surrounding areas.

The City retains a delinquent tax attorney to assist in collection of delinquent tax accounts. The City, through the delinquent tax attorney, intervenes in suits filed by the Cypress-Fairbanks Independent School District, whose accounts overlap with the City's, for a more efficient collection of taxes. Total delinquent taxes outstanding as of September 30, 2003 were \$203,056, representing 4.9 percent of the current tax levy.

Sales Tax

The total sales tax rate imposed on retail sales for the City of Jersey Village is as follows:

State sales tax	6.25	%
City sales tax (includes Component Unit)	<u>2.00</u>	<u>%</u>
Total Sales Tax	<u>8.25</u>	<u>%</u>

Sales tax revenue for the City, excluding sales tax revenue for the State, totaled \$1,612,093⁴. An additional half cent sales tax is dedicated to Crime Control and totaled \$524,454. Sales tax revenue experienced a 23.2 percent decrease over the previous year. This decrease is primarily attributed to a state and national slow-down in the economy. The monthly average for the 2002-2003 fiscal year was

³ This was for Tax Year 2002.

⁴ Sales tax revenue includes city sales tax and the half-cent sales tax used for reduction of property tax.

\$134,341, as compared to \$184,671 in the previous year⁵. Combined⁶ sales tax revenues account for over 31 percent of total General Fund revenues.

Franchise Fees

Franchise fees totaled \$522,086, a decrease of \$137,865 from the prior year. Collections are based on gross receipts of electricity, gas, cable, telecommunication, and telephone utilities and are contingent upon customers and customer demand. The decrease is associated to an area wide reduction in payment by a specific electric franchise.

Investment Income

The City maintained a high investment balance through its cash management program with revenue from interest earnings, which represented approximately 1.5 percent of general government revenue⁷. This is lower than last year due to lower interest rates versus the prior year and a decrease in the average invested balance.

Expenditures

Expenditures for general governmental purposes totaled \$11.4 million, an increase of 7.0 percent from 2002. The City issued \$5 million of additional debt in the 2003 fiscal year for street reconstruction. This reconstruction will replace paving and drainage as well as waterlines and will add additional capacity for storm drainage along two major collector streets within the City. Changes in levels of expenditures for departments and major functions of the City from the preceding year are shown in the following tabulation (in thousands):

Classification	Amount (1000's)	Percent of Total	Increase/ (Decrease) from 2002
General government	\$ 1,174	10.29 %	\$ 135
Public Works	1,561	13.68	(26)
Public Safety	2,729	23.92	(259)
Parks and Recreation	334	2.93	21
Debt Service	2,048	17.95	148
Capital Improvements	3,563	31.23	741
Total	\$ 11,409	100.00 %	\$ 760

The total 2003 expenditures for general government functions increased \$760,000 from the prior year.

⁵ Monthly average does not include the crime control portion of sale tax collected.

⁶ City sales tax and the half-cent sales tax used for reduction of property tax. Total general fund revenues include inter-fund transfers.

⁷ The general government revenue totaling \$7,949,222.

Fund Balances

Fund balances were maintained at adequate levels as indicated by the following:

Fund	2002-03	2001-02	Increase (Decrease)
General Fund	\$ 2,506,008	\$ 2,769,637	\$ (263,629)
Special Revenue Fund	484,036	405,036	79,000
Debt Service Fund	1,300,301	1,281,907	18,394
Capital Projects Fund	5,727,644	3,594,474	2,133,170

The policy of the General Fund is to maintain a fund balance equivalent of three months or 25 percent of annual normal recurring expenditures. For the year ended September 30, 2003, the calculated balance required for the General Fund⁸ is approximately \$1,301,339. The actual undesignated balance of \$2,486,514 is greater than the policy requirement. Amounts in excess of the required balance are presented to the City Council for potential transfer to a Capital Projects Fund or considered for funding of non-recurring operations and maintenance expenditures. As the funds are accumulated, plans are developed for the best and most appropriate use. This plan is adopted by the City Council as part of the overall annual budget process.

Debt Administration

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens and investors. At September 30, 2003, these indicators were as follows:

Description	Amount	Percent of Debt to Assessed Value	Debt per Capita
Net direct bonded debt	\$ 19,993,642	3.25 %	\$ 2,679
Overlapping debt	34,012,679	5.53	4,558
Total Direct and Overlapping Debt	\$ 54,006,321	8.78 %	\$ 7,238

Total outstanding tax supported debt (general obligation bonds and certificates of obligation) at September 30, 2003 totaled \$21.3 million.

⁸ Calculated balance is 25 percent of general fund normal recurring expenditures.

Current ratings on debt issues of the City are as follows:

	<u>Moody's Investors Service</u>	<u>Standard & Poor's</u>
General Obligation Bonds	A	AAA
Certificates of Obligation	A	BBB

Cash Management

The Investment Policy adopted by the City Council is in compliance with state statutes governing investment activities. In 2002-2003, investments were primarily placed with Texpool, a state administered investment pool available to local governments. The City's Texpool investments at September 30, 2003 totaled \$13,141,797 (100 percent of the City's portfolio) and interest earnings were at 1.00% in September 2003. The City will continue to review its portfolio per the investment policy after considering safety, liquidity and return on investment. Texpool is rated as a AAA money market fund by Standard & Poor's. As of September 30, 2003, the weighted average maturity of investments was 40 days.

Capital Projects Funds

Capital improvement projects are funded with General Fund transfers and proceeds of general obligation and certificates of obligation debt issues. The City annually adopts a Five-Year Capital Improvement Plan and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities and parks. These plans are prepared by staff or consultants and presented to the City Council for review and acceptance. The plans require funding sources to be identified for each project.

For the last several years, the policy of the City has been able to maintain its infrastructure base for streets, water and wastewater systems, and municipal facilities through an aggressive maintenance and improvement program. A portion of general fund revenues is allocated to the Capital Improvement Plan each year. Debt is issued when necessary to finance long-term capital improvements. Appropriations remain with the project until completion. Council may re-appropriate the funds to reflect a change in priority as recommended by staff. Total expenditures for capital improvements were \$3,563,075. Some projects were completed and several were in progress at year-end. A majority of capital project expenditures were spent on a new fire station facility and street reconstruction.

Annually, the City evaluates the fund balance position of the General Fund and amounts over the policy guidelines will be considered for transfer to this fund. The fund balance designated for capital improvement projects⁹, at September 30, 2003, was \$5,727,644.

⁹ Capital Improvements include Fund 10 and Fund 13.

Enterprise Funds

The City maintains two separate enterprise funds: a water and wastewater utility fund and a golf course fund.

Utility Fund

The water and wastewater utility fund provides service to customers within the corporate limits. Annually, the City produces or purchases approximately 389 million gallons of water. As of September 30, 2003, the customer base and consumption for the past two fiscal years is presented below:

	<u>2002-2003</u>	<u>2001-2002</u>
<u>Customer Base</u>		
Residential	1,919	1,896
Commercial	153	164
Total	<u>2,072</u>	<u>2,060</u>
<u>Annual Consumption (Thousands of Gallons)</u>		
Residential	225,541	230,590
Commercial	163,908	181,452
Total	<u>389,449</u>	<u>412,042</u>
<u>Average Monthly Consumption per Customer (Gallons)</u>		
Residential	9,794	10,135
Commercial	89,275	92,201
Total	<u>99,069</u>	<u>102,336</u>

In recent years, a five-year rate and financial plan was developed to meet the projected operating and maintenance costs. The rate structure adopted as a result of the plan is designed to encourage conservation, recapture all operating costs, and fund future capital improvement programs. The actual rates are comprised of two components: a water service charge and a sewer charge. Base service charges increase with meter size to more accurately reflect the demand created by individual customer classes. A sewer cap of the average sewer bill for the period November through February is in effect during the months March through February. The average monthly bill for a typical residential customer with a ¾-inch meter based on 3,000 gallons is \$25.78, which represents \$11.28 for water and \$14.50 for sewer.

Other ratios and the net result of operations are presented below:

	<u>2002-2003</u>	<u>2001-2002</u>
Gross Revenue	\$ 2,367,098	\$ 2,279,788
Total Operating Expenses (net of depreciation)	1,313,059	1,173,134
Cash and Temporary Investments	3,242,326	2,595,430

To continue to provide maintenance for infrastructure and to maintain revenue levels to meet expenses and debt requirements, the City is expected to increase the water and sewer rates 10% per year through 2004. This increase became effective in the 1999 fiscal year. During the next year, the City will continue to upgrade the water and wastewater system by replacing and adding new waterlines and sewer lines in the City.

Golf Course Fund

On August 11, 2000, the City finalized the purchase of Jersey Meadow Golf Course. This golf course had been privately owned and operated within the City for approximately 45 years. The City purchased the original 18 holes, clubhouse, maintenance barn and related equipment for \$6.9 million. Results of operations from the golf course for the years ending September 30, 2003 and 2002 are presented below:

	<u>2002-2003</u>	<u>2001-2002</u>
Gross Revenue	\$ 1,133,969	\$ 1,308,016
Total Operating Expenses (net of depreciation)	1,085,972	1,008,909
Cash and Equivalents	573,215	388,031

Risk Management

Medical claims are covered by a private insurance carrier. As of September 30, 2003, the City required employees to contribute \$100 per month for dependent group health coverage. For the fiscal year ended September 30, 2003, total cost for the program was \$560,920. Based on the employee population at September 30, 2003 of 80, the average cost per employee was \$7,011.50.

The City, in an effort to contain the cost of general liability and property insurance, funds deductible coinsurance and uninsured property losses through contributions from the General and Enterprise Funds. The annual estimated exposure is approximately \$10,000.

General Fixed Assets

The general fixed assets of the City are those fixed assets used in the performance of general government functions and exclude the fixed assets of the Enterprise Funds. As of September 30, 2003, the general fixed assets of the City amounted to \$18,198,300 an increase of approximately \$3,730,389 increase from the previous year. Annually, as part of the budget process, the City conducts an inventory of materials, equipment and office furniture and disposes of obsolete, surplus or scrap equipment and materials through public auction.

Comprehensive Plan

The City of Jersey Village developed its comprehensive planning program under a modified continuous city planning approach proposed by Melville C. Branch more than 40 years ago. Under the continuous city planning approach, the City maintains its plans in a format that allows for consultant revisions to accommodate real world development activities in Jersey Village. This planning method has been realized through the use of computer generated maps which can be revised based upon existing or proposed development upon the City. The City's comprehensive plan consists of a series of maps which represents the desired future development plan of the City. The maps adopted by the planning commission are: Future Land Use and Transportation Facilities Plan, Future Water Facilities Plan and Future Sanitary Sewer Facilities Plan. These plans are designed to work with the City's development regulations and Capital improvements program to implement the concepts established by the plans.

Municipal Facilities

In 2001, voters approved a bond issue to construct a new fire station. The previous City Hall building has been converted for office and training use for the fire department use and encompassed into the new fire facility. The fire facility includes a two-story structure that provides space for up to eight vehicles plus equipment required for fire fighting and EMS services. The City Hall is now relocated in building formerly owned by the Jersey Village Church of Christ. The City has adapted this building for temporary use and proposes to construct a new City Hall office building some time in the future. No specific plans exist for additional facilities.

Recycling

The efforts of the Jersey Village Recycling Program continued to be an important role to the recycling program adopted by Jersey Village citizens. During the last year, approximately 1 million pounds of recyclable material was collected through curbside recycling.

Police Public Safety Programs

Excellent relations with residents are maintained through programs such as Drug Awareness, Neighborhood Policing, Neighborhood Crime Watch, and Home Protection Assessment. These programs provide the fortitude for a protected environment that is exceptional in comparison to area communities. The police department also has an officer whose function is to be a liaison between the police department and citizenry to provide greater communication, training, and assistance to the community. This safe environment is the main reason so many make Jersey Village a choice community.

Fire Department Public Education

Public education holds a high priority with the emergency services division. In 2003, fire safety education programs were presented to thousands of people. These programs are tailored to the requests of the audiences. Additionally, the department conducts a Citizens Fire Academy. This program consists of twelve weeks of classroom and hands-on training, culminating with a field day at a local training facility where the students perform firefighting, rescue and even rappelling. Enforcement of the fire codes is done through the Fire Marshal's Office. All public and commercial facilities are inspected prior to occupancy and at least annually thereafter. The goal of the inspections is to provide a safe environment through education rather than citations.

FUTURE PROJECTS

Capital Improvement Program

The City's capital improvement program (CIP) is a process toward translating the comprehensive plan from paper to fact. The CIP provides for the orderly, progressive development of Jersey Village through the establishment of priorities. The capital improvement program is a multi-year process for evaluating the relative importance of all capital needs of the City. It deals with itemizing projects that require money not regularly allocated in the operating budget, scheduling when these projects will be done, and deciding how they will be financed. The projects contained in the CIP have been weighed against the City's financial ability to retire their costs within reasonable debt limits and in line with sound municipal financing principles. This method of approach is practical and reasonable and can, in the future be depended upon as a continuing means of achieving the desirable physical structure projected in the comprehensive plan.

The capital budget is an integral part of the overall capital improvement program process. The capital budget is the annual process of actively committing funds to specific capital projects. Upon adoption of the CIP by the City Council, the recommended projects for the next fiscal year are extracted from the program and presented in the form of a budget. Once the capital budget has been adopted, action may commence on carrying out the capital improvement program.

For fiscal year 2003-2004, the City's primary thrust in capital projects is rehabilitation of several residential streets that include rehabilitation of numerous utilities and improved drainage.

INDEPENDENT AUDIT

The City Charter and state statutes require an independent audit to be made, by a certified public accountant, of all accounts of the City for the fiscal year ending on the thirtieth day of September. The auditors' report shall be filed with the City Secretary within one hundred and twenty days after the close of such preceding year. The certified public accountant shall be selected by the City Council and shall have no direct interest in the financial affairs of the City and shall report in writing to the Council. The Independent Auditors' Report by *Null-Lairson, P.C.* is included in the financial section of this comprehensive report.

AWARDS & ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2002. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements.

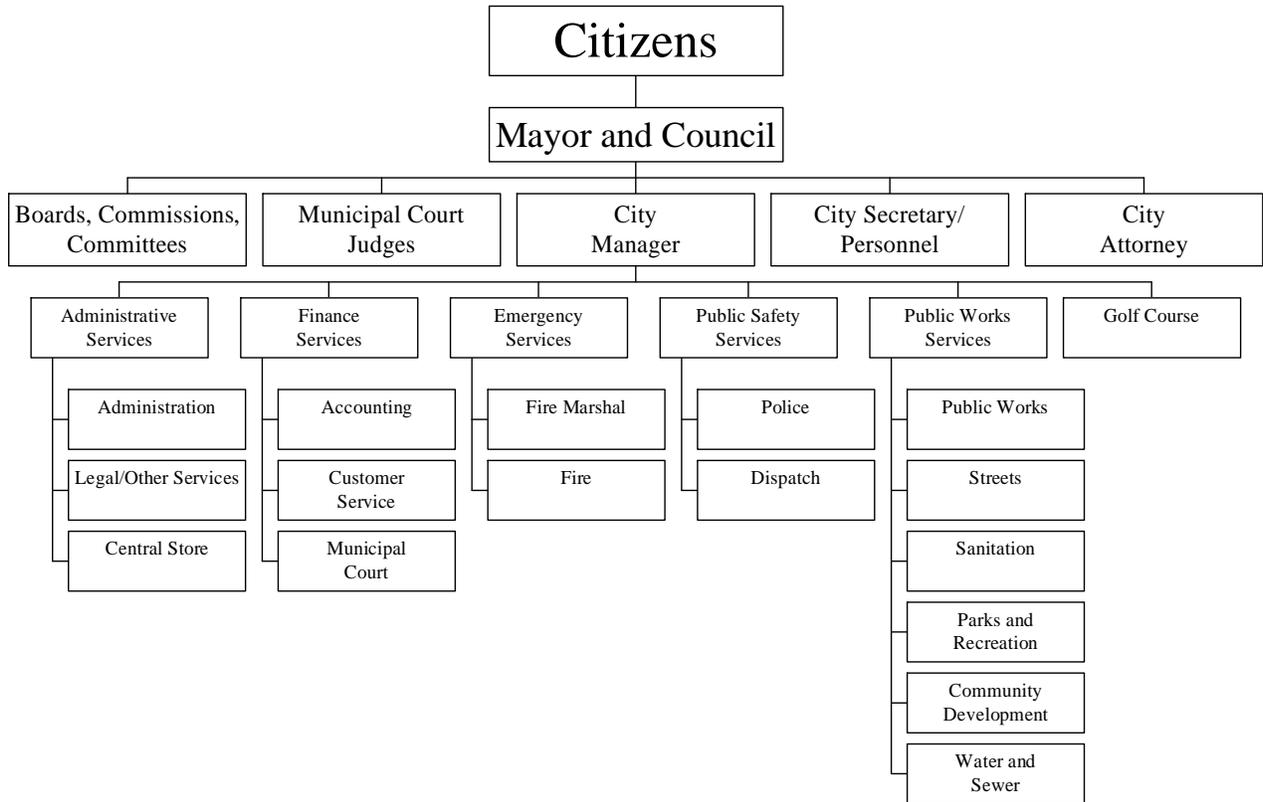
A Certificate of Achievement is valid for a period of one year only. This is the eighth consecutive year that the City has received this prestigious award. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for compliance review.

In closing, without the dedication of the employees and the direction of the Mayor and members of the City Council, preparation of this report would not have been possible. I want to express my sincere appreciation to our employees who have continually demonstrated their professionalism and abilities in the management of the finance function. I also want thank the Mayor and City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

R. Dale Brown
City Manager

CITY OF JERSEY VILLAGE, TEXAS
ORGANIZATION CHART



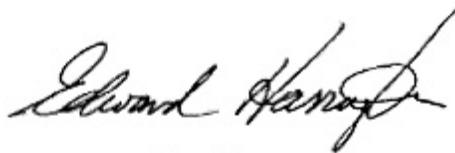
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jersey Village,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

PRINCIPAL OFFICIALS
CITY OF JERSEY VILLAGE, TEXAS
September 30, 2003

Elected Officials	Position
Ed Heathcott	Mayor
Rusty Preece	Council member Position No. 1
Greg Holden	Council member – Position No. 2
Frances Wubbenhorst	Council member – Position No. 3 Mayor Pro-Tem
Russell Hamley	Council member – Position No. 4
A.J. Widacki	Council member – Position No. 5

Appointed Officials and Department Heads	Position
R. Dale Brown	City Manager
Debbie Loesch	City Secretary
Kenneth Wall	City Attorney
Roderick Hainey	Director of Public Works
Kathy Hutchens	Fire Chief
Stephen Lawrenz	Director of Finance
Charles Wedemeyer	Police Chief

FINANCIAL SECTION

(This page is intentionally left blank

11 Greenway Plaza, Suite 1515
Houston, TX 77046
(713) 621-1515
Fax: (713) 621-1570



One Sugar Creek Blvd., Suite 920
Sugar Land, TX 77478
(281) 242-8600
Fax: (281) 242-7333

Independent Auditors' Report

Honorable Mayor and Members of City
Council of the City of Jersey Village, Texas

We have audited the accompanying general purpose financial statements of City of Jersey Village, Texas, as of and for the year ended September 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of City's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Jersey Village, Texas, as of September 30, 2003, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the City's general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The required pension system supplementary information is not a required part of the general purpose financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the additional information. However, we did not audit the information and express no opinion on it.



Houston, Texas
January 15, 2004

(This page is intentionally left blank)

GENERAL PURPOSE FINANCIAL STATEMENT

CITY OF JERSEY VILLAGE, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2003

	Governmental Fund Types			
	General	Special Revenue Funds	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
Assets				
Cash and temporary investments	\$ 2,376,434	\$ 467,722	\$ 1,468,488	\$ 5,041,792
Receivables - net, where applicable, of allowances for uncollectible receivables				
Property taxes	167,385		99,524	
Sales and Franchise taxes	359,164			
Accounts				
Other				
Inventory				
Prepaid items				
Deferred charges				
Due from other funds	938,538	16,514	51,923	689,673
Due from component unit	3,297			
Restricted assets				
Restricted assets - cash and temporary investments				
General fixed assets				
Property, Plant and equipment, net				
Amount available in debt service fund				
Amount to be provided for retirement of general long term debt				
Total Assets And Other Debit	\$ 3,844,818	\$ 484,236	\$ 1,619,935	\$ 5,731,465
<u>Liabilities, Fund Equity and Other Credits</u>				
Liabilities				
Accounts payable and accrued liabilities	\$ 379,824	\$	\$	\$
Accrued compensated absences	265,872			
Deposits				
Due to other funds	525,729	200	220,110	3,821
Due to primary government				
Deferred revenues	167,385		99,524	
General obligation bonds				
Revenue bonds payable				
Certificates of obligation payable				
Capital leases payable				
Acrued interest on premium compound interest bonds				
Total Liabilities	1,338,810	200	319,634	3,821
Equity and Other Credits				
Investment in general fixed assets				
Contributed Capital				
Retained earnings				
Fund balances				
Reserved	2,731	68,699	1,300,301	
Unreserved				
Designated	19,494	415,337		5,727,644
Undesignated	2,483,783			
Total Fund Equity and Other Credits	2,506,008	484,036	1,300,301	5,727,644
Total Liabilities, Fund Equity and Other Credits	\$ 3,844,818	\$ 484,236	\$ 1,619,935	\$ 5,731,465

See notes to financial statements.

Exhibit I

Proprietary Fund Types		Account Groups		Total (Memorandum Only) Primary Government	Discretely Presented Component Units Crime Control and Prevention District	Totals (Memorandum Only)	
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt			2003	2002
\$ 3,815,541	\$ 566,658	\$	\$	\$ 13,736,635	\$ 563,064	\$ 14,299,699	\$ 12,598,471
				266,909		266,909	221,948
207,780				359,164	84,195	443,359	453,357
				207,780		207,780	
10,069				10,069		10,069	266,126
							13,121
33,976				33,976		33,976	340,698
319,679	34,700			2,051,027		2,051,027	2,241,666
				3,297		3,297	
70,547				70,547		70,547	
		18,198,300		18,198,300		18,198,300	14,467,911
16,951,150	1,249,266			18,200,416		18,200,416	18,189,385
			1,300,301	1,300,301		1,300,301	1,281,907
			19,993,642	19,993,642		19,993,642	8,678,942
<u>\$ 21,408,742</u>	<u>\$ 1,850,624</u>	<u>\$ 18,198,300</u>	<u>\$ 21,293,943</u>	<u>\$ 74,432,063</u>	<u>\$ 647,259</u>	<u>\$ 75,079,322</u>	<u>\$ 58,753,532</u>
\$ 34,158	11,510	\$	\$	\$ 425,492	\$	\$ 425,492	\$ 844,245
35,975				301,847		301,847	
70,547				70,547		70,547	74,381
1,285,813	15,354			2,051,027		2,051,027	2,241,666
					3,297	3,297	
				266,909		266,909	221,948
			10,746,760	10,746,760		10,746,760	6,082,515
1,300,000				1,300,000		1,300,000	1,400,000
			8,195,000	8,195,000		8,195,000	8,640,000
	252,539			252,539		252,539	308,947
			2,352,183	2,352,183		2,352,183	2,503,334
<u>2,726,493</u>	<u>279,403</u>		<u>21,293,943</u>	<u>25,962,304</u>	<u>3,297</u>	<u>25,965,601</u>	<u>22,317,036</u>
		18,198,300		18,198,300		18,198,300	14,467,911
17,060,156	395,954			17,456,110		17,456,110	10,477,749
1,622,093	1,175,267			2,797,360		2,797,360	2,769,188
				1,371,731		1,371,731	1,357,144
				6,162,475		6,162,475	4,582,511
				2,483,783	643,962	3,127,745	2,781,993
<u>18,682,249</u>	<u>1,571,221</u>	<u>18,198,300</u>		<u>48,469,759</u>	<u>643,962</u>	<u>49,113,721</u>	<u>36,436,496</u>
<u>\$ 21,408,742</u>	<u>\$ 1,850,624</u>	<u>\$ 18,198,300</u>	<u>\$ 21,293,943</u>	<u>\$ 74,432,063</u>	<u>\$ 647,259</u>	<u>\$ 75,079,322</u>	<u>\$ 58,753,532</u>

CITY OF JERSEY VILLAGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES, AND DISCRETELY
PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Property taxes	\$ 2,168,596	\$	\$ 2,039,133	\$
Sales tax	1,612,093			
Franchise tax	522,086			
Licenses and permits	112,958			
Charges for services	148,974	71,082		
Fines and forfeitures	472,517	37,209		
Interest	35,614	5,034	26,896	44,152
Intergovernmental	5,442			
Other	115,472			
Total Revenues	5,193,752	113,325	2,066,029	44,152
Expenditures				
Current				
General government	1,140,146	34,325		
Public safety	2,169,483			
Parks and recreation	334,432			
Public works	1,561,295			
Capital outlay				3,563,075
Debt service				
Principal			780,755	
Interest and fiscal charges			1,266,880	
Total Expenditures	5,205,356	34,325	2,047,635	3,563,075
Revenues Over (Under) Expenditures	(11,604)	79,000	18,394	(3,518,923)
Other Financing Sources (Uses)				
Operating transfers in	400,000			652,025
Operating transfers out	(652,025)			
Proceeds from debt				5,000,068
Total Other Financing Sources (Uses)	(252,025)			5,652,093
Revenues and Other Sources Over (Under) Expenditures And Other Uses	(263,629)	79,000	18,394	2,133,170
Fund balances at beginning of year	2,769,637	405,036	1,281,907	3,594,474
Fund Balances at End of Year	\$ 2,506,008	\$ 484,036	\$ 1,300,301	\$ 5,727,644

See notes to financial statements.

Exhibit 2

Total (Memorandum Only) Primary Government	Discretely Presented Component Units Crime Control and Prevention District	Totals (Memorandum Only)	
		2003	2002
\$ 4,207,729	\$	\$ 4,207,729	\$ 5,055,432
1,612,093	524,454	2,136,547	2,783,631
522,086		522,086	659,951
112,958		112,958	123,202
220,056		220,056	94,653
509,726		509,726	409,250
111,696	7,510	119,206	198,752
5,442		5,442	25,578
115,472		115,472	316,269
<u>7,417,258</u>	<u>531,964</u>	<u>7,949,222</u>	<u>9,666,718</u>
1,174,471		1,174,471	1,039,668
2,169,483	558,596	2,728,079	2,986,696
334,432		334,432	313,056
1,561,295		1,561,295	1,587,215
3,563,075		3,563,075	2,821,767
780,755		780,755	717,476
1,266,880		1,266,880	1,182,997
<u>10,850,391</u>	<u>558,596</u>	<u>11,408,987</u>	<u>10,648,875</u>
(3,433,133)	(26,632)	(3,459,765)	(982,157)
1,052,025		1,052,025	2,100,000
(652,025)		(652,025)	(2,391,448)
5,000,068		5,000,068	2,300,000
<u>5,400,068</u>		<u>5,400,068</u>	<u>2,008,552</u>
1,966,935	(26,632)	1,940,303	1,026,395
8,051,054	670,594	8,721,648	7,695,253
<u>\$ 10,017,989</u>	<u>\$ 643,962</u>	<u>10,661,951</u>	<u>\$ 8,721,648</u>

CITY OF JERSEY VILLAGE, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND DEBT SERVICE
For the fiscal year ended September 30, 2003

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 2,183,200	\$ 2,168,596	\$ (14,604)
Sales taxes	1,800,000	1,612,093	(187,907)
Franchise taxes	528,000	522,086	(5,914)
Licenses and permits	113,200	112,958	(242)
Charges for services	141,800	148,974	7,174
Fines and forfeitures	445,223	472,517	27,294
Intergovernmental	4,612	5,442	830
Interest revenue	50,000	35,614	(14,386)
Other	758,969	115,472	(643,497)
Total Revenues	6,025,004	5,193,752	(831,252)
Expenditures			
Current			
General government	1,298,196	1,140,146	158,050
Public safety	2,770,299	2,169,483	600,816
Parks and recreation	372,854	334,432	30,992
Public works	1,674,013	1,561,295	112,718
Debt service			
Principal			
Interest and fiscal agent fees			
Total Expenditures	6,115,362	5,205,356	902,576
Revenues Over (Under) Expenditures	(90,358)	(11,604)	71,324
Other Financing Sources (Uses)			
Operating transfers in	400,000	400,000	
Operating transfer out	(652,025)	(652,025)	
	(252,025)	(252,025)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other financing (Uses)	(342,383)	(263,629)	71,324
Fund balances at beginning of year	2,769,637	2,769,637	
Fund Balances at End of the Year	\$ 2,427,254	\$ 2,506,008	\$ 71,324

See notes to financial statements.

Exhibit 3

Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,008,138	\$ 2,039,133	\$ 30,995
40,000	26,896	(13,104)
2,048,138	2,066,029	17,891
780,800	780,755	45
1,287,903	1,266,880	21,023
2,068,703	2,047,635	21,068
(20,565)	18,394	38,959
(20,565)	18,394	38,959
1,281,907	1,281,907	
\$ 1,261,342	\$ 1,300,301	\$ 38,959

CITY OF JERSEY VILLAGE, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

Exhibit 4

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2003</u>	<u>2002</u>
Operating Revenues				
Charges for services	\$ 3,448,865	\$	\$ 3,448,865	3,451,919
Penalties and interest				28,469
Impact fees	36,631		36,631	78,066
Rental fees		391,973	391,973	704,686
Other	15,571		15,571	29,350
	<u>3,501,067</u>	<u>391,973</u>	<u>3,893,040</u>	<u>4,292,490</u>
Operating Expenses				
Personnel	895,217		895,217	827,344
Materials and supplies	273,678		273,678	178,551
Repairs and maintenance	86,499		86,499	114,169
Utilities	231,109		231,109	161,587
Purchased services	455,490		455,490	260,537
Depreciation	739,942	206,102	946,044	862,229
Other services and charges	457,038		457,038	639,855
	<u>3,138,973</u>	<u>206,102</u>	<u>3,345,075</u>	<u>3,044,272</u>
Operating Income	362,094	185,871	547,965	1,248,218
Non - Operating Revenues (Expenses)				
Interest revenue	40,438	6,957	47,395	64,947
Gain or (loss) on disposal of assets		(52,392)	(52,392)	3,450
Interest and fiscal charges	(89,204)	(25,592)	(114,796)	(85,803)
	<u>(48,766)</u>	<u>(71,027)</u>	<u>(119,793)</u>	<u>(17,406)</u>
Income Before Operating Transfer	313,328	114,844	428,172	1,230,812
Operating transfer in				291,448
Operating transfer out	(400,000)		(400,000)	
Net Income (Loss)	(86,672)	114,844	28,172	1,522,260
Retained earnings at beginning of year	1,708,765	1,060,423	2,769,188	1,246,928
Retained Earnings at End of Year	<u>\$ 1,622,093</u>	<u>\$ 1,175,267</u>	<u>\$ 2,797,360</u>	<u>\$ 2,769,188</u>

See notes to financial statements.

CITY OF JERSEY VILLAGE, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPES
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

Exhibit 5

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2003	2002
Cash Flows From Operating Activities				
Operating income (loss)	\$ 362,094	\$ 185,871	\$ 547,965	\$ 1,248,218
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation	739,942	206,102	946,044	862,229
Changes in operating assets and liabilities				
Decrease (increase) in accounts receivable	10,524		10,524	(35,586)
Decrease (increase) in inventory	3,052		3,052	27,813
Decrease (increase) in prepaid expenses				(331,086)
Increase (decrease) in customer deposits	(3,834)		(3,834)	5,298
Increase (decrease) in accounts payable	(33,502)		(33,502)	310,636
Increase (decrease) in accrued compensated absences	35,975		35,975	
Cash Flows Provided By Operating Activities	1,114,251	391,973	1,506,224	2,087,522
Cash Flows From Noncapital Financing				
Operating transfers in				
Operating Transfers(out)	(400,000)		(400,000)	867,089
Increase (decrease) in due to other funds	372,455	13,482	385,937	131,362
Decrease (increase) in due from other funds	517,054	(15,495)	501,559	(589,798)
Cash Flows Used in Noncapital Financing Activities	489,509	(2,013)	487,496	408,653
Cash Flows From Capital And Related Financing Activities				
Proceeds from sale of assets				3,450
Acquisition and construction of capital assets	(562,751)	(481,915)	(1,044,666)	(1,222,849)
Revenue bond payments	(100,000)		(100,000)	(235,000)
Interest paid on revenue bonds	(78,820)	(25,592)	(104,412)	(526,444)
Cash Flows Used in Capital and Related Financing Activities	(741,571)	(507,507)	(1,249,078)	(1,980,843)
Cash Flows From Investing Activities				
Interest earned on investments	40,438	6,957	47,395	64,947
Cash Flows Used by Investing Activities	40,438	6,957	47,395	64,947
Increase (Decrease) In Cash	902,627	(110,590)	792,037	580,279
Cash balance at beginning of year	2,983,461	677,248	3,660,709	3,080,430
Cash Balance at End of Year	\$ 3,886,088	\$ 566,658	\$ 4,452,746	\$ 3,660,709
Cash	\$ 3,815,541	\$ 566,658	\$ 4,382,199	\$ 3,586,328
Restricted cash	70,547		70,547	74,381
Total Cash	\$ 3,886,088	\$ 566,658	\$ 4,452,746	\$ 3,660,709

See Notes to Financial Statements.

(This page is intentionally left blank)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The City of Jersey Village, Texas was incorporated in 1956 and adopted a Home-Rule Charter in August 1986. The Charter provides for a "Council-Manager" form of government.

The City Council is the principal legislative body of the City. City Council appoints the City Manager, who is responsible for the administration of the City.

The accounting and reporting policies of the City relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles 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). The more significant accounting policies of the City are described below.

B. REPORTING ENTITY

The City's financial statements include the accounts of all City operations. The primary operations are general and administrative, public safety, recreation, public works, sanitation and water and sewer services.

As required by generally accepted accounting principles, these financial statements of the reporting entity include those of the City of Jersey Village (the primary government) and its component unit, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units would be combined with data of the City. Each discretely presented component unit, on the other hand, would be reported in a separate column in the combined financial statements to emphasize it is legally separate from the City.

Discretely Presented Component Unit: The Jersey Village Crime Control and Prevention District (the "District") reports activity related to additional crime control and prevention. The District is fiscally dependent upon the government because the City Council approves their budget and all new debt issuances. The seven member board is appointed by City Council. The operations of the District, are reported in a single governmental fund. No separate financial statements are prepared.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds and account groups:

Governmental Fund Types

General Fund

The General Fund is used to account for all financial transactions not properly included in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general administration, finance, public works, parks and recreation, municipal court, and public safety.

Special Revenue Fund

The Special Revenue Fund is used to account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all general obligation bonds of the City. The primary source of revenue for debt service is local property taxes.

Capital Projects Funds (Project Base Budget)

The Capital Projects Funds are used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for capital improvement projects.

Proprietary Fund Type

Enterprise Fund

The Enterprise Funds are used to account for the operations that provide water and wastewater utility services to the public and operations of a golf course. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date the City accounts for its proprietary funds as presented by the GASB.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

Internal Service Fund

The Internal Service fund is used to account for replacement of vehicles and equipment. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges to the various departments.

Account Groups

General Fixed Assets Account Group

Fixed assets purchased or constructed by the City's governmental fund types are shown at original cost. Donated assets are valued at the fair market value on the date donated. Costs incurred for the purchase of construction of general fixed assets are recorded as expenditures in the governmental funds and are capitalized in the General Fixed Assets Account Group. Public domain fixed assets or infrastructure (roads, drainage systems, and similar assets that are immovable and of value only to the City) are capitalized. No depreciation has been provided on these assets. Interest incurred during construction is not capitalized on general fixed assets.

General Long-Term Debt Account Group

This account group is used to account for the City's general obligation bonds, certificates of obligation, capital leases and other long-term liabilities payable from governmental fund resources due at varying dates through fiscal year 2025.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The City utilizes the modified accrual basis of accounting in the Governmental Fund Types. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues accrued include sales tax, franchise tax and interest on temporary investments. Property tax levies collected after the fiscal year-end that would be available to finance current operations are immaterial and remain deferred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the Proprietary Fund Types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. Furniture and equipment capitalized in the Proprietary Fund Types are valued at cost.

E. BUDGETS

Annual budgets are adopted for the General, Special Revenue, and Debt Service funds on a basis consistent with generally accepted accounting principles (GAAP), except for the Capital Projects Fund, which adopts a project length budget, and the Enterprise Funds, which adopts a financial plan. City Council approves the annual budget for the component units included in the City's financial reporting entity.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of control is the total approved budget for each department. Management may transfer funds between from one function or activity to another function or activity within the same department without Council approval. Council must approve all requests which would require an increase in total budgeted appropriations through a formal budget amendment. The final amended budget is used in this report. Appropriations lapse at the end of the year.

The City of Jersey Village has complied with budget for the year ended September 30, 2003. Several supplemental budget appropriations totaling \$185,902, were made for the General Fund for year ended September 30, 2003.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year-end) are completed. Such encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities. No material encumbrances were outstanding at September 30, 2003.

F. CASH AND TEMPORARY INVESTMENTS

The City's cash and temporary investments consist of cash on hand, demand deposits and balances in a state-managed public funds investment pool ("TexPool").

For the purpose of the statements of cash flows, the Proprietary Fund Type considers temporary investments with maturity of three months or less when purchased to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. INVENTORIES AND PREPAID ITEMS

The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Inventories in proprietary funds are stated at cost. The City uses the FIFO method of accounting for these inventories.

H. FIXED ASSETS

Property, plant and equipment are stated at original cost. Donated fixed assets are recorded at the fair market value on the date donated. Costs incurred for the purpose or construction of general fixed assets are recorded as capital outlay expenditures in the General, Special Revenue, and Capital Projects Funds. All such costs are capitalized in the General Fixed Assets Account Group. Amounts expended for property, plant, and equipment in the Proprietary Funds are capitalized in the fixed asset accounts within that fund.

Public domain fixed assets (roads, bridges, curbs and gutters, streets and sidewalks, lighting systems, and similar assets that are immovable and of value only to the City) are capitalized when acquired.

Depreciation is not recorded on general fixed assets. Provisions for depreciation have been recorded on plant and equipment of the Proprietary Funds using the straight-line method over the following estimated useful lives of the assets:

<u>Description</u>	<u>Estimated Useful Lives</u>
Equipment	5 to 20 years
Vehicles	5 to 7 years
Golf course improvements	20 years
Water and sewer system	40 years

I. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued vacation (General and Enterprise Fund) is recorded as a liability as it accrues. GASB Codification Section C60, Compensated Absences, provides that vacation pay which accrues as a result of activity in the General Fund (or other governmental fund) shall be recorded as a liability of the appropriate governmental fund to the extent that normally it would be liquidated with expendable available financial resources, with the remainder recorded as a liability in the General Long-Term Debt Account Group. Because the General Fund has sufficient expendable available financial resources to liquidate all accrued vacation relating to it, the City has determined that it is appropriate to include the entire amount of such accrued vacation pay as a liability of the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

K. USE OF ESTIMATES

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could vary from those estimates.

L. "MEMORANDUM ONLY" CAPTIONS

The "Memorandum Only" captions on the columns of the combined statements mean totals are presented for overview informational purposes only, and they do not fairly present financial position or results of operations for the City as a whole in conformity with GAAP. "Memorandum Only" columns do not include eliminations for interfund activity.

NOTE 2 - CASH AND TEMPORARY INVESTMENTS

The City Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act. The investments of the City are in compliance with the Councils' investment policies. Section 105.034 of the Local Government Code of Texas Codes Annotated authorizes the City to invest in:

- (a) Obligations of the United States or its agencies or instrumentalities;
- (b) Direct obligations of the State of Texas or its agencies;
- (c) Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States;
- (d) Obligations of state, 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;

The deposit and investment policies for the city's component units are substantially the same as the City.

NOTE 2 - CASH AND TEMPORARY INVESTMENTS (continued)

At year end, the carrying value of the City's cash and temporary investments (which approximates market value) were as follows:

	Carrying Value		
	City	Component Units	Total
Demand and time deposits	\$ 660,811	\$ 66,709	\$ 727,520
Investments not subject to categorization:			
Public funds investment pools			
Texpool	13,146,371	496,355	13,642,726
	<u>\$ 13,807,182</u>	<u>\$ 563,064</u>	<u>\$ 14,370,246</u>

CREDIT RISK CATEGORIZATION FOR DEPOSITS

It is the City's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at September 30, 2003. The categories of credit risk for deposits are as follows:

- Category 1-** Deposits, which are insured or collateralized with securities, held by the City or by its agent in the City's name.
- Category 2-** Deposits which are collateralized with securities held by the pledging financial institution's trust department in the City's name .
- Category 3-** Deposits, which are not collateralized or collateralized with securities, held by the pledging financial institution or by its trust department or agent but not in the City's name.

At year-end, all of the city's deposits and the deposits of the city's component units were considered to be in category 1.

CREDIT RISK CATEGORIZATION FOR TEMPORARY INVESTMENTS

Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk, which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement, will decline.

NOTE 2 - CASH AND TEMPORARY INVESTMENTS (continued)

Investments of the City consist of balances in a public fund investment pool. The three levels of credit risk for investments are:

- Category 1-** Investments that are insured or registered or securities held by the City or the City's agent in the City's name.
- Category 2-** Investments that are uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the City's name.
- Category 3-** Uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent, but not in the City's name.

Investment balances in public investment pools are not evidenced by underlying securities that exist in physical or book entry form and, therefore, are not subject to credit risk categorization.

PUBLIC FUNDS INVESTMENT POOL

The public funds investment pools noted on the previous page were created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The primary objective of these pools is to maintain the safety of principal, while providing participating government entities with the highest possible rate of return for invested funds. The fair value of the position in these investment pools is the same as the value of the pool shares. Participants own pro rata interests in the underlying assets of the fund in which they participate. A participant's sole source of payment from its investment in the pools is the market value of such assets.

Pursuant to investment agreements approved by each participant with each pool, the business and affairs of the pools are required to be managed by each pool's Board of Trustees (the Board.) The Board consists of members, representing entities that have adopted the investment agreements. The duties of the boards include, but are not limited to, adopting investment policies, appointing investment officers, overseeing the selection of investment managers, custodian banks, investment consultants, and other service providers, monitoring compliance with the pools' investment policy, monitoring performance, and revising the investment policies to reflect changing conditions affecting the pools or the needs of the participants.

Pursuant to Section 2256.016(g) of the Investment Act, these pools have established advisory boards composed of participants and other knowledgeable individuals. The purpose of the advisory boards shall be to gather and exchange information from participants and non-participants relating to the pools' operations.

RESTRICTED ASSETS

At September 30, 2003 the City's enterprise fund held restricted assets in the amount of \$70,547 for customer deposits.

NOTE 3 - PROPERTY TAXES

Property taxes are levied by October 1, or as soon thereafter as possible, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Harris County Central Appraisal District (“CAD”) establishes appraised values. Taxes are levied by the City Council based on the appraised values received from the CAD.

Property tax rates, established in accordance with state law, are levied on real and personal property within the City for use in financing general, and debt service expenditures for the 2003 fiscal year (2002 tax year), resulting in an adjusted tax levy of approximately \$4.18 million based on an assessed property valuation of approximately \$619 million were as follows:

	Tax Rate per \$100 of Assessed Value
General Fund	\$ 0.34673
Debt Service Fund	0.32827
Total Tax Rate	<u>\$ 0.67500</u>

Net property taxes receivable, at September 30, 2003, consisted of the following:

<u>Tax Year</u>	<u>Delinquent Taxes Receivable</u>
2002	\$ 65,888
2001	64,963
2000	36,442
1999	3,083
1998	2,377
prior	39,975
Penalties and interest	67,557
Less:	
Allowance for doubtful accounts	<u>(13,376)</u>
	<u>\$ 266,909</u>

NOTE 4 – ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable in the Enterprise Funds are stated net of an allowance for doubtful accounts of \$18,465.

NOTE 5 – INTERFUND ACTIVITY

Amounts recorded as due to and from other funds at September 30, 2003, include the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund - Utility	\$ 291,619
	Debt Service	219,424
	Special Revenue - HOT	200
	Internal Service Fund	13,482
	Enterprise Fund - Golf Course	408,541
	Internal Service	1,452
	Capital Projects	3,821
	Special Revenue - Sec/Tech	16,355
	Special Revenue - HOT	159
	Debt Service	44,915
	Enterprise Fund - Golf Course	7,008
	Capital Projects	193,415
	Enterprise Fund - Utility	490,837
	Internal Service Fund	420
Enterprise Fund - Golf Course	5,000	
Enterprise Fund - Utility	687	
Enterprise Fund - Golf	3,192	
	General Fund	315,800
Internal Service	Enterprise Fund - Utility	34,700
		<u>\$ 2,051,027</u>

Operating transfers between funds during the year ended September 30, 2003 were as follows:

<u>Operating transfer from</u>	<u>Operating transfer to</u>	<u>Amounts</u>
Enterprise Fund - Golf Course	General Fund	\$ 100,000
Enterprise Fund - Utility	General Fund	300,000
General Fund	Capital Projects	652,025
		<u>\$ 1,052,025</u>

NOTE 6 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets for the year ended September 30, 2003, follows:

General Fixed Assets

	Balance at September 30, 2002	Additions	Retirements and Reclass	Balance at September 30, 2003
Land, buildings and improvements	\$ 10,648,899	\$ 1,898,569	\$ (45,248)	\$ 12,502,220
Equipment	1,882,540	252,523	(6,949)	2,128,114
Construction in progress	1,936,472	3,530,063	(1,898,569)	3,567,966
Total	<u>\$ 14,467,911</u>	<u>\$ 5,681,155</u>	<u>\$ (1,950,766)</u>	<u>\$ 18,198,300</u>

Construction in progress and remaining commitments under related construction contracts for general government construction projects at September 30, 2003 are as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Lakeview reconstruction	\$ 1,605,033	\$ 1,004,236	\$ 600,797
Fire Station	2,437,069	2,191,760	245,309
Jersey Drive reconstruction	1,757,865	199,810	1,558,055
Lakeview senate to WOB	1,116,585	172,160	944,425
	<u>\$ 6,916,552</u>	<u>\$ 3,567,966</u>	<u>\$ 3,348,586</u>

Enterprise Funds

A summary of changes in proprietary fund types property, plant, and equipment for the year ended September 30, 2003 follows:

Utility Fund	Balance at September 30, 2002	Additions	Retirements and Reclass	Balance at September 30, 2003
Land, buildings and improvements	\$ 464,990	\$ 8,091	\$	\$ 473,081
Water and sewer system	13,674,418	846,745	(4,750)	14,516,413
Vehicles and equipment	205,995	10,172		216,167
Bond issue costs				
Construction in Progress	457,612	102,089	(457,612)	102,089
	14,803,015	967,096	(462,362)	15,307,749
Less allowance for depreciation	(3,714,050)	(328,945)		(4,042,995)
	<u>\$ 11,088,965</u>	<u>\$ 638,151</u>	<u>\$ (462,362)</u>	<u>\$ 11,264,754</u>

NOTE 6 - CHANGES IN FIXED ASSETS (continued)

	Balance at September 30,	Additions	Retirements and Reclass	Balance at September 30,
Golf Course				
Land, buildings and improvements	\$ 6,397,828	\$ 55,086	\$	\$ 6,452,914
Vehicles and equipment	635,856	3,000		638,856
	<u>7,033,684</u>	<u>58,086</u>		<u>7,091,770</u>
Less allowance for depreciation	(994,377)	(410,998)		(1,405,375)
	<u>\$ 6,039,307</u>	<u>\$ (352,912)</u>	<u>\$</u>	<u>\$ 5,686,395</u>

	Balance at September 30, 2002	Additions	Retirements and Reclass	Balance at September 30, 2003
Internal Service Fund				
Vehicles and equipment	\$ 1,596,687	\$ 777,713	\$ (154,297)	\$ 2,220,103
Less allowance for depreciation	(866,640)	(206,102)	101,904	(970,838)
	<u>\$ 730,047</u>	<u>\$ 571,611</u>	<u>\$ (52,393)</u>	<u>\$ 1,249,265</u>

Construction in progress amounts for proprietary fund projects at September 30, 2003 consist of a water plant upgrade and the rehabilitation of a sanitary sewer line.

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Elev tank repair at solomon	\$ 208,414	\$ 31,507	\$ 176,907
Philippine lift station	23,000	12,400	10,600
30" trunk line ginger/WOB	944,646	58,182	886,464
	<u>\$ 1,176,060</u>	<u>\$ 102,089</u>	<u>\$ 1,073,971</u>

NOTE 7 - CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

The summary of all long-term debt of the City as of September 30, 2003 follows:

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Balance at September 30, 2003</u>	<u>Accreted Interest</u>
General Long-Term Debt				
General Obligations Bonds				
1991 Refunding Series	6.25 to 8.10%	\$ 3,924,991	\$ 1,946,760	\$ 2,352,183
1996 Refunding Series	4.75 to 6.25%	1,255,000	700,000	
2000 Refunding Series	5.00 to 7.00%	1,255,000	880,000	
2002 Series	4.75 to 6.75%	2,300,000	2,220,000	
2003 Series	3.00 to 4.80%	5,000,000	5,000,000	
Total General Obligation Bonds			<u>10,746,760</u>	<u>2,352,183</u>
Certificates of Obligation				
1994 Series	5.00 - 6.5%	1,900,000	950,000	
1995 Series	5.00 - 6.5%	750,000	125,000	
2000 Series	5.00 to 7.00%	6,960,000	6,960,000	
2000A Series-Taxable	8.90%	440,000	160,000	
Total Certificates of Obligation			<u>8,195,000</u>	
Total General Long Term Debt			<u>\$ 18,941,760</u>	<u>\$ 2,352,183</u>
Enterprise Fund				
Revenue Bonds				
2000 Series	5.00 to 7.00%	1,600,000	\$ 1,300,000	
Total Revenue Bonds			<u>\$ 1,300,000</u>	
Internal Service Fund				
Capital lease payable	4.55%	308,947	\$ 252,539.0	

NOTE 7 - CHANGES IN LONG-TERM DEBT AND DEBT
SERVICE REQUIREMENTS (continued)

General Governmental Debt

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City.

Fund balance in the amount of \$1.3 million is available in the Debt service fund to service general long-term debt.

A summary of permanent improvement bonds authorized, but unissued at September 30, 2003 follows:

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Amount Unissued</u>
Fire Station	February 2002	\$ 2,500,000	\$ 2,300,000	\$ 200,000
		<u>\$ 2,500,000</u>	<u>\$ 2,300,000</u>	<u>\$ 200,000</u>

Changes in general long-term debt for the year ended September 30, 2003 were as follows:

	<u>Balance at September 30, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at September 30, 2003</u>
General Long-Term Debt				
General Obligation Bonds				
1991 Refunding Series	\$ 1,977,515	\$	\$ (30,755)	\$ 1,946,760
1996 Refunding Series	800,000		(100,000)	700,000
2000 Refunding Series	1,005,000		(125,000)	880,000
2002 Series	2,300,000		(80,000)	2,220,000
2003 Series		5,000,000		5,000,000
	<u>6,082,515</u>	<u>5,000,000</u>	<u>(335,755)</u>	<u>10,746,760</u>
Certificates of Obligation				
1994 Series	1,100,000		(150,000)	950,000
1995 Series	275,000		(150,000)	125,000
2000 Series	6,960,000			6,960,000
2000A Series-Taxable	305,000		(145,000)	160,000
	<u>8,640,000</u>		<u>(445,000)</u>	<u>8,195,000</u>
Accreted interest on Capital Interest Bonds	2,503,334	208,094	(359,245)	2,352,183
Total General Long-Term Debt	<u>\$ 17,225,849</u>	<u>\$ 5,208,094</u>	<u>\$ (1,140,000)</u>	<u>\$ 21,293,943</u>

NOTE 7 - CHANGES IN LONG-TERM DEBT AND DEBT
SERVICE REQUIREMENTS (continued)

Enterprise Fund Debt

Revenue bonds are specific obligations of the Enterprise Fund and are payable from and secured by a first lien on and pledge of the revenues derived from the City's water and sewer system.

Changes in Proprietary Fund Type long-term debt for the year ended September 30, 2003 follows

	<u>Balance at September 30, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at September 30, 2003</u>
Enterprise Fund				
Revenue Bonds				
2000 Series	\$ 1,400,000	\$	(100,000)	\$ 1,300,000
Total Enterprise Fund Debt	<u>\$ 1,400,000</u>	<u>\$</u>	<u>(100,000)</u>	<u>\$ 1,300,000</u>
Internal Service Fund				
Capital Lease payable	\$ 308,947		\$ (56,408)	\$ 252,539
Total Internal Service Fund Debt	<u>\$ 308,947</u>	<u>\$ -</u>	<u>\$ (56,408)</u>	<u>\$ 252,539</u>

Capital Lease Payable

On October 18, 2001, the City entered into a capital lease agreement with SunTrust Leasing Corporation to purchase a Fire truck in the amount of \$308,947. The lease is payable in five annual installments of \$70,489 due October 18th each year. The lease reflects an interest rate of 4.55% and matures on October 18, 2006. The Lease carries a 5% prepayment penalty should the City decide to pay the balance of the lease prior to the maturity date. Future debt service requirements on the lease are as follows:

Fiscal Year	Internal Service Fund	
	Capital Lease	
	Principal	Interest
2004	\$ 58,979	\$ 11,510
2005	61,667	8,822
2006	64,478	6,011
2007	67,416	3,073
Totals	<u>\$ 252,540</u>	<u>\$ 29,416</u>

NOTE 7 - CHANGES IN LONG-TERM DEBT AND DEBT
SERVICE REQUIREMENTS (continued)

DEBT SERVICE REQUIREMENTS

A summary of the City's general obligation bonds and certificates of obligation debt service requirements through the year 2025 are as follows:

Fiscal Year	General Long Term Debt			
	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2004	\$ 495,224	\$ 906,037	\$ 435,000	\$ 465,008
2005	494,163	866,377	320,000	440,787
2006	510,729	853,575	330,000	420,363
2007	522,094	814,930	340,000	398,975
2008	540,054	803,529	380,000	375,807
2009	557,732	762,275	390,000	351,043
2010	444,317	921,459	230,000	330,438
2011	322,447	907,074	245,000	313,812
2012	895,000	338,052	260,000	296,138
2013	960,000	280,163	275,000	277,412
2014	1,020,000	217,442	295,000	257,463
2015	385,000	150,072	310,000	236,287
2016	400,000	135,136	330,000	214,094
2017	420,000	119,230	350,000	194,000
2018	435,000	102,263	370,000	176,000
2019	460,000	84,268	395,000	156,875
2020	480,000	65,284	420,000	136,500
2021	505,000	45,346	445,000	114,875
2022	530,000	24,414	475,000	91,875
2023	370,000	6,845	500,000	67,500
2024			535,000	41,625
2025			565,000	14,125
Totals	\$ 10,746,760	\$ 8,403,767	\$ 8,195,000	\$ 5,371,002

NOTE 7 - CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS (continued)

Fiscal Year	Enterprise Fund	
	Revenue Bonds	
	Principal	Interest
2004	\$ 100,000	\$ 71,750
2005	100,000	64,750
2006	100,000	57,750
2007	100,000	50,750
2008	100,000	43,750
2009	100,000	37,625
2010	100,000	32,500
2011	100,000	27,500
2012	100,000	22,500
2013	100,000	17,500
2014	100,000	12,500
2015	100,000	7,500
2016	100,000	2,500
Totals	\$ 1,300,000	\$ 448,875

NOTE 8 - FUND EQUITY

RESERVATIONS AND DESIGNATIONS OF FUND BALANCE

As of September 30, 2003, portions of fund balance were reserved or designated in the following funds for the following purposes:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Reserved				
Encumbrances	\$ 2,731	\$	\$	\$
Debt service			1,300,301	
Public safety		68,699		
	<u>\$ 2,731</u>	<u>\$ 68,699</u>	<u>\$ 1,300,301</u>	<u>\$</u>
Designated				
Authorized construction	\$	\$	\$	\$ 5,727,644
Other projects	19,494			
Economic development		415,337		
	<u>\$ 19,494</u>	<u>\$ 415,337</u>	<u>\$</u>	<u>\$ 5,727,644</u>

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - TEXAS MUNICIPAL RETIREMENT SYSTEM

Plan Description

The City 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), one of 774 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City 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 City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City 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. (i.e. December 31, 2002 valuation is effective for rates beginning January 2004.)

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - TEXAS MUNICIPAL RETIREMENT SYSTEM

All assumptions for the December 31, 2002 valuations are contained in the 2002 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City participates in the Texas Municipal League's General Liability Fund. In addition the City participates in the Texas Municipal League's Workers Compensation Fund to insure the City for workers compensation claims. The Texas Municipal League is not intended to operate as an insurance company but rather a contracting mechanism by which the City provides self-insurance benefits to its employees. The fund contracts with a third party administrator for administration, investigation and adjustment services in the handling of claims. Premiums are based on the estimated City payroll risk factor and rates. The premiums are adjusted by the City's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool. The City has not significantly reduced insurance coverage in the last three years.

NOTE 11 - DEFICIT RETAINED EARNINGS BALANCE

The fund listed below has a deficit retained earning balance as of September 30, 2003. The deficit occurred as a result of revenues inadequate to cover expenses, including depreciation.

NOTE 12 –RESTATEMENT OF FUND EQUITY

Governmental fund types and discretely presented component unit:

The City has restated fund balances in individual funds for the following reasons:

- Implementation of new accounting and reporting standards for sales and franchise tax revenues resulted in the City recognizing sales and franchise taxes at the time the underlying transaction that produced the tax occurs.
- State statute requires the City to establish a separate fund for fees collected from fines and forfeitures for use in supplementing municipal court security and technology programs.

Beginning fund balances for the effected funds have been restated as follows:

	<u>General Fund</u>	<u>Court Security/ Technology Fees</u>	<u>Component Unit</u>
Beginning fund balance, as originally reported	\$ 2,431,965	\$	\$ 586,399
Sales tax	271,937		84,195
Franchise tax	97,225		
Reclassifications	(31,490)	31,490	
Beginning fund balance, as restated	<u>\$ 2,769,637</u>	<u>\$ 31,490</u>	<u>\$ 670,594</u>

Enterprise fund types:

Prior to October 1, 2002, The City had reported the Series 2000 and Series 2000A certificates of obligation as liabilities of the Golf Course Enterprise Fund. Although the certificates of obligation were issued to fund the purchase of the City’s golf course, all debt service payments on these bonds have been made with property tax revenues from the City’s debt service fund. The City anticipates the debt service payments for these obligations will be provided for in this manner for the foreseeable future, although the City reserves the right to service these payments through excess revenues generated from this enterprise fund. Because the City anticipates retiring these debt instruments from this governmental revenue source, management has elected to present the debt as a portion of the general long-term debt account group and has restated beginning contributed capital for the net amount of the debt issued of \$ 7.0 million.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JERSEY VILLAGE
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
 September 30, 2003

Exhibit 7

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)
Schedule of Funding Progress

Actuarial Valuation Date Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	(UAAL) as a Percentage of Covered Payroll
1996	\$ 274,149	\$ 843,290	33%	\$ 569,141	\$ 1,439,720	40%
1997	470,116	1,378,564	34%	908,448	1,471,627	62%
1998	734,674	1,572,654	47%	837,980	1,599,598	52%
1999	1,087,017	2,563,472	42%	1,476,455	2,729,553	54%
2000	1,646,001	3,256,094	51%	1,610,093	2,651,813	61%
2001	2,324,494	4,046,025	57%	1,721,531	1,895,105	91%
2002	3,012,830	4,849,730	62%	1,836,900	2,816,073	65%

Fiscal Year	Annual Pension Cost (APC)	Percentage Contributed
2001	\$ 381,444	100%
2002	409,254	100%
2003	401,489	100%

Because the City's makes all of the annual required contributions, no net pension obligation exists. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as to the latest actuarial valuation follows:

Valuation date	12/31/2001
Actuarial cost method	Unit Credit
Remaining amortization period	25 years - Open
Asset valuation method	
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increase	None
Includes inflation at	None
Cost-of-living adjustments	None

**INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES**

(This page is intentionally left blank)

GENERAL FUND

The General Fund accounts for the resources used to finance the operation of the City, for which a separate fund has not been established.

CITY OF JERSEY VILLAGE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2003 and 2002

Exhibit A-1

<u>Assets</u>	<u>2003</u>	<u>2002</u>
Cash and temporary investments	\$ 2,376,434	\$ 2,866,795
Receivables - net of allowances for uncollectibles		
Property taxes	167,385	142,435
Sales and Franchise taxes	359,164	369,162
Other		47,822
Due from other funds	938,538	746,301
Due from component unit	3,297	
Total Assets	\$ 3,844,818	\$ 4,172,515
 <u>Liabilities and Fund Balance</u> 		
Liabilities		
Accounts payable	\$ 379,824	\$ 513,104
Accrued compensated absences	265,872	248,401
Due to other funds	525,729	498,938
Deferred revenues	167,385	142,435
Total Liabilities	1,338,810	1,402,878
Fund Balance		
Reserved		
Encumbrances	2,731	75,237
Unreserved		
Designated for:		
Future maintenance		8,598
Police department	17,129	17,129
Fire department	1,167	1,167
Parks department	1,198	1,198
	<u>19,494</u>	<u>28,092</u>
Undesignated	<u>2,483,783</u>	<u>2,666,308</u>
Total Fund Balance	2,506,008	2,769,637
Total Liabilities and Fund Balance	\$ 3,844,818	\$ 4,172,515

CITY OF JERSEY VILLAGE, TEXAS**GENERAL FUND****SCHEDULE OF REVENUES****- BUDGET AND ACTUAL***For the year ended September 30, 2003**with comparative actual totals for the year ended September 30, 2002**Exhibit A-2*

	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Property taxes	\$ 2,183,200	\$ 2,168,596	\$ (14,604)	3,186,126
Sales taxes	1,800,000	1,612,093	(187,907)	2,024,970
Franchise taxes	528,000	522,086	(5,914)	659,951
Licenses and permits	113,200	112,958	(242)	123,202
Charges for services	141,800	148,974	7,174	94,653
Fines and forfeitures	445,223	472,517	27,294	377,760
Intergovernmental	4,612	5,442	830	25,578
Interest revenue	50,000	35,614	(14,386)	76,013
Other	758,969	115,472	(643,497)	335,768
	<u>\$ 6,025,004</u>	<u>\$ 5,193,752</u>	<u>\$ (831,252)</u>	<u>\$ 6,904,021</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2003

with comparative actual totals for the year ended September 30, 2002

Exhibit A-3

Page 1 of 4

	2003		Variance Favorable (Unfavorable)	2002
	Budget	Actual		Actual
General Government				
City Administration				
Personnel	\$ 317,574	\$ 295,326	\$ 22,248	\$ 219,959
Supplies	6,200	5,774	426	4,938
Repairs and maintenance	1,100	47	1,053	1,191
Other services and charges	97,000	56,289	40,711	65,766
Capital outlay	24,000	21,164	2,836	2,700
	<u>445,874</u>	<u>378,600</u>	<u>67,274</u>	<u>294,554</u>
Legal and other services				
Personnel	210	208	2	109
Other services and charges	184,990	153,658	31,332	141,643
	<u>185,200</u>	<u>153,866</u>	<u>31,334</u>	<u>141,752</u>
Central Store				
Supplies	20,675	18,707	1,968	16,850
Repairs and maintenance	6,525	4,922	1,603	5,364
Other services and charges	11,700	11,110	590	7,894
Capital outlay	67,359	60,521	6,838	25,494
	<u>106,259</u>	<u>95,260</u>	<u>10,999</u>	<u>55,602</u>
Finance				
Personnel	135,570	129,330	6,240	122,737
Supplies	2,948	1,736	1,212	1,222
Repairs and maintenance	9,500	5,497	4,003	9,395
Other services and charges	18,900	19,572	(672)	14,164
Capital outlay	4,652	4,625	27	500
	<u>171,570</u>	<u>160,760</u>	<u>10,810</u>	<u>148,018</u>
Customer Service				
Personnel	99,420	92,902	6,518	75,117
Supplies	3,200	1,816	1,384	2,445
Repairs and maintenance	10,450	8,665	1,785	5,878
Other services and charges	62,700	47,357	15,343	52,081
Capital outlay	1,250	1,250		15,296
	<u>\$ 177,020</u>	<u>\$ 151,990</u>	<u>\$ 25,030</u>	<u>\$ 150,817</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2003

with comparative actual totals for the year ended September 30, 2002

Exhibit A-3

Page 2 of 4

	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Municipal Court				
Personnel	\$ 146,473	\$ 142,911	\$ 3,562	\$ 151,981
Supplies	4,500	2,471	2,029	4,614
Repairs and maintenance	3,800	3,303	497	2,680
Other services and charges	57,500	50,985	6,515	55,436
Capital outlay				4,353
	<u>212,273</u>	<u>199,670</u>	<u>12,603</u>	<u>219,064</u>
Total General Government	<u>1,298,196</u>	<u>1,140,146</u>	<u>158,050</u>	<u>1,009,807</u>
Public Safety				
Police				
Personnel	1,559,970	1,145,098	414,872	1,198,106
Supplies	37,500	24,052	13,448	19,065
Repairs and maintenance	25,807	12,208	13,599	16,443
Other services and charges	96,643	41,584	55,059	43,332
Capital outlay	42,058	20,147	21,911	11,956
	<u>1,761,978</u>	<u>1,243,089</u>	<u>518,889</u>	<u>1,288,902</u>
Dispatch				
Personnel	389,694	337,839	51,855	324,290
Supplies	8,775	6,458	2,317	5,714
Repairs and maintenance	5,250	4,259	991	4,100
Other services and charges	9,300	7,892	1,408	6,937
Capital outlay	25,955	29,585	(3,630)	1,260
	<u>438,974</u>	<u>386,033</u>	<u>52,941</u>	<u>342,301</u>
Fire				
Personnel	343,835	321,066	\$ 22,769	302,836
Supplies	55,700	48,565	7,135	49,831
Repairs and maintenance	12,651	6,978	5,673	7,105
Other services and charges	105,700	97,389	8,311	427,605
Capital outlay	51,461	66,363	(14,902)	61,348
	<u>569,347</u>	<u>540,361</u>	<u>28,986</u>	<u>848,725</u>
Total Public Safety	<u>\$ 2,770,299</u>	<u>\$ 2,169,483</u>	<u>\$ 600,816</u>	<u>\$ 2,479,928</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2003

with comparative actual totals for the year ended September 30, 2002

Exhibit A-3

Page 3 of 4

	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Works				
Administration				
Personnel	\$ 138,957	\$ 137,913	\$ 1,044	\$ 128,849
Supplies	4,909	4,552	357	4,026
Repairs and maintenance	1,445	963	482	1,088
Other services and charges	33,246	2,145	31,101	22,280
Capital outlay				1,000
	<u>178,557</u>	<u>145,573</u>	<u>32,984</u>	<u>157,243</u>
Code Enforcement				
Personnel	218,044	205,156	12,888	194,115
Supplies	3,700	3,472	228	2,459
Repairs and maintenance	23,064	23,199	(135)	874
Other services and charges	45,049	10,306	34,743	8,977
Capital outlay	4,750	4,272	478	245
	<u>294,607</u>	<u>246,405</u>	<u>48,202</u>	<u>206,670</u>
Sanitation				
Other services and charges	398,766	387,165	11,601	374,682
	<u>398,766</u>	<u>387,165</u>	<u>11,601</u>	<u>374,682</u>
Streets				
Personnel	167,923	173,473	(5,550)	137,858
Supplies	4,372	2,789	1,583	2,090
Repairs and maintenance	49,728	15,805	33,923	18,120
Other services and charges	184,342	179,042	5,300	124,093
Capital outlay	1,200	625	575	5,004
	<u>407,565</u>	<u>371,734</u>	<u>35,831</u>	<u>287,165</u>
Building and Grounds				
Personnel	55,188	57,160	(1,972)	55,644
Supplies	7,100	6,950	150	4,418
Other services and charges	86,800	91,829	(5,029)	52,562
Capital outlay	1,886	1,886		
	<u>\$ 150,974</u>	<u>\$ 157,825</u>	<u>\$ (6,851)</u>	<u>\$ 112,624</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2003

with comparative actual totals for the year ended September 30, 2002

Exhibit A-3

Page 4 of 4

	2003			2002
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Fleet Service				
Personnel	\$ 107,654	\$ 109,545	\$ (1,891)	\$ 149,199
Supplies	97,795	97,794	1	84,724
Repairs and maintenance	35,015	42,118	(7,103)	66,600
Other services and charges	3,080	3,136	(56)	143,750
Capital outlay				4,558
	<u>243,544</u>	<u>252,593</u>	<u>(9,049)</u>	<u>448,831</u>
Total Public Works	<u>1,674,013</u>	<u>1,561,295</u>	<u>112,718</u>	<u>1,587,215</u>
Parks and Recreation				
Personnel	289,209	259,397	29,812	241,546
Supplies	28,650	25,723		15,904
Repairs and maintenance	16,650	16,240		13,343
Other services and charges	28,845	24,752		12,253
Capital outlay	9,500	8,320	1,180	30,010
Total Parks and Recreation	<u>372,854</u>	<u>334,432</u>	<u>30,992</u>	<u>313,056</u>
Total Expenditures	<u>\$ 6,115,362</u>	<u>\$ 5,205,356</u>	<u>\$ 902,576</u>	<u>\$ 5,390,006</u>

(this page intentionally left blank)

SPECIAL REVENUE FUNDS

This group of funds is used to account for specific revenue sources that are required to finance specified activities.

Hotel Occupancy – This fund accounts for activities related to the collection of the City’s hotel occupancy tax.

Asset Forfeiture – This fund accounts for the activities related to funds collected for asset forfeiture.

Court Security/Technology Fees – This fund accounts for the activities related to collection of security and technology fees collected in the court department.

CITY OF JERSEY VILLAGE, TEXAS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2002

Exhibit B-1

	Hotel Occupancy Tax	Asset Forfeitures	Court Security/ Technology Fees	Totals	
				2003	2002
<u>Assets</u>					
Cash and temporary investments	\$ 415,368	\$ 10	\$ 52,344	\$ 467,722	\$ 405,077
Due from other funds	159		16,355	16,514	
Total Assets	\$ 415,527	\$ 10	\$ 68,699	\$ 484,236	\$ 405,077
<u>Liabilities and Fund Balance</u>					
Liabilities					
Due to other funds	\$ 200	\$	\$	\$ 200	\$ 41
Total Liabilities	200			200	41
Fund balances					
Reserved			68,699	68,699	
Unreserved					
Designated	415,327	10		415,337	405,036
Total Fund Equity	415,327	10	68,699	484,036	405,036
Total Liabilities and Fund Equity	\$ 415,527	\$ 10	\$ 68,699	\$ 484,236	\$ 405,077

CITY OF JERSEY VILLAGE, TEXAS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2002

Exhibit B-2

	Hotel Occupancy Tax	Asset Forfeitures	Court Security/ Technology Fees	Totals	
				2003	2002
Revenues					
Hotel occupancy tax	\$ 71,082	\$	\$	\$ 71,082	\$ 80,386
Fines and forfeitures			37,209	37,209	31,490
Interest revenue	5,034			5,034	7,219
Total Revenues	<u>76,116</u>		<u>37,209</u>	<u>113,325</u>	<u>119,095</u>
Expenditures					
Current					
General government	34,325			34,325	29,861
Total Expenditures	<u>34,325</u>			<u>34,325</u>	<u>29,861</u>
Revenues Over (Under) Expenditure	41,791		37,209	79,000	89,234
Fund balances at beginning of year	<u>373,536</u>	<u>10</u>	<u>31,490</u>	<u>405,036</u>	<u>315,802</u>
Fund Balances at End of Year	<u>\$ 415,327</u>	<u>\$ 10</u>	<u>\$ 68,699</u>	<u>\$ 484,036</u>	<u>\$ 405,036</u>

(this page intentionally left blank)

DEBT SERVICE FUND

This fund is used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt of the City.

CITY OF JERSEY VILLAGE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2003 and 2002

Exhibit C-1

	<u>2003</u>	<u>2002</u>
<u>Assets</u>		
Cash and temporary investments	\$ 1,468,488	\$ 1,745,280
Receivables		
Property taxes	99,524	79,513
Due from other funds	<u>51,923</u>	<u>355,260</u>
Total Asset	<u><u>\$ 1,619,935</u></u>	<u><u>\$ 2,180,053</u></u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Deferred revenue	\$ 99,524	\$ 79,513
Due to other funds	<u>220,110</u>	<u>818,633</u>
	<u>319,634</u>	<u>898,146</u>
Fund Balance		
Reserved for retirement of long-term debt	<u>1,300,301</u>	<u>1,281,907</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,619,935</u></u>	<u><u>\$ 2,180,053</u></u>

CITY OF JERSEY VILLAGE, TEXAS**DEBT SERVICE FUND***Exhibit C-2***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES***For the years ended September 30, 2003 and 2002*

	<u>2003</u>	<u>2002</u>
Revenues		
Property taxes	\$ 2,039,133	\$ 1,869,306
Earnings on investments	26,896	46,494
Total Revenues	<u>2,066,029</u>	<u>1,915,800</u>
Expenditures		
Debt service		
Principal	780,755	717,476
Interest and fiscal charge	1,266,880	1,182,997
Total Expenditures	<u>2,047,635</u>	<u>1,900,473</u>
Revenues Over (Under) Expenditures	18,394	15,327
Other Financing Sources		
Operating transfers in	<u> </u>	200,000
	<u> </u>	<u>200,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures	18,394	215,327
Fund balances at beginning of year	<u>1,281,907</u>	<u>1,066,580</u>
Fund Balances at End of the Year	<u><u>\$ 1,300,301</u></u>	<u><u>\$ 1,281,907</u></u>

(this page intentionally left blank)

CAPITAL PROJECTS FUND

This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities, which are principally, financed by grants, certificates of obligation and the bond proceeds.

CITY OF JERSEY VILLAGE, TEXAS
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2003 and 2002

Exhibit D-1

	<u>2003</u>	<u>2002</u>
<u>Assets</u>		
Cash and temporary investments	\$ 5,041,792	\$ 3,362,123
Due from other funds	<u>689,673</u>	<u>241,174</u>
Total Assets	<u><u>\$ 5,731,465</u></u>	<u><u>\$ 3,603,297</u></u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Due to other funds	<u>\$ 3,821</u>	<u>\$ 8,824</u>
Total Liabilities	<u>3,821</u>	<u>8,824</u>
Fund Balance		
Unreserved		
Designated for future construction projects	<u>5,727,644</u>	<u>3,594,474</u>
Total Liabilities and Fund Balance	<u><u>\$ 5,731,465</u></u>	<u><u>\$ 3,603,298</u></u>

CITY OF JERSEY VILLAGE, TEXAS**CAPITAL PROJECTS FUND***Exhibit D-2***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES***For the years ended September 30, 2003 and 2002*

	<u>2003</u>	<u>2002</u>
Revenues		
Interest	\$ 44,152	\$ 58,302
Total Revenues	<u>44,152</u>	<u>58,302</u>
Expenditures		
Capital outlay		
Public safety	1,625,328	703,104
Public works	1,937,747	2,118,663
	<u>3,563,075</u>	<u>2,821,767</u>
Revenues Over (Under) Expenditures	(3,518,923)	(2,763,465)
Other Financing Sources (Uses)		
Operating transfers in	652,025	1,800,000
Operating transfers (out)		(391,448)
Proceeds from debt	5,000,068	2,300,000
	<u>5,652,093</u>	<u>3,708,552</u>
Revenues Over (Under) Expenditures And Other Sources	2,133,170	945,087
Fund balances at beginning of the year	<u>3,594,474</u>	<u>2,649,387</u>
Fund Balances at End of Year	<u><u>\$ 5,727,644</u></u>	<u><u>\$ 3,594,474</u></u>

(this page intentionally left blank)

ENTERPRISE FUNDS

This fund type is established to account for operations, which are intended to be self-supporting through user charges. The City of Jersey Village operates its water and sewer utility and golf course on this basis.

CITY OF JERSEY VILLAGE
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2002

Assets	Utility	Golf Course	Totals	
			2003	2002
Current Assets				
Cash and temporary investments	\$ 3,242,326	\$ 573,215	\$ 3,815,541	\$ 2,909,080
Receivables				
Accounts	207,780		207,780	218,304
Due from Other Funds	687	318,992	319,679	836,733
Inventory		10,069	10,069	13,121
Deferred charges	33,976		33,976	
Total Current Assets	3,484,769	902,276	4,387,045	3,977,238
Restricted Assets				
Cash and temporary investments	70,547		70,547	74,381
Property, Plant And Equipment - at cost				
Land and improvements	473,081	6,452,914	6,925,995	6,862,818
Water and sewer system	14,516,414		14,516,414	13,718,848
Furniture and equipment	216,167	638,856	855,023	841,851
Construction in progress	102,088		102,088	457,612
	15,307,750	7,091,770	22,399,520	21,881,129
Less Allowance for depreciation	(4,042,995)	(1,405,375)	(5,448,370)	(4,708,428)
	11,264,755	5,686,395	16,951,150	17,172,701
Total Assets	\$ 14,820,071	\$ 6,588,671	\$ 21,408,742	\$ 21,224,320

Liabilities and Fund Equity	Utility	Golf Course	Totals	
			2003	2002
Liabilities				
Current Liabilities (payable from current assets)				
Accounts payable	\$ 5,574	\$ 28,584	\$ 34,158	\$ 45,786
Compensated absences	23,345	12,630	35,975	21,874
Current portion of revenue bonds	100,000		100,000	100,000
Due to other funds	865,263	420,550	1,285,813	913,358
Total Current Liabilities	994,182	461,764	1,455,946	1,081,018
Current Liabilities (payable from restricted assets)				
Customer deposits	70,547		70,547	74,381
Long-term liabilities				
Revenue bonds payable (net of current portion)	1,200,000		1,200,000	1,300,000
Total Liabilities	2,264,729	461,764	2,726,493	2,455,399
Fund Equity				
Contributed capital	10,081,793	6,978,363	17,060,156	17,060,156
Retained Earnings	2,473,549	(851,456)	1,622,093	1,708,765
Total Fund Equity	12,555,342	6,126,907	18,682,249	18,768,921
Total Liabilities and Fund Equity	\$ 14,820,071	\$ 6,588,671	\$ 21,408,742	\$ 21,224,320

CITY OF JERSEY VILLAGE, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2002

Exhibit E-2

	Utility	Golf Course	Totals	
			2003	2002
Operating Revenues				
Charges for services	\$ 2,314,896	\$ 1,133,969	\$ 3,448,865	\$ 3,451,919
Penalties and interest				28,469
Impact fees	36,631		36,631	78,066
Other	15,571		15,571	29,350
	<u>2,367,098</u>	<u>1,133,969</u>	<u>3,501,067</u>	<u>3,587,804</u>
Operating Expenses				
Personnel	295,304	599,913	895,217	827,344
Materials and supplies	67,904	205,774	273,678	178,551
Repairs and maintenance	87,551	(1,052)	86,499	114,169
Utilities	195,976	35,133	231,109	161,587
Purchased services	455,490		455,490	260,537
Depreciation	328,945	410,997	739,942	701,716
Other services and charges	210,834	246,204	457,038	639,855
	<u>1,642,004</u>	<u>1,496,969</u>	<u>3,138,973</u>	<u>2,883,759</u>
Operating Income	725,094	(363,000)	362,094	704,045
Non - Operating Revenues (Expenses)				
Interest revenue	35,107	5,331	40,438	53,768
Gain on sale of assets				3,450
Interest and fiscal charges	(89,204)	-	(89,204)	(85,803)
	<u>(54,097)</u>	<u>5,331</u>	<u>(48,766)</u>	<u>(28,585)</u>
Income Before Operating Transfer	670,997	(357,669)	313,328	675,460
Operating transfer in				291,448
Operating transfer out	<u>(300,000)</u>	<u>(100,000)</u>	<u>(400,000)</u>	
Net Income (Loss)	370,997	(457,669)	(86,672)	966,908
Retained earnings at beginning of year	<u>2,102,552</u>	<u>(393,787)</u>	<u>1,708,765</u>	<u>741,857</u>
Retained Earnings at End of Year	<u>\$ 2,473,549</u>	<u>\$ (851,456)</u>	<u>\$ 1,622,093</u>	<u>\$ 1,708,765</u>

CITY OF JERSEY VILLAGE, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2002

Exhibit E-3

	<u>Utility</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities				
Operating income (loss)	\$ 725,094	\$ (363,000)	\$ 362,094	\$ 704,045
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation	328,945	410,997	739,942	701,716
Changes in operating assets and liabilities				
Decrease (increase) in accounts receivable	10,524		10,524	(35,586)
Decrease (increase) in inventory		3,052	3,052	27,813
Decrease (increase) in prepaid expenses				9,612
Increase (decrease) in customer deposits	(3,834)		(3,834)	5,298
Increase (decrease) in accounts payable	(6,068)	(27,434)	(33,502)	1,689
Increase (decrease) in accrued compensated absences	23,345	12,630	35,975	
Cash Flows Provided By Operating Activities	<u>1,078,006</u>	<u>36,245</u>	<u>1,114,251</u>	<u>1,414,587</u>
Cash Flows From Noncapital Financing				
Operating transfers in				
Operating Transfers (out)	(300,000)	(100,000)	(400,000)	291,448
Increase (decrease) in due to other funds	588,502	(216,047)	372,455	162,072
Decrease (increase) in due from other funds	(687)	517,741	517,054	(572,448)
Cash Flows Used in Noncapital Financing Activities	<u>287,815</u>	<u>201,694</u>	<u>489,509</u>	<u>(118,928)</u>
Cash Flows From Capital And Related Financing Activities				
Proceeds from sale of assets				3,450
Acquisition and construction of capital assets	(504,665)	(58,086)	(562,751)	(778,089)
Revenue bond payments	(100,000)		(100,000)	(100,000)
Interest paid on revenue bonds	(78,820)		(78,820)	(85,803)
Cash Flows Used in Capital and Related Financing Activities	<u>(683,485)</u>	<u>(58,086)</u>	<u>(741,571)</u>	<u>(960,442)</u>
Cash Flows From Investing Activities				
Interest earned on investments	35,107	5,331	40,438	53,768
Cash Flows Used by Investing Activities	<u>35,107</u>	<u>5,331</u>	<u>40,438</u>	<u>53,768</u>
Increase (Decrease) In Cash	717,443	185,184	902,627	388,985
Cash balance at beginning of year	<u>2,595,430</u>	<u>388,031</u>	<u>2,983,461</u>	<u>2,594,476</u>
Cash Balance at End of Year	<u>\$ 3,312,873</u>	<u>\$ 573,215</u>	<u>\$ 3,886,088</u>	<u>\$ 2,983,461</u>
Cash	\$ 3,242,326	\$ 573,215	\$ 3,815,541	\$ 2,909,080
Restricted cash	70,547		70,547	74,381
Total Cash	<u>\$ 3,312,873</u>	<u>\$ 573,215</u>	<u>\$ 3,886,088</u>	<u>\$ 2,983,461</u>

(this page intentionally left blank)

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is established to account for the fixed assets owned by the City exclusive of those relating to Proprietary Fund operations. Expenditure transactions to acquire general fixed assets occur in the General and Capital Projects Fund.

(this page intentionally left blank)

CITY OF JERSEY VILLAGE
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
September 30, 2003 and 2002

Exhibit F-1

	<u>2003</u>	<u>2002</u>
GENERAL FIXED ASSETS		
Land, buildings and improvements	\$ 12,502,220	\$ 10,648,899
Equipment	2,128,114	1,882,540
Construction in Progress	<u>3,567,966</u>	<u>1,936,472</u>
	<u>\$ 18,198,300</u>	<u>\$ 14,467,911</u>

INVESTMENT IN GENERAL FIXED ASSETS - BY SOURCE

General obligation bonds	\$ 10,121,809	\$ 6,615,646
Certificates of obligation	4,065,136	4,065,136
Municipality	1,921,026	1,696,800
Annexation of utility districts	1,990,329	1,990,329
Donations	<u>100,000</u>	<u>100,000</u>
	<u>\$ 18,198,300</u>	<u>\$ 14,467,911</u>

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF BALANCES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY
For the year ended September 30, 2003

Exhibit F-2

<u>Function/Activity</u>	<u>Land, Buildings & Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Total General Administration and Finance	\$ 1,310,892	\$ 957,761	\$	\$ 2,268,653
Public safety				
Police	1,051,369	510,307		1,561,676
Fire	266,260	414,313		680,573
Total Public Safety	<u>1,317,629</u>	<u>924,620</u>		<u>2,242,249</u>
Public works				
Streets and drainage	8,205,522	184,269		8,389,791
Fleet services	200,000	3,323		203,323
Total Public Works	<u>8,405,522</u>	<u>187,592</u>		<u>8,593,114</u>
Community services				
Parks and recreation	310,700	38,432		349,132
Civic center	808,550	20,220		828,770
Swimming pool	348,417			348,417
Total Community Services	<u>1,467,667</u>	<u>58,651</u>		<u>1,526,319</u>
Construction in progress			3,567,966	3,567,966
Total General Fixed Assets	<u>\$ 12,501,710</u>	<u>\$ 2,128,624</u>	<u>\$ 3,567,966</u>	<u>\$ 18,198,300</u>

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS-
BY FUNCTION AND ACTIVITY
For the year ended September 30, 2003

Exhibit F-3

Function/Activity	Beginning Balance, October 1, 2002	Additions	Retirements	Ending Balance, September 30, 2003
Total General Administration and Finance	\$ 2,195,560	\$ 80,042	\$ (6,949)	\$ 2,268,653
Public safety				
Police	1,486,883	74,793		1,561,676
Fire	609,999	70,574		680,573
Total Public Safety	<u>2,096,882</u>	<u>145,367</u>		<u>2,242,249</u>
Public works				
Streets and drainage	6,934,088	1,500,950	(45,248)	8,389,790
Fleet services	203,323			203,323
Total Public Works	<u>7,137,411</u>	<u>1,500,950</u>	<u>(45,248)</u>	<u>8,593,113</u>
Community services				
Parks and recreation	347,915	1,218		349,133
Civic center	405,254	423,516		828,770
Swimming pool	348,417			348,417
Total Community Services	<u>1,101,586</u>	<u>424,734</u>		<u>1,526,320</u>
Construction in progress	1,936,472	3,530,063	(1,898,569)	3,567,966
Total General Fixed Assets	<u><u>\$ 14,467,911</u></u>	<u><u>\$ 5,681,155</u></u>	<u><u>\$ (1,950,766)</u></u>	<u><u>\$ 18,198,300</u></u>

(this page intentionally left blank)

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The purpose of this account group is to account for general obligation indebtedness to be retired primarily from future assessment of property taxes.

(this page intentionally left blank)

CITY OF JERSEY VILLAGE
COMPARATIVE SCHEDULE OF GENERAL LONG-TERM DEBT
September 30, 2003 and 2002

Exhibit G-1

	<u>2003</u>	<u>2002</u>
Amount available in the Debt Service Fund	\$ 1,300,301	\$ 1,281,907
Amount to be provided for retirement of general long-term debt	<u>19,993,642</u>	<u>15,943,942</u>
	<u>\$ 21,293,943</u>	<u>\$ 17,225,849</u>
Certificates of obligation	\$ 8,195,000	\$ 8,640,000
General obligation bonds	10,746,760	6,082,515
Accrued interest on premium compound interest bonds	<u>2,352,183</u>	<u>2,503,334</u>
	<u>\$ 21,293,943</u>	<u>\$ 17,225,849</u>

**CITY OF JERSEY VILLAGE,
GENERAL LONG - TERM DEBT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
September 30, 2003**

	Annual Requirements for All Series			MUD No. 247 Refunding Series 1991			Certificates of Obligation Series 1994		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 930,224	\$ 1,371,045	\$ 2,301,269	\$ 25,224	\$ 523,816 *	\$ 549,040	\$ 150,000	\$ 49,075	\$ 199,075
2005	814,163	1,307,164	2,121,327	19,163	509,876 *	529,039	150,000	41,050	191,050
2006	840,729	1,273,938	2,114,667	15,729	523,311 *	539,040	150,000	32,875	182,875
2007	862,094	1,213,905	2,075,999	12,094	511,946 *	524,040	150,000	24,438	174,438
2008	920,054	1,179,336	2,099,390	10,054	528,986 *	539,040	175,000	15,094	190,094
2009	947,732	1,113,318	2,061,050	7,732	516,308 *	524,040	175,000	5,031	180,031
2010	674,317	1,251,897	1,926,214	9,317	704,723 *	714,040			
2011	567,447	1,220,886	1,788,333	7,447	706,593 *	714,040			
2012	1,155,000	634,190	1,789,190	565,000	149,040 *	714,040			
2013	1,235,000	557,575	1,792,575	615,000	103,275 *	718,275			
2014	1,315,000	474,905	1,789,905	660,000	53,460 *	713,460			
2015	695,000	386,359	1,081,359						
2016	730,000	349,230	1,079,230						
2017	770,000	313,230	1,083,230						
2018	805,000	278,263	1,083,263						
2019	855,000	241,143	1,096,143						
2020	900,000	201,784	1,101,784						
2021	950,000	160,221	1,110,221						
2022	1,005,000	116,289	1,121,289						
2023	870,000	74,345	944,345						
2024	535,000	41,625	576,625						
2025	565,000	14,125	579,125						
Totals	\$ 18,941,760	\$ 13,774,769	\$ 32,716,529	\$ 1,946,760	\$ 4,831,334	\$ 6,778,094	\$ 950,000	\$ 167,563	\$ 1,117,563

* Includes accreted interest on premium compound interest bonds

	Certificates of Obligation Series 2000A			MUD No. 199 Refunding Series 1996			General Obligation Refunding, Series 2000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 160,000	\$ 7,120	\$ 167,120	\$ 105,000	\$ 42,895	\$ 147,895	\$ 125,000	\$ 41,856	\$ 166,856
2005				105,000	36,700	141,700	125,000	35,450	160,450
2006				110,000	30,400	140,400	125,000	29,200	154,200
2007				120,000	23,690	143,690	125,000	22,887	147,887
2008				125,000	16,250	141,250	125,000	16,513	141,513
2009				135,000	8,437	143,437	125,000	10,075	135,075
2010							130,000	3,412	133,412
2011									
2012									
2013									
2014									
2015									
2016									
2017									
2018									
2019									
2020									
2021									
2022									
2023									
2024									
2025									
Totals	\$ 160,000	\$ 7,120	\$ 167,120	\$ 700,000	\$ 158,372	\$ 858,372	\$ 880,000	\$ 159,393	\$ 1,039,393

Exhibit G-2

Certificates of Obligation Series 1995			Certificates of Obligation Series 2000			Certificates of Obligation Series 2000A		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 125,000	\$ 3,125	\$ 128,125	\$ 170,000	\$ 399,737	\$ 405,688	\$ 160,000	\$ 7,120	\$ 167,120
			180,000	387,488	569,737			
			190,000	374,537	567,488			
			205,000	374,537	564,537			
			215,000	360,713	565,713			
			230,000	346,012	561,012			
			245,000	330,438	560,438			
			260,000	313,812	558,812			
			275,000	296,138	556,138			
			295,000	277,412	552,412			
			310,000	257,463	552,463			
			330,000	236,287	546,287			
			350,000	214,094	544,094			
			370,000	194,000	544,000			
			395,000	176,000	546,000			
			420,000	156,875	551,875			
			445,000	136,500	556,500			
			475,000	114,875	559,875			
			500,000	91,875	566,875			
			535,000	67,500	567,500			
			565,000	41,625	576,625			
				14,125	579,125			
<u>\$ 125,000</u>	<u>\$ 3,125</u>	<u>\$ 128,125</u>	<u>\$ 6,960,000</u>	<u>\$ 5,193,194</u>	<u>\$ 12,153,194</u>	<u>\$ 160,000</u>	<u>\$ 7,120</u>	<u>\$ 167,120</u>

General Obligation Bonds, Series 2002			General Obligation Bonds, Series 2003		
Principal	Interest	Total	Principal	Interest	Total
\$ 80,000	\$ 111,660	\$ 191,660	\$ 160,000	\$ 185,810	\$ 345,810
80,000	106,260	186,260	165,000	178,091	343,091
85,000	100,691	185,691	175,000	169,973	344,973
85,000	94,954	179,954	180,000	161,453	341,453
90,000	89,160	179,160	190,000	152,620	342,620
95,000	83,979	178,979	195,000	143,476	338,476
100,000	79,348	179,348	205,000	133,976	338,976
100,000	74,598	174,598	215,000	125,883	340,883
105,000	69,729	174,729	225,000	119,283	344,283
110,000	64,623	174,623	235,000	112,265	347,265
115,000	59,279	174,279	245,000	104,703	349,703
125,000	53,579	178,579	260,000	96,493	356,493
130,000	47,523	177,523	270,000	87,613	357,613
135,000	41,195	176,195	285,000	78,035	363,035
140,000	34,525	174,525	295,000	67,738	362,738
150,000	27,420	177,420	310,000	56,848	366,848
155,000	19,948	174,948	325,000	45,336	370,336
165,000	12,231	177,231	340,000	33,115	373,115
175,000	4,156	179,156	355,000	20,258	375,258
			370,000	6,845	376,845
<u>\$ 2,220,000</u>	<u>\$ 1,174,858</u>	<u>\$ 3,394,858</u>	<u>\$ 5,000,000</u>	<u>\$ 2,079,810</u>	<u>\$ 7,079,810</u>

(this page intentionally left blank)

UNAUDITED STATISTICAL SECTION

CITY OF JERSEY VILLAGE, TEXAS
GENERAL GOVERNMENTAL EXPENDITURES - BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay
1994	\$ 858,083	\$ 1,110,552	\$ 708,912	\$ 216,244	\$
1995	599,038	1,143,729	755,126	172,774	796,539
1996	554,444	1,224,660	780,232	200,510	557,603
1997	623,901	1,318,004	852,707	183,004	583,843
1998	919,141	1,372,878	955,147	232,094	539,329
1999	794,586	1,795,737	981,523	241,396	1,970,872
2000	950,181	1,991,631	1,412,506	256,004	435,820
2001	976,486	2,351,412	1,577,219	258,745	984,526
2002	1,039,668	2,986,696	1,587,215	313,056	2,821,767
2003	1,174,471	2,728,079	1,561,295	334,432	3,563,075

This Schedule includes revenues of all governmental fund types from 1995 forward.
Prior to 1995, amounts excluded Capital Projects Fund activity.

Exhibit I

<u>Debt Service</u>	<u>Total</u>
\$ 497,381	\$ 3,391,172
535,803	4,003,009
448,388	3,765,837
482,423	4,043,882
461,946	4,480,535
2,308,393	8,092,507
1,265,144	6,311,286
1,767,003	7,915,391
1,900,473	10,648,875
2,047,635	11,408,987

CITY OF JERSEY VILLAGE, TEXAS
GENERAL GOVERNMENTAL REVENUES - BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Other Taxes	Licenses and Permits	Fines and Forfeitures	Fees and Charges for Services
1994	\$ 1,934,908	\$ 695,633	\$ 35,058	\$ 247,397	\$ 35,609
1995	2,000,348	740,539	48,845	147,467	31,189
1996	1,910,704	968,365	57,656	208,879	30,880
1997	2,025,203	1,048,605	37,359	217,036	126,971
1998	2,098,134	1,102,110	120,499	250,481	176,192
1999	2,620,888	1,735,116	87,731	365,854	165,902
2000	2,974,775	2,556,441	123,410	472,585	165,102
2001	3,934,213	3,366,550	110,332	468,848	156,252
2002	5,055,432	3,443,582	123,202	409,250	94,653
2003	4,207,729	2,658,633	112,958	509,726	220,056

This Schedule includes revenues of all governmental fund types from 1995 forward.

Prior to 1995, amounts excluded Capital Projects Fund activity.

Exhibit II

<u>Interest</u>	<u>Inter- governmental</u>	<u>Other</u>	<u>Total</u>
\$ 58,843	\$ 23,070	\$ 52,288	\$ 3,082,806
163,538		83,075	3,215,001
167,821	34,153	72,161	3,450,619
186,110	28,411	79,348	3,749,043
215,028	736,954	47,118	4,746,516
257,625	51,021	186,891	5,471,028
386,234	101,079	120,225	6,899,851
393,051	63,959	91,942	8,585,147
198,752	25,578	316,269	9,666,718
119,206	5,442	115,472	7,949,222

CITY OF JERSEY VILLAGE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Exhibit III

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy	Total Tax Collection	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
1994	1993	\$ 0.7300	\$ 1,904,604	\$ 1,904,908	100.0%	\$ 60,564	3.2%
1995	1994	0.7300	1,972,375	1,981,369	100.5%	51,570	2.6%
1996	1995	0.6841	1,907,160	1,903,522	99.8%	55,208	2.9%
1997	1996	0.6841	2,004,325	2,003,970	100.0%	55,563	2.8%
1998	1997	0.6841	2,075,236	2,080,800	100.3%	49,999	2.4%
1999	1998	0.6841	2,653,532	2,620,888	98.8%	82,643	3.1%
2000	1999	0.6841	2,992,835	2,974,775	99.4%	100,703	3.4%
2001	2000	0.6750	3,965,845	3,891,013	98.1%	175,535	4.4%
2002	2001	0.6750	5,065,541	5,019,128	99.1%	221,948	4.4%
2003	2002	0.6750	4,150,683	4,157,118	100.2%	203,056	4.9%

Source - Tax department records of the City.

CITY OF JERSEY VILLAGE, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Exhibit IV

Last Ten Fiscal Years

Fiscal Year	Tax Year	Assessed Value	Estimated Value	Ration of Assessed Value to Estimated Actual Value
1994	1993	\$ 264,119,510	\$ 273,472,470	96.58%
1995	1994	270,188,356	278,714,280	96.94%
1996	1995	278,791,996	286,530,390	97.30%
1997	1996	289,851,600	297,896,974	97.30%
1998	1997	298,945,530	313,892,807	95.24%
1999	1998	319,000,537	328,582,998	97.08%
2000	1999	429,510,881	453,549,380	94.70%
2001	2000	588,645,615	618,423,520	95.18%
2002	2001	719,759,660	779,699,490	92.31%
2003	2002	614,916,040	653,535,900	94.09%

Source - Tax department and Inspection records of the City.

CITY OF JERSEY VILLAGE
PROPERTY TAX RATES AND TAX LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City of Jersey Village	Cypress- Fairbanks ISD	Harris County	Port of Houston Authority	Harris County Flood Control
Tax Rate					
1994	\$ 0.73000	\$ 1.7200	\$ 0.3385	\$ 0.01220	\$ 0.0557
1995	0.73000	1.7500	0.3647	0.01220	0.0557
1996	0.68408	1.7500	0.4068	0.01280	0.0760
1997	0.68408	1.7500	0.4248	0.01960	0.0797
1998	0.68408	1.7700	0.4187	0.02000	0.0796
1999	0.68408	1.7700	0.4166	0.02132	0.0800
2000	0.68408	1.7090	0.3984	0.02040	0.0800
2001	0.67500	1.7090	0.3590	0.01830	0.0617
2002	0.67500	1.7450	0.3839	0.01826	0.0476
2003	0.67500	1.7900	0.3881	0.01989	0.0417
Tax Levies					
1994	\$ 1,904,604	\$ 131,002,581	\$ 382,535,958	\$ 13,808,086	\$ 62,882,159
1995	1,972,375	139,421,783	412,804,415	14,976,058	71,147,820
1996	1,907,160	162,792,374	473,600,094	14,952,080	8,846,876
1997	2,004,325	173,088,071	523,916,738	24,162,556	98,265,975
1998	2,075,236	176,423,440	520,373,005	24,359,472	98,929,284
1999	2,653,532	171,055,799	547,937,258	28,031,572	105,183,974
2000	3,015,542	244,700,451	556,815,185	28,760,514	112,786,369
2001	3,965,846	240,329,904	553,216,000	26,304,113	88,729,666
2002	5,065,541	284,264,873	665,078,411	31,631,630	82,422,397
2003	4,150,683	307,971,301	682,111,039	34,954,368	73,353,210

Source - Tax department records of various taxing authorities.
Note - Tax rate per \$100 assessed valuation.

Exhibit V

Harris County Hospital District	Total
\$ 0.1898	\$ 3.04620
0.1898	3.10240
0.1238	3.05348
0.1238	3.08198
0.1238	3.09618
0.1238	3.09580
0.1465	3.03841
0.2027	3.02573
0.1902	3.05998
0.1902	3.10498
\$ 214,409,517	\$ 806,542,905
208,822,817	849,145,268
144,111,169	806,209,753
152,708,834	974,146,499
153,862,379	976,022,816
162,785,387	1,017,647,522
206,540,256	1,152,618,317
291,328,832	1,203,874,361
329,499,035	1,397,961,887
334,272,017	1,436,812,618

CITY OF JERSEY VILLAGE, TEXAS
RATIO OF NET GENERAL LONG-TERM DEBT TO ASSESSED
VALUE AND NET GENERAL LONG-TERM DEBT PER CAPITA
Last Ten Fiscal Years

Fiscal Year	Estimated Population	Assessed Value	Gross General Long-Term Debt	Less Debt Service Funds Available	Net General Long-Term Debt
1994	4,970	\$ 264,119,510	\$ 3,043,000	\$ 294,919	\$ 2,748,081
1995	5,000	270,188,356	3,525,000	291,380	3,233,620
1996	5,000	278,791,996	3,275,000	301,779	2,973,221
1997	5,056	289,851,600	2,975,000	332,636	2,642,364
1998	5,310	298,945,530	2,675,000	371,512	2,303,488
1999	6,800	319,000,537	8,348,869	1,083,233	7,265,636
2000	6,800	429,510,881	16,455,405	1,039,866	15,415,539
2001	6,880	564,579,920	15,764,019	1,066,580	14,697,439
2002	6,900	719,759,660	17,225,849	1,281,907	15,943,942
2003	7,462	614,916,040	21,293,943	1,300,301	19,993,642

Source - Tax department records of the City.

Exhibit VI

Ratio of Net General Long- Term Debt To Assessed Value	Net General Long-Term Debt Per Capita
1.04%	553
1.20%	647
1.07%	595
0.91%	523
0.77%	434
2.28%	1,068
3.59%	2,267
2.60%	2,136
2.22%	2,311
3.25%	2,679

CITY OF JERSEY VILLAGE, TEXAS
COMPUTATION OF DIRECT AND ESTIMATED
OVERLAPPING DEBT
September 30, 2003

Exhibit VII

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Debt Applicable to City</u>
Cypress-Fairbanks I.S.D.	\$ 665,999,000	3.60%	\$ 23,975,964
Harris County	1,381,727,000	0.35%	4,836,045
Harris County Flood Control District	163,884,000	0.35%	573,594
N. Harris Mongtgomery C.C.D.	279,539,000	1.24%	3,466,284
Port of Houston Authority	<u>331,655,000</u>	0.35%	<u>1,160,793</u>
Total Net Overlapping Debt			34,012,679
City of Jersey Village	\$ 19,993,642	100.00%	<u>19,993,642</u>
Total Direct and Overlapping Net Debt			<u><u>54,006,321</u></u>
Ratio of total direct and overlapping net debt to 2002 assessed valuation			<u><u>8.78%</u></u>
Direct and overlapping net debt per capita			<u><u>\$ 7,238</u></u>

Source - Tax Department records of the various taxing authorities.

CITY OF JERSEY VILLAGE, TEXAS
PERCENT OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
LONG -TERM DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

Exhibit VIII

Fiscal Year	Principal	Interest and Fiscal Agent Fees	Total Debt Service	General Expenditures	Ratio of Debt Service to General Expenditures
1994	\$ 401,944	\$ 95,437	\$ 1,068,922	\$ 3,391,172	32%
1995	310,441	225,362	999,141	4,003,009	25%
1996	250,000	198,388	963,959	3,765,837	26%
1997	300,000	182,423	974,383	4,043,882	24%
1998	300,000	161,946	1,072,386	4,480,535	24%
1999	195,000	343,393	538,393	8,092,507	7%
2000	750,000	515,144	1,265,144	6,311,286	20%
2001	910,000	410,406	1,320,406	7,915,391	17%
2002	582,476	742,356	1,324,832	10,648,875	12%
2003	780,755	1,266,880	2,047,635	11,408,987	18%

CITY OF JERSEY VILLAGE, TEXAS
PROPERTY TAX RATE DISTRIBUTION
Last Ten Fiscal Years

Exhibit IX

<u>Fiscal year</u>	<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Tax Rate</u>
1994	1993	\$ 0.53236	\$ 0.19764	\$ 0.73000
1995	1994	0.57600	0.15400	0.73000
1996	1995	0.52802	0.15606	0.68408
1997	1996	0.51764	0.16644	0.68408
1998	1997	0.52966	0.15442	0.68408
1999	1998	0.53279	0.15129	0.68408
2000	1999	0.40535	0.27873	0.68408
2001	2000	0.41856	0.25644	0.67500
2002	2001	0.42452	0.25048	0.67500
2003	2002	0.34673	0.32827	0.67500

Note A - Per \$100 of assessed valuation.

CITY OF JERSEY VILLAGE, TEXAS
PRINCIPAL TAX PAYERS
September 30, 2003

Exhibit X

<u>Taxpayer</u>	<u>Property Type</u>	<u>2002 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1. Beeler Sanders V Ltd	Real property	\$ 66,507,250	10.8%
2. Goodman Manufacturing	Personal property	14,783,680	2.4%
3. Car Son LMC, LP	Real property	13,133,000	2.1%
4. Prologis Dev Svcs	Real property	12,999,070	2.1%
5. Sams / Wal-Mart	Real/Personal property	11,540,280	1.9%
6. Sonic-Lone Star Chevrolet	Personal property	11,204,890	1.8%
7. Joe Myers Ford, Inc.	Personal property	9,834,690	1.6%
8. FMC Corp	Personal property	8,283,660	1.3%
9. Enterprise Leasing	Personal property	8,174,240	1.3%
10. Joe Myers Toyota, Inc.	Personal property	6,592,430	1.1%
		<u>163,053,190</u>	<u>26.5%</u>
Other taxpayers		<u>451,862,850</u>	<u>73.5%</u>
Total Assessed Valuation		<u><u>\$ 614,916,040</u></u>	<u><u>100.0%</u></u>

Note A - Total assessed valuation is net of exemptions.

Source - Tax department records of the City.

CITY OF JERSEY VILLAGE, TEXAS
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Exhibit XI

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income - A</u>	<u>Median Age</u>	<u>Unemployment Rate - B</u>
1994	4,970	\$ 53,148	41	6.2%
1995	5,000	53,684	41	5.4%
1996	5,000	54,225	41	5.2%
1997	5,056	56,394	40	5.2%
1998	5,310	57,521	40	4.5%
1999	6,800	59,534	40	4.0%
2000	6,800	61,022	40	4.0%
2001	6,880	61,937	40	4.0%
2002	6,900	62,000	40	4.5%
2003	7,462	63,000	41	4.0%

Note A - Source: Estimated

Note B - Source: Texas Workforce Commission

CITY OF JERSEY VILLAGE, TEXAS**MISCELLANEOUS STATISTICAL DATA****September 30,2003****Exhibit XII****Page 1 of 2**

Date of Incorporation	April 16, 1956
Date of Present Charter	August, 1986
Form of Government	Home Rule
Area	2283 acres
Miles of Streets	
Streets - paved	31
Streets – unpaved	None
Fire Protection	
Number of stations	1
Number of employees (full time equivalent)	4
Number of volunteers	35
Police Protection	
Number of stations	1
Number of employees	22
Number of patrol units	3
Recreation	
Number of parks	7
Size of parks	61 acres
Number of golf courses	1
Number of swimming pools	1
City Employees	
Department Heads	7
Employees:	
Full-time	80
Part-time (full time equivalent)	18.5

CITY OF JERSEY VILLAGE, TEXAS
MISCELLANEOUS STATISTICAL DATA
September 30,2003

Exhibit XII
Page 2 of 2

Storm Sewers
Miles of storm sewer 23 miles

Water
Source Ground water
Average daily consumption:
Purchased from City of Houston 790,740 Gallons
Pumped from Jersey Village Wells 290,018 Gallons
Maximum daily consumption
Purchased from City of Houston 1,570,000 Gallons
Pumped from Jersey Village Wells 1,390,000 Gallons
Water mains 46 miles
Number of connections 2,380

Education
Cy Fair Independent School District
Elementary 1
Junior High Schools 0
High Schools 1
Number of teachers 357
Number of students 5,407

Election
Number of Votes Cast:
Last City Election – Regular Election 270