

**Comprehensive
Annual Financial Report**

of the

City of Jersey Village, Texas

**Fiscal Year Ended
September 30, 2002**

Officials Issuing Report

**R. Dale Brown
City Manager**

**Steve Lawrenz, CPA
Director of Finance**

CITY OF JERSEY VILLAGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2002

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January 30, 2003

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

The comprehensive annual financial report of the City of Jersey Village, Texas (the "City") for the fiscal year ended September 30, 2002, 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 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: 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.

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 Adjustment (Zoning), Board of Building Adjustment, Recreation and Events, Golf Course Advisory Committee and Parks and Landscaping. Specialized boards are convened for specific projects and meet only until a recommendation is formulated and presented to the City Council. This community spirit and team work of our residents is what sets Jersey Village apart from other cities.

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 15 miles northwest of downtown Houston. Estimated total population has increased from 4,938 in 1990 to just over 6,900 in 2002. Residents have access to the large and diverse employment base in the Houston Metropolitan Area. Per capita income is 184% of state and 167% of national averages. Property market value increased by a moderate 3.5% average annual rate from 1992 through 2002. 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, but there is currently no planned annexation in place. The largest taxpayer is an investment company, which constitutes 8.3% of the total tax base. Overall concentration is fairly low with the top 10 taxpayers representing 25.2% of the base. Financial position is strong, with the City holding a total general fund balance of about \$2.4 million, or 45% of total operating expenditures as of September 30, 2002. Property taxes account for over 58% of the primary government's operating revenues, while a 2.0% sales tax makes up about 20% of the primary government's operating revenues. The 2003 fiscal year budget projects a small decrease in the fund balance. Property value growth slowed in 2002. 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 over \$580,000 in additional revenues in the 2002 fiscal year. The increase went into effect October 1, 1995. Overall net debt is high, at about \$1,258 per capita. Debt service accounts for 14% of the primary government's operating expenditures. The City expects to issue \$5 million of additional debt in the 2003 fiscal year for street reconstruction.

FINANCIAL INFORMATION

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 U.S. 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.

Budgeting controls are established by the City's adopted Budget Policy and Procedure. 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 departmental 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.

The total financial program of the City of Jersey Village for the 2003 fiscal year consists of an operational budget of \$16,397,254. Capital outlay totals \$4,144,931, with \$2,185,500 allocated for debt service. This budget is 18.4% less than that of the 2001-2002 fiscal year. Capital Projects Fund expenditures are budgeted in the amount of \$3,261,379.

General Governmental Functions

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, 2002, 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 2001</u>
Property taxes	\$ 5,055	54.91 %	\$ 1,121
Other taxes	2,990	32.48	(377)
Licenses and permits	123	1.34	13
Fines and forfeitures	409	4.44	(60)
Charges for services	95	1.03	(61)
Other revenue	335	3.64	179
Interest revenue	199	2.16	(194)
Total	\$ 9,206	100.00 %	\$ 621

Property Tax

Property tax revenues for the year totaled \$5,055,432, an increase of approximately 28 percent from last year. The following table presents a comparison of original valuations, tax rates, and tax levies.

	<u>2001-2002</u>	<u>2000-2001</u>	<u>Change</u>
Net Assessed Valuations	\$ 719,759,660	\$ 564,579,920	\$ 155,179,740
Tax Rate per \$100			
General Fund	0.42452	0.41856	0.00596
Debt Service Fund	0.25048	0.25644	(0.00596)
Total	\$ 0.67500	\$ 0.67500	\$
Tax Levy	\$ 4,858,378	\$ 3,810,914	\$ 1,047,463

The net assessed property valuation on which the City levied taxes for 2001 was \$719,759,660, an increase of 27.5 percent over the previous tax year. Residential valuations increased 8.8 percent while commercial valuations increased 52.5 percent for a net increase of 27.5 percent.

The combined tax rate for the 2002 fiscal year (2001 tax year) was \$0.67500 per \$100 of valuation. The allocation between the Debt Service and General Fund components was \$.25048 per \$100 valuation and \$.42452 per \$100 valuation, respectively. The total original levy for the 2002 fiscal year was \$4,858,378, an increase from the previous year of \$1,047,463. For the 2003 fiscal year, Council has approved a homestead exemption of 4% of the appraisal value with a minimum exemption of \$5,000.

Current property tax collections represent 97.2 percent of the current levy. The ratio of total collections (current and delinquent) to the current tax levy was 99.7 percent. Collections are comparable to collections for the past year and continue to remain at a 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, 2002 were \$221,948, representing 4.4 percent of the current adjusted 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	2.00
Total Sales Tax	<u>8.25 %</u>

Sales tax revenue for the City, excluding sales tax revenue for the State and the component unit, totaled \$1,753,034, a 21 percent decrease from the previous year. This decrease is primarily attributed to a slowdown in retail business sales due to a poor economy. The monthly average for 2001-2002 was \$146,086, as compared to \$176,224 in the previous year.

Combined sales tax revenues are 27 percent of total General Fund revenues.

Franchise Fees

Franchise fees totaled \$562,726, an increase of \$50,756 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.

Investment Income

The City maintained a high investment balance through its cash management program with revenue from interest earnings, which represented approximately 2.2 percent of general government revenue. This is slightly lower than last year due to a significant decrease in interest rates over the prior year. Managing investment income is an ever-increasing challenge and responsibility for the investment officer.

Expenditures

Expenditures for general governmental purposes, including the component unit, totaled \$10,073,234, an increase of 35 percent from 2001. 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 2001
Finance & Administration	\$ 1,040	10.32 %	\$ 63
Public Works	1,587	15.76	10
Public Safety	2,986	29.64	635
Parks and Recreation	313	3.11	54
Debt Service	1,325	13.15	5
Capital Improvements	2,822	28.02	1,837
Total	\$ 10,073	100.00 %	\$ 2,604

The total 2002 expenditures for general government functions increased \$2,604,440 from the prior year.

Fund Balances

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

Fund	2002	2001	Increase (Decrease)
General Fund	\$ 2,431,965	\$ 3,148,621	\$ (716,656)
Special Revenue Fund	373,546	315,802	57,744
Debt Service Fund	1,281,907	1,066,580	215,327
Capital Projects Fund	3,594,474	2,649,387	945,087

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, 2002, the calculated balance required for the General Fund is approximately \$1,350,000. The actual undesignated balance of \$2,328,636 is greater than the policy requirement. Amounts in excess of the required balance are presented to the City Council for 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, 2002, these indicators were as follows:

<u>Description</u>	<u>Amount</u>	<u>Percent of Debt to Assessed Value</u>	<u>Debt per Capita</u>
Net direct bonded debt	\$ 8,678,942	1.16 %	\$ 1,258
Overlapping debt	44,499,138	5.92	6,449
Total Direct and Overlapping Debt	\$ 53,178,080	7.08 %	\$ 7,707

Total outstanding tax supported debt (general obligation bonds and certificates of obligation) at September 30, 2002, totaled \$7,457,515.

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 2001-2002, investments were primarily placed with Texpool, a state administered investment pool available to local governments. The City's Texpool investments at September 30, 2002, totaled \$11,850,687 (100 percent of the City's portfolio) and interest earnings were at 1.9% in September 2002. 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, 2002, the weighted average maturity of investments was 39 days.

Capital Projects Funds

Non-utility capital improvement projects are funded with General Fund transfers and proceeds of general obligation and certificates of obligation debt issues. Water and wastewater (sewer) related projects are funded in the Utility Fund. 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. Debt is issued when necessary to finance long-term capital improvements. Appropriations remain with the project until completion. Council may reappropriate the funds to reflect a change in priority as recommended by staff. Total expenditures for capital improvements were \$2,821,767. Some projects were completed and several were in progress at year end.

Annually, the City evaluates the fund balance position of the General Fund and Utility Fund and amounts over the policy guidelines will be considered for the funding of capital projects. Expenditures during the 2001-2002 fiscal year include the costs of various street projects, as well as the construction of a new fire station .

The fund balance designated for capital improvement projects at September 30, 2002, was \$3,594,474.

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 386 million gallons of water. As of September 30, 2002, the customer base and consumption for the past two fiscal years is presented below:

	<u>2001-2002</u>	<u>2000-2001</u>
<u>Customer Base</u>		
Residential	1,896	1,895
Commercial	164	208
Total	<u>2,060</u>	<u>2,103</u>
 <u>Annual Consumption (Thousands of Gallons)</u>		
Residential	230,590	208,108
Commercial	181,452	134,903
Total	<u>412,042</u>	<u>343,011</u>
 <u>Average Monthly Consumption per Customer (Gallons)</u>		
Residential	10,135	9,152
Commercial	92,201	54,048
Total	<u>102,336</u>	<u>63,200</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 3/4 inch meter based on 3,000 gallons is \$21.30 which represents \$9.32 for water and \$11.98 for sewer.

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

	<u>2001-2002</u>	<u>2000-2001</u>
Gross Revenue	\$ 2,279,788	\$ 1,960,106
Total Operating Expenses (net of depreciation)	1,173,134	1,257,288
Cash and Temporary Investments	2,595,430	2,492,413

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. A capital improvement program is

maintained in the Utility Fund. This program relates entirely to water and sanitary sewer upgrades and extensions. 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 ended September 30, 2002 and 2001 are presented below:

	<u>2001-2002</u>	<u>2000-2001</u>
Gross Revenue	\$ 1,308,016	\$ 1,192,118
Total Operating Expenses (net of depreciation)	1,008,909	1,202,023
Cash and Temp. Investments	388,031	102,063

A capital improvement program is included in the operations of the fund. Each year, as part of the adoption of the budget, council approves certain improvements to the golf course.

Risk Management

Medical claims are covered by a private insurance carrier. As of September 30, 2002, the City required employees to contribute \$100 per month for dependent group health coverage. For the fiscal year ended September 30, 2002, total cost for the program was \$507,319. Based on the employee population at September 30, 2002, of 79, the average cost per employee was \$6,422.

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. This past year the City did not incur any significant claims.

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, 2002, the general fixed assets of the City amounted to \$14,467,911, an increase of approximately \$3.0 million 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 Planning Commission has adopted a series of plans, which together constitute the comprehensive plan of the City. In March 2001, the Commission adopted the Land Use and Transportation section of the plan followed in July 2001 by the Water Facilities Master Plan and the Sanitary Sewage Facilities Master Plan.

Municipal Facilities

In 2001, voters approved a bond issue to construct a new fire station. The previous City Hall building is being converted for office and training use for the Fire Department and encompassed into the new fire facility. The fire facility will be a two-story structure that provides space for up to eight vehicles plus equipment required for fire fighting and EMS services. The City Hall operations, including

Administration and Finance, has relocated to offices in the City Hall Annex, a building formerly owned by the Jersey Village Church of Christ. The City has proposed to construct a new City Hall office building in three to five years.

Recycling

The efforts of the Jersey Village Recycling Program continued to play an important role in the recycling program adopted by Jersey Village citizens. During the last year, approximately 1.2 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. The police department also has a grant officer whose function is to be a liaison between the police department and citizenry to instill and provide communication, training and assistance to the community.

Fire Department Public Education

Public education holds a high priority with the Emergency Services Division. In 2002, fire safety education programs were presented to approximately 3,307 people. These programs are tailored to the requests of the audiences. Additionally, the Department conducted its 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, which could lead to punitive action.

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 2002-2003, the City's primary thrust in capital projects will be the reconstruction of a portion of Lakeview Drive and drainage improvements on Chichester Lane. Design work will begin on the reconstruction of Jersey Drive and additional segments of Lakeview Drive with construction beginning in the 2004 fiscal year. Also expected to be completed in the 2003 fiscal year will be an

analysis of all City-maintained streets which will provide support for the long-range maintenance and rehabilitation of the street infrastructure system of the City.

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 30th 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 of **Sandersen Knox & Belt, L.L.P.** has been included in the financial section of this report.

AWARDS AND ACKNOWLEDGEMENTS

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, 2001. 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. This was the seventh 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 its 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. As City Manager, 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 to thank the Mayor and Members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

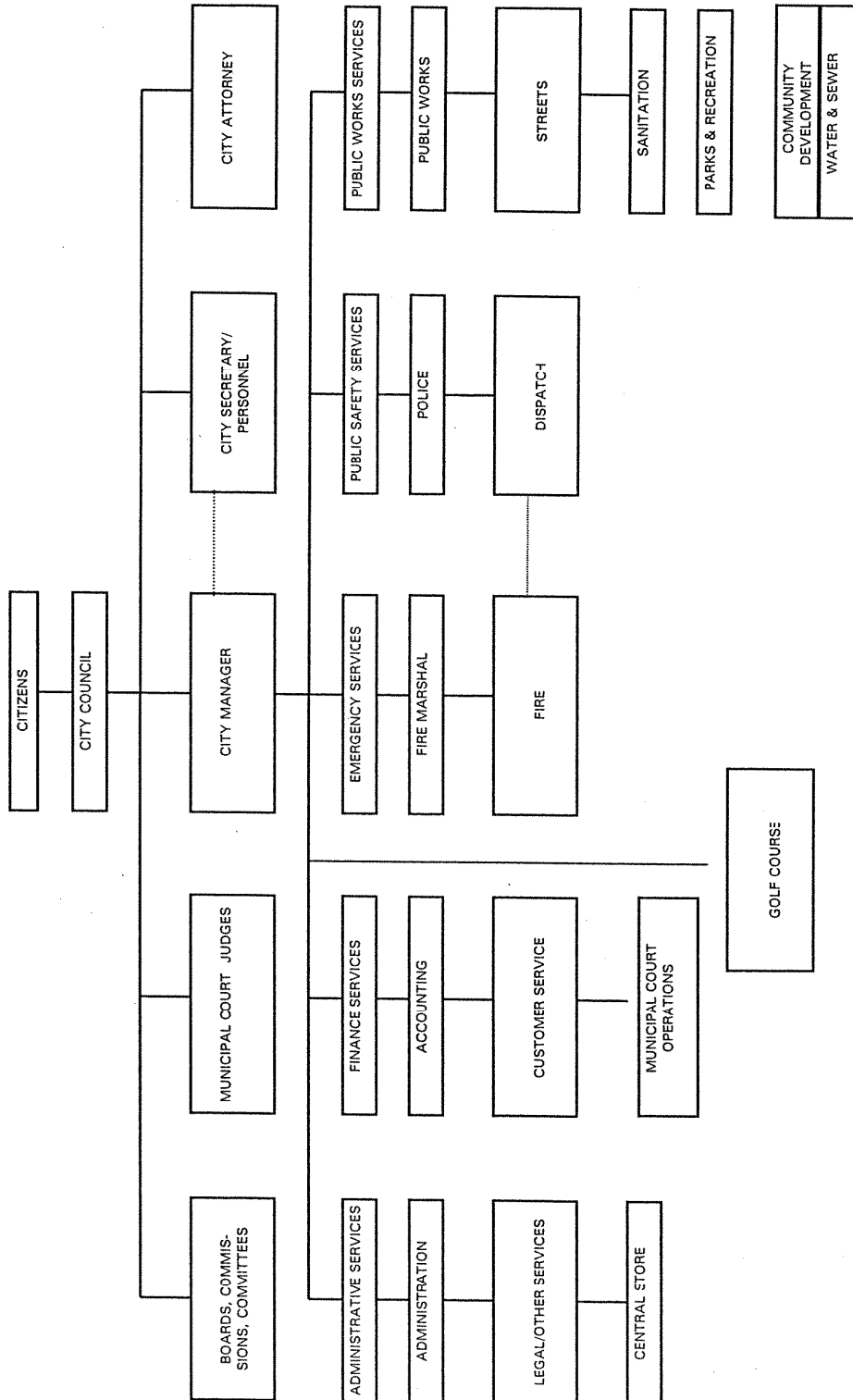
Respectfully submitted,

Dale Brown
City Manager

CITY OF JERSEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2001-2002



CITY OF JERSEY VILLAGE, TEXAS

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN
FINANCIAL REPORTING**

September 30, 2001 (Prior Fiscal Year)

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, 2001

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.



William Robert Pate
President

Jeffrey L. Essler
Executive Director

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2002

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Ed Heathcott	Mayor	2003
Rusty Preece	Council Member – Position No. 1	2004
Greg Holden	Council Member – Position No. 2	2003
Frances Wubbenhorst	Council Member – Position No. 3	2003
Russell Hamley	Council Member – Position No. 4 (Mayor Pro-Tem)	2004
A.J. Widacki	Council Member – Position No. 5	2004

<u>Key Staff</u>	<u>Position</u>
R. Dale Brown	City Manager *
Debbie Loesch	City Secretary *
Kenneth Wall	City Attorney *
Roderick Hainey	Director of Public Works
Kathy Hutchens	Fire Chief
Steve Lawrenz	Director of Finance
Charles Wedemeyer	Police Chief

* - City Council Appointive Position

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FINANCIAL SECTION

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Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Jersey Village, Texas, as of September 30, 2002, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the City of Jersey Village, Texas, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Jersey Village, Texas, as of September 30, 2002, and the results of its operations and the 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 accompanying combining, individual fund and account group financial statements and other information listed as schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Jersey Village, Texas. 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 statistical data listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Jersey Village, Texas. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.



Sugar Land, Texas
December 18, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF JERSEY VILLAGE, TEXAS

**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT
GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT**

September 30, 2002

with Comparative Totals for September 30, 2001

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<u>Assets and Other Debits</u>						
<u>Assets</u>						
Cash and temporary investmts.	\$ 2,898,285	\$ 373,587	\$ 1,745,280	\$ 3,362,124	\$ 2,983,461	\$ 677,248
Receivables:						
Taxes	142,435		79,513			
Accounts	47,822				218,304	
Due from other funds	746,301		355,260	241,174	836,733	19,205
Due from primary government						
Inventory					13,121	
Prepaid expenses						340,698
General fixed assets						
Proprietary fixed assets net of accumulated depreciation					17,459,338	730,047
<u>Other Debits</u>						
Amount available for debt serv.						
Amount to be provided for retire. of general long-term debt						
Total Assets and Other Debits	\$ 3,834,843	\$ 373,587	\$ 2,180,053	\$ 3,603,298	\$ 21,510,957	\$ 1,767,198
<u>Liabilities, Equity and Other Credits</u>						
<u>Liabilities</u>						
Accounts payable and acc. liab.	\$ 761,505	\$	\$	\$	\$ 67,660	\$ 308,947
Due to other funds	455,945	41	818,633	8,824	913,358	1,872
Due to component unit	42,993					
Customer deposits					74,381	
Deferred revenue	142,435		79,513			
Bonds payable					1,400,000	
Certificates of obligation					7,265,000	
Accrued interest on premium compound interest bonds						
Total Liabilities	1,402,878	41	898,146	8,824	9,720,399	310,819
<u>Equity and Other Credits</u>						
Contributed capital					10,081,793	395,956
Investment in general fixed assets						
Retained Earnings:						
Reserved					610,481	
Unreserved					1,098,284	1,060,423
Fund Balances:						
Reserved	75,237		1,281,907			
Unreserved and designated	28,092	373,546		3,594,474		
Unreserved and undesignated	2,328,636					
Total Equity and Other Credits	2,431,965	373,546	1,281,907	3,594,474	11,790,558	1,456,379
Total Liabilities, Equity and Other Credits	\$ 3,834,843	\$ 373,587	\$ 2,180,053	\$ 3,603,298	\$ 21,510,957	\$ 1,767,198

See Notes to Financial Statements.

Account Groups		Totals (Memorandum Only)		Totals (Memorandum Only) Reporting Entity	
General Fixed Assets	General Long- Term Debt	Primary Government	Component Unit	September 30, 2002	September 30, 2001
\$	\$	\$ 12,039,985	\$ 558,486	\$ 12,598,471	\$ 11,140,626
		221,948		221,948	175,535
		266,126		266,126	230,331
		2,198,673		2,198,673	1,243,110
			42,993	42,993	19,921
		13,121		13,121	40,934
		340,698		340,698	9,612
14,467,911		14,467,911		14,467,911	11,520,227
		18,189,385		18,189,385	17,771,925
	1,281,907	1,281,907		1,281,907	1,066,580
	8,678,942	8,678,942		8,678,942	7,297,439
<u>\$ 14,467,911</u>	<u>\$ 9,960,849</u>	<u>\$ 57,698,696</u>	<u>\$ 601,479</u>	<u>\$ 58,300,175</u>	<u>\$ 50,516,240</u>
\$	\$	\$ 1,138,112	\$ 15,080	\$ 1,153,192	\$ 996,255
		2,198,673		2,198,673	1,243,110
		42,993		42,993	19,921
		74,381		74,381	69,083
		221,948		221,948	175,535
	6,082,515	7,482,515		7,482,515	5,614,991
	1,375,000	8,640,000		8,640,000	9,025,000
	2,503,334	2,503,334		2,503,334	2,624,028
	<u>9,960,849</u>	<u>22,301,956</u>	<u>15,080</u>	<u>22,317,036</u>	<u>19,767,923</u>
14,467,911		10,477,749		10,477,749	10,510,909
		14,467,911		14,467,911	11,520,227
		610,481		610,481	523,164
		2,158,707		2,158,707	498,764
		1,357,144		1,357,144	1,142,973
		3,996,112	586,399	4,582,511	3,497,897
		2,328,636		2,328,636	3,054,383
<u>14,467,911</u>		<u>35,396,740</u>	<u>586,399</u>	<u>35,983,139</u>	<u>30,748,317</u>
<u>\$ 14,467,911</u>	<u>\$ 9,960,849</u>	<u>\$ 57,698,696</u>	<u>\$ 601,479</u>	<u>\$ 58,300,175</u>	<u>\$ 50,516,240</u>

CITY OF JERSEY VILLAGE, TEXAS

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND
TYPES AND DISCRETELY PRESENTED COMPONENT UNIT**

Year Ended September 30, 2002

with Comparative Totals for Year Ended September 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Property taxes	\$ 3,186,126	\$	\$ 1,869,306	\$
Other taxes	2,342,259	80,386		
Licenses and permits	123,202			
Fines and warrants	409,250			
Fees and charges for services	94,653			
Mutual aid				
Intergovernmental	25,578			
Interest on investments	76,013	7,219	46,494	58,302
Other	309,269			
Total Revenues	6,566,350	87,605	1,915,800	58,302
Expenditures				
Current:				
General government	1,009,807	29,861		
Public safety	2,479,928			
Public works	1,587,215			
Parks and recreation	313,056			
Capital outlay				2,821,767
Debt Service:				
Principal retirement			582,476	
Interest and fiscal charges			742,356	
Total Expenditures	5,390,006	29,861	1,324,832	2,821,767
Revenues Over (Under) Expenditures	1,176,344	57,744	590,968	(2,763,465)
Other Financing Sources (Uses)				
Proceeds of long-term debt				2,300,000
Sale of assets	7,000			
Operating transfers in	100,000		200,000	1,800,000
Operating transfers (out)	(2,000,000)		(575,641)	(391,448)
Total Other Financing Sources (Uses)	(1,893,000)		(375,641)	3,708,552
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(716,656)	57,744	215,327	945,087
Fund balances - Beginning	3,148,621	315,802	1,066,580	2,649,387
Fund Balances - Ending	\$ 2,431,965	\$ 373,546	\$ 1,281,907	\$ 3,594,474

See Notes to Financial Statements.

Totals (Memorandum Only)		Totals (Memorandum Only)			
Primary Government		Component Unit	Reporting Entity		
			September 30, 2002	September 30, 2001	
\$	5,055,432	\$	5,055,432	\$	3,934,213
	2,422,645	567,580	2,990,225		3,366,550
	123,202		123,202		110,332
	409,250		409,250		468,848
	94,653		94,653		156,252
	25,578		25,578		4,600
	188,028	10,724	198,752		63,959
	309,269		309,269		393,051
	<u>8,628,057</u>	<u>578,304</u>	<u>9,206,361</u>		<u>87,342</u>
					<u>8,585,147</u>
	1,039,668		1,039,668		976,486
	2,479,928	506,768	2,986,696		2,351,412
	1,587,215		1,587,215		1,577,219
	313,056		313,056		258,745
	2,821,767		2,821,767		984,526
	582,476		582,476		910,000
	742,356		742,356		410,406
	<u>9,566,466</u>	<u>506,768</u>	<u>10,073,234</u>		<u>7,468,794</u>
	(938,409)	71,536	(866,873)		1,116,353
	2,300,000		2,300,000		
	7,000		7,000		
	2,100,000		2,100,000		1,735,363
	(2,967,089)		(2,967,089)		(1,545,789)
	<u>1,439,911</u>		<u>1,439,911</u>		<u>189,574</u>
	501,502	71,536	573,038		1,305,927
	7,180,390	514,863	7,695,253		6,389,326
\$	<u>7,681,892</u>	<u>\$ 586,399</u>	<u>\$ 8,268,291</u>	\$	<u>7,695,253</u>

CITY OF JERSEY VILLAGE, TEXAS
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL, SPECIAL
REVENUE, AND DEBT SERVICE FUNDS

Year Ended September 30, 2002

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Property taxes	\$ 3,138,773	\$ 3,186,126	\$ 47,353
Other taxes	2,341,500	2,342,259	759
Licenses and permits	101,000	123,202	22,202
Fines and warrants	555,800	409,250	(146,550)
Fees and charges for services	138,000	94,653	(43,347)
Mutual aid	4,185		(4,185)
Intergovernmental	15,000	25,578	10,578
Interest on investments	119,600	76,013	(43,587)
Other	654,545	309,269	(345,276)
Total Revenues	<u>7,068,403</u>	<u>6,566,350</u>	<u>(502,053)</u>
<u>Expenditures</u>			
Current:			
General government	1,144,213	1,009,807	134,406
Public safety	3,033,588	2,479,928	553,660
Public works	1,832,741	1,587,215	245,526
Parks and recreation	397,734	313,056	84,678
Capital Outlay			
Debt Service:			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	<u>6,408,276</u>	<u>5,390,006</u>	<u>1,018,270</u>
Revenues Over (Under) Expenditures	660,127	1,176,344	516,217
<u>Other Financing Sources (Uses)</u>			
Sale of assets		7,000	7,000
Operating transfers in	300,000	100,000	(200,000)
Operating transfers (out)	(2,000,000)	(2,000,000)	
Total Other Financing Sources (Uses)	<u>(1,700,000)</u>	<u>(1,893,000)</u>	<u>(193,000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,039,873)	(716,656)	323,217
Fund balances - Beginning	<u>3,148,621</u>	<u>3,148,621</u>	
Fund Balances - Ending	<u>\$ 2,108,748</u>	<u>\$ 2,431,965</u>	<u>\$ 323,217</u>

See Notes to Financial Statements.

Special Revenue Fund			Debt Service Fund		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 65,000	\$ 80,386	\$ 15,386	\$ 1,857,304	\$ 1,869,306	\$ 12,002
5,500	7,219	1,719	35,000	46,494	11,494
<u>70,500</u>	<u>87,605</u>	<u>17,105</u>	<u>1,892,304</u>	<u>1,915,800</u>	<u>23,496</u>
50,000	29,861	20,139			
			782,500	582,476	200,024
<u>50,000</u>	<u>29,861</u>	<u>20,139</u>	<u>698,000</u>	<u>742,356</u>	<u>(44,356)</u>
20,500	57,744	37,244	<u>1,480,500</u>	<u>1,324,832</u>	<u>155,668</u>
			411,804	590,968	179,164
			200,000	200,000	
			<u>(575,641)</u>	<u>(575,641)</u>	
			<u>(375,641)</u>	<u>(375,641)</u>	
20,500	57,744	37,244	36,163	215,327	179,164
<u>315,802</u>	<u>315,802</u>		<u>1,066,580</u>	<u>1,066,580</u>	
<u>\$ 336,302</u>	<u>\$ 373,546</u>	<u>\$ 37,244</u>	<u>\$ 1,102,743</u>	<u>\$ 1,281,907</u>	<u>\$ 179,164</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-4

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY -
PROPRIETARY FUND TYPES**

Year Ended September 30, 2002
with Comparative Totals for Year Ended September 30, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Operating Revenues</u>				
Charges for services	\$ 3,451,919	\$	\$ 3,451,919	\$ 3,062,147
Penalties and interest	28,469		28,469	23,936
Impact fees	78,066		78,066	41,741
Rental fees		704,686	704,686	227,710
Other	29,350		29,350	24,400
Total Operating Revenues	<u>3,587,804</u>	<u>704,686</u>	<u>4,292,490</u>	<u>3,379,934</u>
<u>Operating Expenses</u>				
Personnel services	827,344		827,344	922,306
Materials and supplies	178,551		178,551	219,619
Repairs and maintenance	114,169		114,169	126,889
Utilities	161,587		161,587	199,332
Purchased services	260,537		260,537	292,777
Depreciation	701,716	160,513	862,229	779,641
Other services and charges	639,855		639,855	698,388
Total Operating Expenses	<u>2,883,759</u>	<u>160,513</u>	<u>3,044,272</u>	<u>3,238,952</u>
Operating Income	704,045	544,173	1,248,218	140,982
<u>Non-Operating Revenue (Expenses)</u>				
Investment income	53,768	11,179	64,947	150,388
Gain on disposal of assets	3,450		3,450	
Interest and fiscal charges	(526,444)		(526,444)	(539,347)
Total Non-Operating Revenue (Expenses)	<u>(469,226)</u>	<u>11,179</u>	<u>(458,047)</u>	<u>(388,959)</u>
Income Before Operating Transfers	234,819	555,352	790,171	(247,977)
<u>Operating transfers in (out), net</u>	<u>867,089</u>		<u>867,089</u>	<u>(189,574)</u>
Net Income (Loss)	1,101,908	555,352	1,657,260	(437,551)
Add depreciation on fixed assets acquired with external contributions	90,000		90,000	90,000
Change in Retained Earnings	1,191,908	555,352	1,747,260	(347,551)
Retained earnings, beginning of year	516,857	505,071	1,021,928	1,369,479
Retained Earnings, End of Year	<u>1,708,765</u>	<u>1,060,423</u>	<u>2,769,188</u>	<u>1,021,928</u>
Contributed capital, beginning of year	10,120,543	390,366	10,510,909	10,328,436
Depreciation transferred from R. F.	(90,000)		(90,000)	(90,000)
Increase in contributed capital	51,250	5,590	56,840	272,473
Contributed Capital, End of Year	<u>10,081,793</u>	<u>395,956</u>	<u>10,477,749</u>	<u>10,510,909</u>
Fund Equity, End of Year	<u>\$ 11,790,558</u>	<u>\$ 1,456,379</u>	<u>\$ 13,246,937</u>	<u>\$ 11,532,837</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-5

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES**

Year Ended September 30, 2002
with Comparative Totals for Year Ended September 30, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>2002</u>	<u>2001</u>
<u>Cash Flows from Operating Activities</u>				
Operating Income	\$ 704,045	\$ 544,173	\$ 1,248,218	\$ 140,982
Adjustments to Reconcile Operating Income to Net Cash				
Provided by Operating Activities:				
Depreciation and amortization	701,716	160,513	862,229	779,641
(Increase) Decrease in accts receivable	(35,586)		(35,586)	23,544
(Increase) Decrease in inventory	27,813		27,813	(16,926)
(Increase) Decrease in prepaid expenses	9,612	(340,698)	(331,086)	5,159
Increase (Decrease) in accounts payable and accrued liabilities	1,689	308,947	310,636	(143,400)
Increase in customer deposits	5,298		5,298	2,772
Net Cash Provided by Operating Activities	<u>1,414,587</u>	<u>672,935</u>	<u>2,087,522</u>	<u>791,772</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
(Increase) Decrease in due from other funds	(572,448)	(17,350)	(589,798)	(264,896)
Increase (Decrease) in due to other funds	162,072	(30,710)	131,362	443,236
Operating transfers in (out)	867,089		867,089	(189,574)
Net Cash Provided (Used) by Financing Activities	<u>456,713</u>	<u>(48,060)</u>	<u>408,653</u>	<u>(11,234)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Proceeds from sale of assets	3,450		3,450	
Capital expenditures for property, plant, and equipment	(778,089)	(444,760)	(1,222,849)	(630,029)
Revenue bond principal payments	(235,000)		(235,000)	(100,000)
Interest payments on revenue bonds	(526,444)		(526,444)	(539,347)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,536,083)</u>	<u>(444,760)</u>	<u>(1,980,843)</u>	<u>(1,269,376)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on investments	53,768	11,179	64,947	150,388
Net Cash Provided by Investing Activities	<u>53,768</u>	<u>11,179</u>	<u>64,947</u>	<u>150,388</u>
Net Increase (Decrease) in Cash and Cash Equiv.	388,985	191,294	580,279	(338,450)
Cash and cash equivalents, beginning of year	2,594,476	485,954	3,080,430	3,418,880
Cash and Cash Equivalents, End of Year	<u>\$ 2,983,461</u>	<u>\$ 677,248</u>	<u>\$ 3,660,709</u>	<u>\$ 3,080,430</u>
<u>Supplemental Information:</u>				
Assets contributed by other funds	\$ 51,250	\$ 5,590	\$ 56,840	\$ 272,473

See Notes to Financial Statements.

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CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jersey Village, Texas (the City), was incorporated on April 16, 1956, under the provisions of Title 28 of the Revised Civil Statutes of Texas, 1925. On August 18, 1986, the City adopted a Home Rule Charter. The City now operates under a council-manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for law enforcement, appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor presides at meetings of the City Council and can only vote to break ties.

The City provides the following services: public safety to include police, fire, and emergency medical services, highways and streets, sanitation, recreation, public improvements, planning and zoning, and general administration.

A. Financial Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these general purpose financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the City's financial reporting entity. The Jersey Village Crime Control and Prevention District (the "District"), a discrete component unit of the City, is included in these financial statements. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and its is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Discretely Presented Component Unit

Jersey Village Crime Control and Prevention District

The Jersey Village Crime Control and Prevention District (the "District") has been included in the reporting entity as a discretely presented component unit. In 1998, the District was created by the City as provided by Chapter 363 of the Texas Local Government Code for the purpose of providing additional crime control and prevention. The Board of Directors is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. The District is presented as a governmental fund type.

Condensed Financial Statements – Component Unit

Condensed financial statements as of and for the year ended September 30, 2002 for the component unit, are presented below and on the following page. Complete financials for the component unit may be obtained from the City of Jersey Village Finance Department.

CONDENSED BALANCE SHEET - COMPONENT UNIT

September 30, 2002

	<u>Jersey Village Crime Control and Prevention District</u>
<u>Assets</u>	
<u>Assets</u>	
Cash and temporary investments	\$ 558,486
Due from primary government	42,993
	<hr/>
Total Assets	\$ 601,479
	<hr/> <hr/>
<u>Liabilities and Fund Balance</u>	
<u>Liabilities</u>	
Accounts payable and accrued liabilities	15,080
	<hr/>
<u>Fund Balances</u>	
Designated	
Crime control and prevention	586,399
	<hr/>
Total Fund Balances	586,399
	<hr/> <hr/>
Total Liabilities and Fund Balances	\$ 601,479
	<hr/> <hr/>

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - COMPONENT UNIT Year Ended September 30, 2002

	<u>Jersey Village Crime Control and Prevention District</u>
<u>Revenues</u>	
Sales tax	\$ 567,580
Investment income	10,724
Total Revenues	<u>578,304</u>
<u>Expenditures</u>	
Current:	
Public Safety	<u>506,768</u>
Revenues Over Expenditures	71,536
Fund Balances, beginning of year	<u>514,863</u>
Fund Balances, End of Year	<u>\$ 586,399</u>

B. Basis of Presentation-Fund Accounting

The City's accounts are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a set of self-balancing accounts which consist of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are intended and the means by which spending activities are controlled. The following paragraphs describe the fund types and account groups used by the City.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund types) are accounted for through Governmental Funds. The measurement focus is based on determination of changes in financial position, rather than on net income determination. The following are the City's governmental fund types:

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

General Fund

The General Fund accounts for the resources used to finance the fundamental operations of the City. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, fines and forfeitures, permits and fees, and sanitation. Expenditures are for general government, public safety, public works, and parks and recreation.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted or designated for specified activities. Revenues and expenditures for the motel tax and asset forfeiture are considered Special Revenue Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the retirement of general long-term debt and related costs. The primary source of revenue of the Debt Service Fund is property taxes.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities financed principally by proceeds of bond and certificate of obligation issues.

Proprietary Fund Types

Enterprise Funds

Enterprise Funds are used to account for the City's water, wastewater collection, and wastewater treatment operations and the operations of a golf course. Such operations are operated in a manner similar to private business enterprises, where the intent of the City is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation) and other City funds.

Internal Service Fund

The Internal Service Fund is used to account for the City's replacement of vehicles and equipment. Such operations are operated in a manner similar to private business enterprises, where the intent of the City is that the costs (including depreciation) of providing vehicles and equipment to the various City departments on a continuing basis will be financed or recovered primarily through user charges to the departments.

Account Groups

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt where such items do not directly affect net expendable available resources. The following are the City's account groups:

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

General Fixed Assets

The General Fixed Assets Account Group is used to account for the City's land, buildings, improvements, and equipment except those recorded in proprietary fund types.

General Long-Term Debt

This account group is used to account for the City's liability for general obligation bonds, certificates of obligation, and other long-term liabilities which are payable from governmental fund resources. The debt is offset by the amount available in the Debt Service Fund and the amount to be provided in future years.

C. Basis of Accounting and Measurement Focus

The basis of accounting is the method by which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund Types are accounted for by 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 sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and 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. Operating statements for these funds present increases (i.e., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by the Governmental Fund Types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Most types of revenue are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the liability is incurred, except for general obligation debt principal and interest which are recorded when paid rather than when incurred.

Proprietary Fund Types are accounted for using the accrual basis of accounting, whereby revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. 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.

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at year-end are appropriately provided for in the subsequent year's budget.

E. Cash and Cash Equivalents

Cash and cash equivalents for purposes of the cash flows statement for Proprietary Fund types include cash and temporary investments as disclosed in Note 2. These cash and investments are generally available for the City's disbursement needs and have a maturity of three months or less from the date of acquisition.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Utility Fund are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

G. Inventories

Inventories are stated at cost. The City uses the FIFO method of accounting for inventories. Inventories consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method).

H. Interfund Transactions

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed. These receivables and payables are classified as "due from other funds" or "due to other funds" or "due from component unit/primary government" or "due to component unit/primary government" if the transactions are between the primary government and its component unit. Interfund receivables and payables which are not expected to be paid within 12 months, are classified as loans from/loans to other funds, component units, or primary government.

Transfers Between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

fund for expenditures or expenses initially made from that fund which are properly attributable to another fund are recorded as expenditures or expenses in the reimbursing fund and primarily as reductions of the expenditure or expense in the fund that is reimbursed.

Non-recurring or non-routine transfers of equity between funds are reported as additions to or reductions of the fund balance of Governmental Funds. Transfers of equity to the Enterprise Fund are treated as contributed capital, and such transfers from the Enterprise Fund are reported as reductions of retained earnings or contributed capital, as is appropriate in the circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both the Governmental and Proprietary Fund Types.

I. Fund Equity

Contributed capital is recorded in the Enterprise Fund which has received capital grants, contributions from developers and customers, and/or other funds. Reserved equity balances represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Undesignated fund balances represent available balances for the City's future use.

J. Compensated Employee Absences

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts, until paid upon termination or retirement.

The City accrues vacation and sick leave based on criteria established by the Governmental Accounting Standards Board. For all funds, this liability reflects amounts attributable to cumulative employee services previously rendered, where the payment is probable and can be reasonably estimated.

K. Fixed Assets

General Fixed Assets

General fixed assets have been acquired or constructed for general governmental purposes. Such fixed assets are recorded as expenditures in the Governmental Funds and capitalized at historical cost in the General Fixed Assets Account Group. Gifts or contributions of general fixed assets are recorded at estimated fair market value upon receipt. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized as general fixed assets. No depreciation has been provided on general fixed assets.

Enterprise Fund Fixed Assets

The land, buildings, and equipment owned by Enterprise Funds are recorded at historical cost or at estimated fair market value for contributed assets. Interest costs during construction are capitalized when the effects of capitalization materially impact the financial statements. Some of the assets on which such interest was capitalized are still under construction and are classified as construction in

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

progress in the Enterprise Funds. Depreciation of buildings and equipment is provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Water and sewer system	40-50
Golf course improvements	20
Equipment	5-20
Vehicles	5-7

Additions to the water and sewer systems are financed principally from sources other than Enterprise Fund operating revenues. Such additions are reflected as contributed capital in the accompanying financial statements. Depreciation recognized on assets acquired or constructed by general obligation bond proceeds is recorded as an expense in the statement of operations.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements and betterments which extend the useful lives of the assets are capitalized.

L. Debt Service

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the Debt Service Fund. Though a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt liability and related expenditures are included in the general long-term debt account group and debt service fund, respectively, as they are expected to be paid from debt service tax revenues instead of water system revenues.

M. General Property Taxes

All taxes due the City on real or personal property are payable at the Office of the City Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are levied on October 1 and are due by February 1, and all taxes not paid prior to this date are deemed delinquent and are subject to penalty and interest. All property located within the City limits on the first day of January of each year is charged with a special lien in favor of the City from such date for taxes due thereon.

N. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

O. 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

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

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

P. "Memorandum Only" Captions

The "Memorandum Only" captions on the total columns of the combined statements indicate that totals are presented for overview informational purposes only and that they do not fairly present financial position or results of operations for the City in conformity with generally accepted accounting principles.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

Annual appropriated budgets are adopted for the General, Special Revenue, and Debt Service Funds, using the same basis of accounting as for financial reporting. All annual appropriations lapse at fiscal year end. Project length budgets are adopted for the Capital Project Funds. The City, for management control, approves a financial plan for the Enterprise Funds. City Council approves the annual budget for the component units included in the City's financial reporting entity.

Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Management has the authority to transfer available funds allocated by the budget from one function or activity to another function or activity within the same department.

In cooperation with the department heads of the City and the Budget Manager, the City Manager prepares an annual budget for the General Fund, Special Revenue Fund, and Debt Service Fund for the ensuing fiscal year, in a form and style as deemed desirable by the City Manager. The City Manager shall submit to the Council, for its review, consideration, and revision, both a letter describing the proposed new budget, as well as a balanced budget for the forthcoming fiscal year, not later than sixty (60) days prior to the end of the current fiscal year. The budget, as adopted, must set forth the appropriations for services, functions, and activities of the various City departments and agencies, and shall meet all fund requirements provided by law and required by bond covenants.

Amounts reported in the accompanying financial statements represent the original budgeted amount plus all supplemental appropriations. General Fund supplemental appropriations amounted to \$570,545 for the 2002 fiscal year.

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

B. Deficit Retained Earnings in Individual Funds

The Golf Course Fund deficit balance in retained earnings of \$393,787 is the result of revenues inadequate to cover expenses, including depreciation.

NOTE 3 - DEPOSITS (CASH) AND TEMPORARY INVESTMENTS

Deposits (Cash)

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to state statutes. The depository bank deposits, for safekeeping and trust with the City's agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance.

The City's cash deposits, at September 30, 2002, were entirely guaranteed by FDIC insurance or by pledged collateral held by the City's agent bank. The deposits were collateralized in accordance with state law and were properly secured throughout the year.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

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

Based on these three levels of risk, all of the City's cash deposits are classified as Category 1.

Temporary Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a.-2 Vernon's Civil Statutes).

Similar to cash deposits, investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

- Category 1 Investments that are insured, registered or held by the entity or by its agent in the entity's name.
- Category 2 Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the entity's name.
- Category 3 Uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the entity's name.

All of the City's investments are maintained in Texpool. Texpool investments are not evidenced by securities that exist in physical or book entry form and, accordingly, are not categorized. However, Texpool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act of 1995, as amended. The primary objective of these investment pools is to provide a safe environment for the placement of public funds in short-term, fully collateralized investments.

Cash and Temporary Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with maturities of three months or less. The City's temporary investments (Texpool) are carried at amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the City's position in Texpool is the same as the value of the pool shares. The State Comptroller of Public Accounts of Texas exercises oversight responsibility over Texpool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. In accordance with GASB No. 31 "Accounting and Reporting Certain Investments and External Investment Pools", the City reports all investments at fair value with the exception of "money market investments" and "2a7-like pools." Money market investments are reported at amortized cost, and investment positions in external investment pools that are operated in a manner consistent with the SEC rule's 2a7 of the Investment Company Act of 1940, such as Texpool, are reported using the pools' share price. The City's cash and temporary investments, including the discretely presented component unit, at September 30, 2002, are shown below.

	Carrying Amount	Fair Value
Cash	\$ 747,784	\$ 747,784
Texpool	11,850,687	11,850,687
Total Cash and Temporary Investments	\$ 12,598,471	\$ 12,598,471

NOTE 4 - PROPERTY TAXES

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and

CITY OF JERSEY VILLAGE, TEXAS

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NOTES TO FINANCIAL STATEMENTS

collected by the City's Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are prorated between operations and debt service based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.67500 per \$100 of assessed valuation which were prorated between operations and debt service in the amounts of \$0.42452 and \$0.25048, respectively. The resulting adjusted tax levies were \$3,186,598 and \$1,883,159 for operations and debt service, respectively, on the total adjusted taxable valuation of \$751,074,839 for the 2001 tax year.

Property taxes receivable, at September 30, 2002, consists of the following:

<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>
2001	\$ 74,247	\$ 46,775
2000	33,751	20,678
1999	2,295	1,578
1998	1,922	595
1997	4,731	1,427
1996	5,078	1,691
1995 and prior	20,411	6,769
	<u>\$ 142,435</u>	<u>\$ 79,513</u>

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

General Fixed Assets

A summary of changes in land, buildings, and equipment included in the General Fixed Assets Account Group, for the year ended September 30, 2002, follows:

	<u>Balance October 1, 2001</u>	<u>Transfers In and Additions</u>	<u>Transfers (Out) and (Retirements)</u>	<u>Balance Sept. 30, 2002</u>
Land, buildings and improvements	\$ 9,242,188	\$ 1,406,711	\$	\$ 10,648,899
Equipment	1,622,108	260,432		1,882,540
Construction in progress	655,931	2,687,252	(1,406,711)	1,936,472
Total General Fixed Assets	<u>\$ 11,520,227</u>	<u>\$ 4,354,395</u>	<u>\$ (1,406,711)</u>	<u>\$ 14,467,911</u>

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NOTES TO FINANCIAL STATEMENTS

Construction in progress and remaining commitments under related construction contracts for general government construction projects at September 30, 2002, follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Total In Progress</u>	<u>Remaining Commitment</u>
Fire Station	\$ 2,437,069	\$ 881,920	\$ 881,920	\$ 1,555,149
Storage Tank Renovation	34,000	15,871	15,871	18,129
Lakeview Drive Upgrade	64,460	40,798	40,798	23,662
Streets Upgrade	1,337,890	940,611	940,611	397,279
Contracts under \$30,000	57,272	57,272	57,272	
Totals	<u>\$ 3,930,691</u>	<u>\$ 1,936,472</u>	<u>\$ 1,936,472</u>	<u>\$ 1,994,219</u>

Proprietary Fund Type Fixed Assets

Proprietary Fund Type Fixed Assets, at September 30, 2002, are as follows:

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Utility Fund</u>	<u>Golf Course Fund</u>	
Water system	\$ 7,669,721	\$	\$ 7,669,721
Sewer system	6,004,697		6,004,697
Land, buildings and improvements	464,990	6,397,828	6,862,818
Vehicles and equipment	205,995	635,856	841,851
Bond issue costs	44,430	286,636	331,066
Construction in progress	457,612		457,612
	<u>14,847,445</u>	<u>7,320,320</u>	<u>22,167,765</u>
Less accumulated depreciation	(3,714,050)	(994,377)	(4,708,427)
Totals	<u>\$ 11,133,395</u>	<u>\$ 6,325,943</u>	<u>\$ 17,459,338</u>

Construction in progress amounts for Enterprise Fund projects at September 30, 2002 consist of a water plant upgrade and the rehabilitation of a sanitary sewer line.

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NOTES TO FINANCIAL STATEMENTS

Construction in progress and remaining commitments under related construction contracts for Enterprise Fund projects, at September 30, 2002, follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Total In Progress</u>	<u>Remaining Commitment</u>
Water Plant Upgrade	\$ 179,374	\$ 179,374	\$ 179,374	\$
Sanitary Sewer Rehabilitation	238,238	238,238	238,238	
Improvements	40,000	40,000	40,000	
Totals	<u>\$ 457,612</u>	<u>\$ 457,612</u>	<u>\$ 457,612</u>	<u>\$</u>

Internal Service Fund fixed assets, at September 30, 2002, are as follows:

	<u>Capital Replacement Fund</u>
Vehicles	\$ 1,536,789
Equipment	59,898
	<u>1,596,687</u>
Less accumulated depreciation	(866,640)
Totals	<u>\$ 730,047</u>

NOTE 6 - LONG-TERM DEBT

General Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities payable from the proceeds of an annual ad valorem tax. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

	<u>Interest Rates</u>	<u>Amount</u>
MUD No. 247 Refunding Series 1991	6.25 - 8.10%	1,977,515
MUD No. 199 Refunding Series 1996	4.75 - 6.25%	800,000
Series 2000	5.00 - 7.00%	1,005,000
Series 2002	4.75 - 6.75%	2,300,000
		<u>\$ 6,082,515</u>

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NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity for general obligation bonds are as follows:

General Long-Term Debt			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 335,755	723,553 *	\$ 1,059,308
2004	335,224	720,227 *	1,055,451
2005	105,000	688,286 *	793,286
2006	335,729	683,602 *	1,019,331
2007	342,094	653,477 *	995,571
2008-2022	4,628,713	3,578,362 *	8,207,075
	<u>\$ 6,082,515</u>	<u>\$ 7,047,507</u>	<u>\$ 13,130,022</u>

* Includes accreted interest on premium compound interest bonds.

A portion of the bonds sold in the MUD No. 247 Series 1991 refunding bond issue were compound interest bonds. These obligations have par values of \$174,991 and maturity values of \$4,210,000. The interest on these obligations will be paid upon maturity in the fiscal years ending September 30, 2002 through 2011. The accreted values of the outstanding bonds at September 30, 2002 is approximately \$2,640,849; and accordingly, accrued interest on these bonds of \$2,503,334 has been recorded in the general long-term debt account group.

Combination Tax and Revenue Certificates of Obligation

The City also issues combination tax and revenue certificates of obligation (C.O.'s) to provide funds for the acquisition and construction of major capital facilities payable from the proceeds of an annual ad valorem tax and further payable from a junior and subordinate pledge of the net revenues of the City's water and sewer system. C.O.'s currently outstanding are as follow:

	<u>Interest Rates</u>	<u>Amount</u>
Series 1994	5.00 - 6.50%	\$ 1,100,000
Series 1995	5.00 - 6.00%	275,000
		<u>\$ 1,375,000</u>

Annual debt service requirements to maturity for C.O.'s are as follows:

General Long-Term Debt			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	300,000	66,950	366,950
2004	275,000	52,200	327,200
2005	150,000	41,050	191,050
2006	150,000	32,875	182,875
2007	150,000	24,438	174,438
2008-2009	350,000	20,125	370,125
	<u>\$ 1,375,000</u>	<u>\$ 237,638</u>	<u>\$ 1,612,638</u>

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NOTES TO FINANCIAL STATEMENTS

Revenue Bonds Payable

The City also issues revenue bonds to provide funds for constructing improvements and extensions to the City's waterworks and sanitary sewer system payable from and secured by a first lien on and pledge of the revenues derived from the City's water and sewer system. Revenue bonds currently outstanding are as follows:

	<u>Interest Rates</u>	<u>Amount</u>
Series 2000	5.00 - 7.00%	\$ 1,400,000

Annual debt service requirements to maturity for revenue bonds are as follows:

Enterprise Fund			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	100,000	78,750	178,750
2004	100,000	71,750	171,750
2005	100,000	64,750	164,750
2006	100,000	57,750	157,750
2007	100,000	50,750	150,750
2008-2016	900,000	203,875	1,103,875
	\$ 1,400,000	\$ 527,625	\$ 1,927,625

Certificates of Obligation

The City also issues certificates of obligation (C.O.'s) to provide funds for the acquisition and construction of major capital facilities payable from a pledge of the revenues of the City's golf course operations. C.O.'s currently outstanding are as follows:

	<u>Interest Rates</u>	<u>Amount</u>
Series 2000	5.00 - 7.00%	\$ 6,960,000
Series 2000A-Taxable	8.90%	305,000
		\$ 7,265,000

Annual debt service requirements to maturity for C.O.'s are as follows:

Enterprise Fund			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	145,000	426,380	571,380
2004	160,000	412,808	572,808
2005	170,000	399,738	569,738
2006	180,000	387,488	567,488
2007	190,000	374,537	564,537
2008-2025	6,420,000	3,625,743	10,045,743
	\$ 7,265,000	\$ 5,626,694	\$ 12,891,694

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Summary of Long-Term Debt Requirements

The annual requirements to amortize all long-term debt outstanding at September 30, 2002 follow:

<u>Fiscal Year</u>	<u>General Long-Term Debt</u>		<u>Enterprise Funds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2003	635,755	790,503	245,000	505,130	2,176,388
2004	610,224	772,427	260,000	484,558	2,127,209
2005	479,163	729,336	270,000	464,487	1,942,986
2006	485,729	716,477	280,000	445,238	1,927,444
2007	492,094	677,915	290,000	425,287	1,885,296
2008-2025	4,754,550	3,598,487	7,320,000	3,829,619	19,502,656
	<u>\$ 7,457,515</u>	<u>\$ 7,285,145</u>	<u>\$ 8,665,000</u>	<u>\$ 6,154,319</u>	<u>\$ 29,561,979</u>

During the year ended September 30, 2002, the following changes occurred in the general long-term debt account group:

	<u>Accrued Interest on PCI Bonds</u>	<u>General Obligation Bonds</u>	<u>Certificates of Obligation</u>	<u>Total</u>
Bal. Oct. 1, 2001	\$ 2,624,028	\$ 4,114,991	\$ 1,625,000	\$ 8,364,019
New issues/additions	259,306	2,300,000		2,559,306
Principal retirements	(380,000)	(332,476)	(250,000)	(962,476)
Bal. Sept. 30, 2002	<u>\$ 2,503,334</u>	<u>\$ 6,082,515</u>	<u>\$ 1,375,000</u>	<u>\$ 9,960,849</u>

During the year ended September 30, 2002, the following changes occurred in enterprise fund debt:

	<u>Revenue Bonds</u>	<u>Certificates of Obligation</u>	<u>Total</u>
Balance October 1, 2001	\$ 1,500,000	\$ 7,400,000	\$ 8,900,000
New issues/additions			
Principal retirements	(100,000)	(135,000)	(235,000)
Balance September 30, 2002	<u>\$ 1,400,000</u>	<u>\$ 7,265,000</u>	<u>\$ 8,665,000</u>

Through a bond election in February 2002, the City's voters approved a \$5 million bond issue, the proceeds of which will be used for street renovations and upgrades. As of the report date, the bonds have yet to be issued.

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - RETIREMENT PLANS

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"), one of 758 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 the 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 ten 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

The contribution rate for the employees is 7%, and the City matching ratio is currently two to one, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to 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. When the City periodically adopts updated service credits and increases its annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year 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

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 2002 was \$3,166,820 and the City's contributions were based on a payroll of \$3,080,479. Contributions made by employees totaled \$197,985, and the City made contributions of \$409,254 during the fiscal year ended September 30, 2002.

Because the actuary determines contribution rates on an annual basis and the City pays the calculated rate each month, the City will always have a net pension obligation (NPO) of zero at the beginning and end of the period, and the annually required contributions (ARC) will always equal contributions made.

Trend information regarding the plan is shown below.

Calendar Year	<u>2001</u>	<u>2000</u>	<u>1999</u>
Actuarial Value of Assets	\$ 2,324,494	\$ 1,646,001	\$ 1,087,017
Actuarial Accrued Liability	\$ 4,046,025	\$ 3,256,094	\$ 2,563,472
Percentage Funded	57.5%	50.6%	42.4%
Unfunded Actuarial Accrued Liability	\$ 1,721,531	\$ 1,610,093	\$ 1,476,455
Annual Covered Payroll	\$ 2,729,553	\$ 2,651,813	\$ 1,895,105
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	63.1%	60.7%	77.9%
Net Pension Obligation at the Beginning of Period	\$	\$	\$
Annual Required Contribution	409,254	381,444	269,444
Interest on Net Pension Obligation			
Adjustment to the Annual Required Contribution			
Annual Pension Cost	<u>409,254</u>	<u>381,444</u>	<u>269,444</u>
Contributions Made	409,254	381,444	269,444
Increase in Net Pension Obligation			
Net Pension Obligation at the End of Period	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

All assumptions for the December 31, 2001 valuations are contained in the 2001 TMRS comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. Actuarial assumptions of the plan follow:

Actuarial Cost Method
Amortization Method

Unit Credit
Level Percent of Payroll

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Remaining Amortization Period	25 Years – Open Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	8%
Projected Salary Increases	None
Includes Inflation At	None
Cost-of-Living Adjustments	None

NOTE 8 - INTERFUND TRANSACTIONS

Operating transfers between funds during the 2002 year were as follows:

<u>Operating Transfer From</u>	<u>Operating Transfer To</u>	<u>Amounts</u>
Enterprise Fund	General Fund	\$ 100,000
Capital Projects Fund	Enterprise Fund	391,448
General Fund	Capital Projects Fund	1,800,000
General Fund	Debt Service Fund	200,000
Debt Service Fund	Golf Course Fund	575,641
		<u>\$ 3,067,089</u>

Interfund balances due to/from as of September 30, 2002 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General Fund	Internal Service Fund	\$ 1,452
General Fund	Spec. Rev. Fund - Motel Tax	41
General Fund	Enterprise Fund - Golf Course	636,597
General Fund	Enterprise Fund - Utility Fund	108,211
Debt Service	General Fund	311,032
Capital Projects Fund	General Fund	144,913
Debt Service	Enterprise Fund - Utility Fund	44,228
Capital Projects Fund	Enterprise Fund - Utility Fund	95,841
Enterprise Fund - Golf Course	Debt Service	818,633
Enterprise Fund - Golf Course	Capital Projects Fund	8,824
Enterprise Fund - Golf Course	Enterprise Fund - Utility Fund	9,276
Capital Projects Fund	Internal Service Fund	420
Internal Service Fund	Enterprise Fund - Utility Fund	19,205
		<u>\$ 2,198,673</u>
Jersey Village Crime Control and Prevention District -C.U.	General Fund	<u>\$ 42,993</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains two Enterprise Funds, which provide water and wastewater services and operations related to the City-owned golf course. Segment information for the year ended September 30, 2002, is as follows:

	Enterprise Funds		
	Utility Fund	Golf Course Fund	Total
Operating revenues	\$ 2,279,788	\$ 1,308,016	\$ 3,587,804
Depreciation expense	301,121	400,595	701,716
Operating income (loss)	805,533	(101,488)	704,045
Operating interfund transfers	291,448	575,641	867,089
Net income	1,061,750	40,158	1,101,908
Current capital contributions	51,250		51,250
Property, plant, and equipment:			
Additions	2,077,136	51,002	2,128,138
Net working capital	2,350,950	400,270	2,751,220
Total assets	13,947,129	7,563,828	21,510,957
Bonds payable	1,400,000	7,265,000	8,665,000
Total equity (deficit)	12,184,345	(393,787)	11,790,558

NOTE 10 - FUND EQUITY

Reservations

Fund balance in the General Fund of \$75,237 is reserved for encumbrances.

Retained earnings in the Enterprise Fund of \$610,481 is reserved for the following:

Debt service	\$ 100,000
Water capacity	204,192
Wastewater capacity	306,289
	\$ 610,481

Designations

Fund balance in the General Fund of \$28,092 is designated as follows:

Future maintenance	\$ 8,598
Police department	1,167
Fire department	17,129
Parks department	1,198
	\$ 28,092

Fund balance in the Special Revenue Fund of \$373,546 is designated for economic development.

Fund balance in the Capital Projects Fund of \$3,594,474 is designated for authorized construction.

CITY OF JERSEY VILLAGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - CONTRIBUTED CAPITAL

The following is a schedule of changes in contributed capital for the Enterprise Fund.

	<u>2002</u>	<u>2001</u>
Contributed capital at beginning of year	\$ 10,120,543	\$ 9,941,322
Additions - Capital Projects Fund	51,250	269,221
Deductions - Depreciation on contributed assets	<u>(90,000)</u>	<u>(90,000)</u>
Contributed Capital at End of Year	<u><u>\$ 10,081,793</u></u>	<u><u>\$ 10,120,543</u></u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The City had a number of capital improvement commitments at September 30, 2002. These commitments and their related capital improvement construction in progress are summarized in Note 4.

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The City has not significantly reduced insurance coverage or had settlements, which exceeded coverage amounts for the past three fiscal years.

The City had no material unpaid claims liabilities at the end of the current or prior year.

COMBINING, INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS AND SCHEDULES

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GENERAL FUND

The General Fund accounts for all financial activities, except those required to be accounted for in a separate fund. It is the City's main operating fund and accounts for typical general city revenues and a wide variety of activities that benefit the citizens as a whole.

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CITY OF JERSEY VILLAGE, TEXAS

Exhibit B-1

GENERAL FUND
COMPARATIVE BALANCE SHEETS

September 30, 2002 and 2001

<u>Assets</u>	<u>2002</u>	<u>2001</u>
Cash and temporary investments	\$ 2,898,285	\$ 3,875,912
Receivables:		
Taxes	142,435	117,031
Accounts	47,822	47,613
Due from other funds	746,301	319,499
	<hr/>	<hr/>
Total Assets	\$ 3,834,843	\$ 4,360,055
	<hr/>	<hr/>
<u>Liabilities and Equity</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 761,505	\$ 930,284
Due to other funds	455,945	144,198
Due to component unit	42,993	19,921
Deferred revenue	142,435	117,031
	<hr/>	<hr/>
Total Liabilities	1,402,878	1,211,434
	<hr/>	<hr/>
<u>Equity</u>		
Fund Balances:		
 Reserved:		
Encumbrances	75,237	76,393
 Unreserved:		
 Designated		
Future maintenance	8,598	8,598
Police department	1,167	1,120
Fire department	17,129	6,956
Parks department	1,198	1,171
 Undesignated	2,328,636	3,054,383
	<hr/>	<hr/>
Total Equity	2,431,965	3,148,621
	<hr/>	<hr/>
Total Liabilities and Equity	\$ 3,834,843	\$ 4,360,055
	<hr/>	<hr/>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit B-2 Page 1 of 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002

with Comparative Actual Balances for the Year Ended September 30, 2001

	<u>2002</u>		<u>Variance Over (Under)</u>	<u>2001 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<u>Revenues</u>				
Property taxes	\$ 3,138,773	\$ 3,186,126	\$ 47,353	\$ 2,402,028
Other taxes	2,341,500	2,342,259	759	2,654,006
Licenses and permits	101,000	123,202	22,202	110,332
Fines and warrants	555,800	409,250	(146,550)	468,848
Fees and charges for services	138,000	94,653	(43,347)	156,252
Mutual aid	4,185		(4,185)	4,600
Intergovernmental	15,000	25,578	10,578	63,959
Interest on investments	119,600	76,013	(43,587)	202,115
Other	654,545	309,269	(345,276)	87,342
Total Revenues	<u>7,068,403</u>	<u>6,566,350</u>	<u>(502,053)</u>	<u>6,149,482</u>
<u>Expenditures</u>				
General Government:				
City Administration:				
Personnel services	257,001	219,959	37,042	206,306
Supplies	6,589	4,938	1,651	5,563
Repairs and maintenance	1,568	1,191	377	942
Other services and charges	72,993	65,766	7,227	63,056
Capital outlay	2,700	2,700		5,795
Total City Administration	<u>340,851</u>	<u>294,554</u>	<u>46,297</u>	<u>281,662</u>
Legal and Other Services:				
Personnel services	150	109	41	117
Other services and charges	170,476	141,643	28,833	152,770
Total Legal and Other Services	<u>170,626</u>	<u>141,752</u>	<u>28,874</u>	<u>152,887</u>
Central Store:				
Supplies	18,965	16,850	2,115	15,685
Repairs and maintenance	6,320	5,364	956	3,327
Other services and charges	8,215	7,894	321	2,699
Capital outlay	28,000	25,494	2,506	41,270
Total Central Store	<u>61,500</u>	<u>55,602</u>	<u>5,898</u>	<u>62,981</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit B-2 Page 2 of 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002

with Comparative Actual Balances for the Year Ended September 30, 2001

	<u>2002</u>		<u>Variance Over (Under)</u>	<u>2001 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<u>Expenditures (continued)</u>				
General Government: (continued)				
Finance:				
Personnel services	120,321	122,737	(2,416)	115,820
Supplies	2,200	1,222	978	2,264
Repairs and maintenance	10,200	9,395	805	7,074
Other services and charges	17,910	14,164	3,746	14,459
Capital outlay	500	500		4,000
Total Finance	<u>151,131</u>	<u>148,018</u>	<u>3,113</u>	<u>143,617</u>
Customer Service:				
Personnel services	93,171	75,117	18,054	69,022
Supplies	3,200	2,445	755	1,436
Repairs and maintenance	6,006	5,878	128	4,192
Other services and charges	57,444	52,081	5,363	32,218
Capital outlay	13,227	15,296	(2,069)	
Total Customer Service	<u>173,048</u>	<u>150,817</u>	<u>22,231</u>	<u>106,868</u>
Municipal Court:				
Personnel services	151,757	151,981	(224)	148,122
Supplies	4,600	4,614	(14)	3,002
Repairs and maintenance	4,700	2,680	2,020	2,280
Other services and charges	81,000	55,436	25,564	67,312
Capital outlay	5,000	4,353	647	1,662
Total Municipal Court	<u>247,057</u>	<u>219,064</u>	<u>27,993</u>	<u>222,378</u>
Total General Government	<u>1,144,213</u>	<u>1,009,807</u>	<u>134,406</u>	<u>970,393</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit B-2 Page 3 of 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002

with Comparative Actual Balances for the Year Ended September 30, 2001

	2002		Variance	2001
	Budget	Actual	Over (Under)	Actual
<u>Expenditures (continued)</u>				
Public Safety:				
Police:				
Personnel services	1,536,408	1,198,106	338,302	1,060,963
Supplies	37,650	19,065	18,585	18,082
Repairs and maintenance	19,529	16,443	3,086	2,960
Other services and charges	104,227	43,332	60,895	43,001
Capital outlay	20,296	11,956	8,340	
Total Police	1,718,110	1,288,902	429,208	1,125,006
Dispatch:				
Personnel services	379,517	324,290	55,227	287,258
Supplies	8,500	5,714	2,786	3,249
Repairs and maintenance	6,200	4,100	2,100	2,487
Other services and charges	9,000	6,937	2,063	5,087
Capital outlay	3,900	1,260	2,640	42,112
Total Dispatch	407,117	342,301	64,816	340,193
Fire:				
Personnel services	324,528	302,836	21,692	194,263
Supplies	53,787	49,831	3,956	29,284
Repairs and maintenance	11,050	7,105	3,945	12,798
Other services and charges	441,696	427,605	14,091	68,121
Capital outlay	77,300	61,348	15,952	20,672
Total Fire	908,361	848,725	59,636	325,138
Fire Marshal:				
Personnel services				79,927
Supplies				2,527
Other services and charges				918
Capital outlay				800
Total Fire Marshal				84,172
Total Public Safety	3,033,588	2,479,928	553,660	1,874,509

CITY OF JERSEY VILLAGE, TEXAS

Exhibit B-2 Page 4 of 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002

with Comparative Actual Balances for the Year Ended September 30, 2001

	<u>2002</u>		<u>Variance Over (Under)</u>	<u>2001 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<u>Expenditures (continued)</u>				
Public Works:				
Administration:				
Personnel services	127,630	128,849	(1,219)	81,238
Supplies	4,700	4,026	674	4,048
Repairs and maintenance	1,600	1,088	512	917
Other services and charges	38,300	22,281	16,019	58,788
Capital outlay	1,000	1,000		
Total Administration	<u>173,230</u>	<u>157,244</u>	<u>15,986</u>	<u>144,991</u>
Code Enforcement:				
Personnel services	215,422	194,115	21,307	184,055
Supplies	3,575	2,459	1,116	1,624
Repairs and maintenance	1,400	874	526	
Other services and charges	44,480	8,977	35,503	15,445
Capital outlay	245	245		1,517
Total Code Enforcement	<u>265,122</u>	<u>206,670</u>	<u>58,452</u>	<u>202,641</u>
Streets:				
Personnel services	168,001	137,858	30,143	151,384
Supplies	3,900	2,090	1,810	1,028
Repairs and maintenance	52,100	18,120	33,980	17,768
Other services and charges	178,200	124,093	54,107	170,839
Capital outlay	7,500	5,004	2,496	9,967
Total Streets	<u>409,701</u>	<u>287,165</u>	<u>122,536</u>	<u>350,986</u>
Buildings & Grounds:				
Personnel services	49,039	55,644	(6,605)	45,774
Supplies	5,200	4,418	782	5,123
Repairs and maintenance				13,563
Other services and charges	78,300	52,562	25,738	84,520
Total Buildings & Grounds	<u>132,539</u>	<u>112,624</u>	<u>19,915</u>	<u>148,980</u>
Sanitation:				
Other services and charges	398,766	374,682	24,084	431,710
Total Sanitation	<u>398,766</u>	<u>374,682</u>	<u>24,084</u>	<u>431,710</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit B-2 Page 5 of 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002

with Comparative Actual Balances for the Year Ended September 30, 2001

	<u>2002</u>		<u>Variance</u>	<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over</u>	<u>Actual</u>
			<u>(Under)</u>	
<u>Expenditures (continued)</u>				
<u>Public Works (continued):</u>				
<u>Fleet Service:</u>				
Personnel services	147,208	149,199	(1,991)	109,158
Supplies	88,000	84,723	3,277	86,790
Repairs and maintenance	67,100	66,600	500	22,469
Other services and charges	145,075	143,750	1,325	75,294
Capital outlay	6,000	4,558	1,442	4,200
<u>Total Fleet Service:</u>	<u>453,383</u>	<u>448,830</u>	<u>4,553</u>	<u>297,911</u>
<u>Total Public Works</u>	<u>1,832,741</u>	<u>1,587,215</u>	<u>245,526</u>	<u>1,577,219</u>
<u>Parks and Recreation:</u>				
Personnel services	283,384	241,546	41,838	203,135
Supplies	25,700	15,904	9,796	16,804
Repairs and maintenance	23,000	13,343	9,657	16,753
Other services and charges	16,650	12,253	4,397	14,336
Capital outlay	49,000	30,010	18,990	7,717
<u>Total Parks and Recreation</u>	<u>397,734</u>	<u>313,056</u>	<u>84,678</u>	<u>258,745</u>
<u>Total Expenditures</u>	<u>6,408,276</u>	<u>5,390,006</u>	<u>1,018,270</u>	<u>4,680,866</u>
<u>Revenues Over (Under) Expenditures</u>	<u>660,127</u>	<u>1,176,344</u>	<u>516,217</u>	<u>1,468,616</u>
<u>Other Financing Sources (Uses)</u>				
Sale of assets		7,000	7,000	
Operating transfers in	300,000	100,000	(200,000)	301,363
Operating transfers (out)	(2,000,000)	(2,000,000)		(1,294,426)
<u>Total Other Financing Sources (Uses)</u>	<u>(1,700,000)</u>	<u>(1,893,000)</u>	<u>(193,000)</u>	<u>(993,063)</u>
<u>Revenues and Other Financing</u>				
<u>Sources Over (Under)</u>				
<u>Expenditures and Other</u>				
<u>Financing (Uses)</u>	(1,039,873)	(716,656)	323,217	475,553
Fund balances - Beginning	<u>3,148,621</u>	<u>3,148,621</u>		<u>2,673,068</u>
<u>Fund Balances - Ending</u>	<u>\$ 2,108,748</u>	<u>\$ 2,431,965</u>	<u>\$ 323,217</u>	<u>\$ 3,148,621</u>

SPECIAL REVENUE FUNDS

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.

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CITY OF JERSEY VILLAGE, TEXAS

Exhibit C-1

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

September 30, 2002
with Comparative Totals for September 30, 2001

	<u>Hotel</u>	<u>Asset</u>	<u>Totals</u>	
	<u>Occupancy</u>	<u>Forfeiture</u>	<u>2002</u>	<u>2001</u>
<u>Assets</u>				
Cash and temporary investments	\$ 373,577	\$ 10	\$ 373,587	\$ 322,998
Total Assets	\$ 373,577	\$ 10	\$ 373,587	\$ 322,998
 <u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Due to other funds	\$ 41	\$	\$ 41	\$ 7,196
<u>Fund Balances</u>				
Unreserved and designated				
Hotel occupancy	373,536	10	373,546	315,802
Total Liabilities and				
Fund Balances	\$ 373,577	\$ 10	\$ 373,587	\$ 322,998

CITY OF JERSEY VILLAGE, TEXAS

Exhibit C-2

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended September 30, 2002
with Comparative Totals for the Year Ended September 30, 2001

	<u>Hotel Occupancy</u>	<u>Asset Forfeiture</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Revenues</u>				
Hotel occupancy tax	\$ 80,386	\$	\$ 80,386	\$ 74,968
Interest on investments	7,209	10	7,219	13,957
Total Revenues	<u>87,595</u>	<u>10</u>	<u>87,605</u>	<u>88,925</u>
<u>Expenditures</u>				
Current:				
General government	29,861		29,861	6,093
Total Expenditures	<u>29,861</u>		<u>29,861</u>	<u>6,093</u>
Revenues Over (Under) Expenditures	57,734	10	57,744	82,832
Other Financing (Uses)				
Operating transfers (out)				(1,363)
Revenues Over Expenditures and Other Financing (Uses)	57,734	10	57,744	81,469
Fund Balances, beginning of year	315,802		315,802	234,333
Fund Balances, End of Year	<u>\$ 373,536</u>	<u>\$ 10</u>	<u>\$ 373,546</u>	<u>\$ 315,802</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit C-3

SPECIAL REVENUE FUND (HOTEL OCCUPANCY)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002
with Comparative Totals for the Year Ended September 30, 2001

	2002		Variance Over (Under)	2001 Actual
	Budget	Actual		
<u>Revenues</u>				
Hotel occupancy tax	\$ 65,000	\$ 80,386	\$ 15,386	\$ 74,968
Interest on investments	5,500	7,209	1,709	13,928
Total Revenues	<u>70,500</u>	<u>87,595</u>	<u>17,095</u>	<u>88,896</u>
<u>Expenditures</u>				
Current:				
General government	50,000	29,861	20,139	6,093
Total Expenditures	<u>50,000</u>	<u>29,861</u>	<u>20,139</u>	<u>6,093</u>
Revenues Over Expenditures	20,500	57,734	37,234	82,803
Fund Balances, beginning of year	315,802	315,802		232,999
Fund Balances, End of Year	<u>\$ 336,302</u>	<u>\$ 373,536</u>	<u>\$ 37,234</u>	<u>\$ 315,802</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit C-4

SPECIAL REVENUE FUND (ASSET FORFEITURE)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002
with Comparative Totals for the Year Ended September 30, 2001

	2002			
	Budget	Actual	Variance Over (Under)	2001 Actual
Revenues				
Interest on investments	\$	\$ 10	\$ 10	\$ 29
Total Revenues		10	10	29
Other Financing (Uses)				
Operating transfers (out)				(1,363)
Revenues Over (Under) Other Financing (Uses)		10	10	(1,334)
Fund Balances, beginning of year				1,334
Fund Balances, End of Year	\$	\$ 10	\$ 10	\$

DEBT SERVICE FUND

The Debt Service Fund is used to account for property taxes levied for payment of principal and interest on all general long-term debt of the City.

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CITY OF JERSEY VILLAGE, TEXAS

Exhibit D-1

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS

September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>Assets</u>		
Cash and temporary investments	\$ 1,745,280	\$ 1,120,459
Taxes receivable	79,513	58,504
Due from other funds	355,260	189,113
	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,180,053</u>	<u>\$ 1,368,076</u>
<u>Liabilities and Equity</u>		
<u>Liabilities</u>		
Due to other funds	\$ 818,633	\$ 242,992
Deferred revenue	79,513	58,504
	<u> </u>	<u> </u>
Total Liabilities	<u>898,146</u>	<u>301,496</u>
<u>Equity</u>		
Fund Balances:		
Reserved for debt service	1,281,907	1,066,580
	<u> </u>	<u> </u>
Total Equity	<u>1,281,907</u>	<u>1,066,580</u>
	<u> </u>	<u> </u>
Total Liabilities and Equity	<u>\$ 2,180,053</u>	<u>\$ 1,368,076</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit D-2

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002
with Comparative Totals for the Year Ended September 30, 2001

	2002		Variance Over (Under)	2001 Actual
	Budget	Actual		
Revenues				
Property taxes	\$ 1,857,304	\$ 1,869,306	\$ 12,002	\$ 1,532,185
Interest on investments	35,000	46,494	11,494	64,935
Total Revenues	<u>1,892,304</u>	<u>1,915,800</u>	<u>23,496</u>	<u>1,597,120</u>
Expenditures				
Principal retirement	782,500	582,476	200,024	910,000
Interest retirement	687,500	737,387	(49,887)	404,608
Fiscal charges	10,500	4,969	5,531	5,798
Total Expenditures	<u>1,480,500</u>	<u>1,324,832</u>	<u>155,668</u>	<u>1,320,406</u>
Revenues Over Expenditures	411,804	590,968	179,164	276,714
Other Financing Sources (Uses)				
Operating transfers in	200,000	200,000		
Operating transfers (out)	<u>(575,641)</u>	<u>(575,641)</u>		<u>(250,000)</u>
Total Other Financing Sources (Uses)	<u>(375,641)</u>	<u>(375,641)</u>		<u>(250,000)</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	36,163	215,327	179,164	26,714
Fund Balances, beginning of year	<u>1,066,580</u>	<u>1,066,580</u>		<u>1,039,866</u>
Fund Balances, End of Year	<u>\$ 1,102,743</u>	<u>\$ 1,281,907</u>	<u>\$ 179,164</u>	<u>\$ 1,066,580</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources used for the acquisition and/or construction of major capital facilities.

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CITY OF JERSEY VILLAGE, TEXAS

Exhibit E-1

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS

September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>Assets</u>		
Cash and temporary investments	\$ 3,362,124	\$ 2,245,885
Due from other funds	241,174	468,358
	<hr/>	<hr/>
Total Assets	\$ 3,603,298	\$ 2,714,243
	<hr/>	<hr/>
<u>Liabilities and Equity</u>		
<u>Liabilities</u>		
Due to other funds	\$ 8,824	\$ 64,856
	<hr/>	<hr/>
<u>Equity</u>		
Fund Balances:		
Unreserved:		
Designated for construction	3,594,474	2,649,387
	<hr/>	<hr/>
Total Equity	3,594,474	2,649,387
	<hr/>	<hr/>
Total Liabilities and Equity	\$ 3,603,298	\$ 2,714,243
	<hr/>	<hr/>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit E-2

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2002

with Comparative Actual Balances for the Year Ended September 30, 2001

	<u>2002</u>		<u>Variance</u>	<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over</u>	<u>Actual</u>
			<u>(Under)</u>	
<u>Revenues</u>				
Interest on investments	\$ 50,000	\$ 58,302	\$ 8,302	\$ 88,858
Total Revenues	<u>50,000</u>	<u>58,302</u>	<u>8,302</u>	<u>88,858</u>
<u>Expenditures</u>				
Capital Outlay:				
General Government:				
City hall				326,915
Public Safety:				
Fire station	2,400,000	689,409	1,710,591	
Police flooring	15,000	13,695	1,305	
Public Works:				
Parks and recreation	149,000	121,842	27,158	
Streets	2,476,081	1,918,100	557,981	101,670
Water and sewer	207,605	78,721	128,884	555,941
Total Expenditures	<u>5,247,686</u>	<u>2,821,767</u>	<u>2,425,919</u>	<u>984,526</u>
Revenues Over (Under) Expenditures	<u>(5,197,686)</u>	<u>(2,763,465)</u>	<u>2,434,221</u>	<u>(895,668)</u>
Other Financing Sources (Uses)				
Proceeds of long-term debt	2,300,000	2,300,000		
Operating transfers in	1,800,000	1,800,000		1,434,000
Operating transfers (out)	(391,448)	(391,448)		
Total Other Financing Sources (Uses)	<u>3,708,552</u>	<u>3,708,552</u>		<u>1,434,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(1,489,134)</u>	<u>945,087</u>	<u>2,434,221</u>	<u>538,332</u>
Fund balances - Beginning	<u>2,649,387</u>	<u>2,649,387</u>		<u>2,111,055</u>
Fund Balances - Ending	<u>\$ 1,160,253</u>	<u>\$ 3,594,474</u>	<u>\$ 2,434,221</u>	<u>\$ 2,649,387</u>

ENTERPRISE FUNDS

These funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges. The following describes the various types of Enterprise Funds used by the City:

Utility Fund - This fund accounts for the operations of the water and sewer system.

Golf Course Fund - This fund is used to account for the City-owned golf course and its operations.

CITY OF JERSEY VILLAGE, TEXAS

Exhibit F-1

ENTERPRISE FUNDS
COMBINING BALANCE SHEETS

September 30, 2002
with Comparative Totals for September 30, 2001

	<u>Utility</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Assets</u>				
<u>Current Assets</u>				
Cash and temporary investments	\$ 2,595,430	\$ 388,031	\$ 2,983,461	\$ 2,594,476
Accounts receivable	218,304		218,304	182,718
Due from other funds		836,733	836,733	264,285
Inventory		13,121	13,121	40,934
Prepaid expenses				9,612
Total Current Assets	<u>2,813,734</u>	<u>1,237,885</u>	<u>4,051,619</u>	<u>3,092,025</u>
<u>Land, Buildings and Equipment</u>	14,847,445	7,320,321	22,167,766	21,338,427
Less accumulated depreciation	<u>(3,714,050)</u>	<u>(994,378)</u>	<u>(4,708,428)</u>	<u>(4,006,712)</u>
Land, Buildings and Equipment, Net	<u>11,133,395</u>	<u>6,325,943</u>	<u>17,459,338</u>	<u>17,331,715</u>
Total Assets	<u>\$ 13,947,129</u>	<u>\$ 7,563,828</u>	<u>\$ 21,510,957</u>	<u>\$ 20,423,740</u>
<u>Liabilities and Equity</u>				
<u>Current Liabilities</u>				
Accounts payable and accrued liabilities	\$ 11,642	\$ 56,018	\$ 67,660	\$ 65,971
Due to other funds	276,761	636,597	913,358	751,286
Customer deposits	74,381		74,381	69,083
Revenue bonds payable-current portion	100,000		100,000	100,000
Certificates of obligation-current portion		145,000	145,000	135,000
Total Current Liabilities	<u>462,784</u>	<u>837,615</u>	<u>1,300,399</u>	<u>1,121,340</u>
Revenue bonds payable-less current portion	1,300,000		1,300,000	1,400,000
Certificates of obligation-less current portion		7,120,000	7,120,000	7,265,000
	<u>1,300,000</u>	<u>7,120,000</u>	<u>8,420,000</u>	<u>8,665,000</u>
Total Liabilities	<u>1,762,784</u>	<u>7,957,615</u>	<u>9,720,399</u>	<u>9,786,340</u>
<u>Equity</u>				
Contributed Capital	10,081,793		10,081,793	10,120,543
Retained Earnings (Deficit):				
Reserved:				
Debt service	100,000		100,000	100,000
Water capacity	204,192		204,192	169,266
Wastewater capacity	306,289		306,289	253,898
Unreserved	<u>1,492,071</u>	<u>(393,787)</u>	<u>1,098,284</u>	<u>(6,307)</u>
Total Equity	<u>12,184,345</u>	<u>(393,787)</u>	<u>11,790,558</u>	<u>10,637,400</u>
Total Liabilities and Equity	<u>\$ 13,947,129</u>	<u>\$ 7,563,828</u>	<u>\$ 21,510,957</u>	<u>\$ 20,423,740</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit F-2

ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY

Year Ended September 30, 2002
with Comparative Totals for Year Ended September 30, 2001

	<u>Utility</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Operating Revenues</u>				
Charges for services	\$ 2,143,903	\$ 1,308,016	\$ 3,451,919	\$ 3,062,147
Penalties and interest	28,469		28,469	23,936
Impact fees	78,066		78,066	41,741
Other	29,350		29,350	24,400
Total Operating Revenues	<u>2,279,788</u>	<u>1,308,016</u>	<u>3,587,804</u>	<u>3,152,224</u>
<u>Operating Expenses</u>				
Personnel services	264,338	563,006	827,344	922,306
Materials and supplies	22,295	156,256	178,551	219,619
Repairs and maintenance	84,098	30,071	114,169	126,889
Utilities	120,395	41,192	161,587	199,332
Purchased services	217,242	43,295	260,537	292,777
Depreciation	301,121	400,595	701,716	675,849
Other services and charges	464,766	175,089	639,855	698,388
Total Operating Expenses	<u>1,474,255</u>	<u>1,409,504</u>	<u>2,883,759</u>	<u>3,135,160</u>
Operating Income (Loss)	805,533	(101,488)	704,045	17,064
<u>Non-Operating Revenue (Expenses)</u>				
Investment income	50,519	3,249	53,768	133,337
Gain on disposal of assets		3,450	3,450	
Interest and fiscal charges	(85,750)	(440,694)	(526,444)	(539,347)
Total Non-Operating Revenue (Expenses)	<u>(35,231)</u>	<u>(433,995)</u>	<u>(469,226)</u>	<u>(406,010)</u>
Income (Loss) Before Operating Transfers	770,302	(535,483)	234,819	(388,946)
<u>Operating transfers in (out)</u>	<u>291,448</u>	<u>575,641</u>	<u>867,089</u>	<u>(189,574)</u>
Net Income (Loss)	1,061,750	40,158	1,101,908	(578,520)
Add depreciation on fixed assets acquired with external contributions	90,000		90,000	90,000
Change in Retained Earnings	<u>1,151,750</u>	<u>40,158</u>	<u>1,191,908</u>	<u>(488,520)</u>
Retained earnings (deficit), beginning of year	950,802	(433,945)	516,857	1,005,377
Retained Earnings (Deficit), End of Year	<u>2,102,552</u>	<u>(393,787)</u>	<u>1,708,765</u>	<u>516,857</u>
Contributed capital, beginning of year	10,120,543		10,120,543	9,941,322
Depreciation transferred from R.E.	(90,000)		(90,000)	(90,000)
Increase in contributed capital	51,250		51,250	269,221
Contributed Capital, End of Year	<u>10,081,793</u>		<u>10,081,793</u>	<u>10,120,543</u>
Fund Equity (Deficit), End of Year	<u>\$ 12,184,345</u>	<u>\$ (393,787)</u>	<u>\$ 11,790,558</u>	<u>\$ 10,637,400</u>

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CITY OF JERSEY VILLAGE, TEXAS

Exhibit F-3

ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2002
with Comparative Totals for Year Ended September 30, 2001

	<u>Utility</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<u>Cash Flows from Operating Activities</u>				
Operating Income	\$ 805,533	\$ (101,488)	\$ 704,045	\$ 17,064
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and amortization	301,121	400,595	701,716	675,849
(Increase) Decrease in accts receivable	(36,522)	936	(35,586)	23,544
(Increase) Decrease in inventory		27,813	27,813	(16,926)
(Increase) Decrease in prepaid expenses		9,612	9,612	5,159
Increase (Decrease) in accounts payable and accrued liabilities	4,666	(2,977)	1,689	(143,400)
Increase in customer deposits	5,298		5,298	2,772
Net Cash Provided (Used) by Operating Activities	<u>1,080,096</u>	<u>334,491</u>	<u>1,414,587</u>	<u>564,062</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
(Increase) Decrease in due from other funds		(572,448)	(572,448)	(263,041)
Increase (Decrease) in due to other funds	(406,209)	568,281	162,072	468,606
Operating transfers in (out)	291,448	575,641	867,089	(189,574)
Net Cash Provided (Used) by Financing Activities	<u>(114,761)</u>	<u>571,474</u>	<u>456,713</u>	<u>15,991</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Proceeds from sale of assets		3,450	3,450	
Capital expenditures for property, plant, and equipment	(727,087)	(51,002)	(778,089)	(525,356)
Revenue bond principal payments	(100,000)	(135,000)	(235,000)	(100,000)
Interest payments on revenue bonds	(85,750)	(440,694)	(526,444)	(539,347)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(912,837)</u>	<u>(623,246)</u>	<u>(1,536,083)</u>	<u>(1,164,703)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on investments	50,519	3,249	53,768	133,337
Net Cash Provided by Investing Activities	<u>50,519</u>	<u>3,249</u>	<u>53,768</u>	<u>133,337</u>
Net Increase in Cash and Cash Equivalents	103,017	285,968	388,985	(451,313)
Cash and cash equivalents, beginning of year	<u>2,492,413</u>	<u>102,063</u>	<u>2,594,476</u>	<u>3,045,789</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,595,430</u>	<u>\$ 388,031</u>	<u>\$ 2,983,461</u>	<u>\$ 2,594,476</u>
<u>Supplemental Information:</u>				
Assets contributed by other funds	<u>\$ 51,250</u>	<u>\$</u>	<u>\$ 51,250</u>	<u>\$ 269,221</u>

CITY OF JERSEY VILLAGE, TEXAS

ENTERPRISE FUNDS
COMBINING SCHEDULE OF LONG-TERM DEBT
BY MATURITY DATE

Year Ended September 30, 2002

Fiscal Year Ending	Total Requirements - All Series			Utility Fund - Waterworks and Sewer Revenue Series 2000		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 245,000	\$ 505,130	\$ 750,130	\$ 100,000	\$ 78,750	\$ 178,750
2004	260,000	484,558	744,558	100,000	71,750	171,750
2005	270,000	464,487	734,487	100,000	64,750	164,750
2006	280,000	445,238	725,238	100,000	57,750	157,750
2007	290,000	425,287	715,287	100,000	50,750	150,750
2008	305,000	404,463	709,463	100,000	43,750	143,750
2009	315,000	383,637	698,637	100,000	37,625	137,625
2010	330,000	362,938	692,938	100,000	32,500	132,500
2011	345,000	341,312	686,312	100,000	27,500	127,500
2012	360,000	318,638	678,638	100,000	22,500	122,500
2013	375,000	294,912	669,912	100,000	17,500	117,500
2014	395,000	269,963	664,963	100,000	12,500	112,500
2015	410,000	243,787	653,787	100,000	7,500	107,500
2016	430,000	216,594	646,594	100,000	2,500	102,500
2017	350,000	194,000	544,000			
2018	370,000	176,000	546,000			
2019	395,000	156,875	551,875			
2020	420,000	136,500	556,500			
2021	445,000	114,875	559,875			
2022	475,000	91,875	566,875			
2023	500,000	67,500	567,500			
2024	535,000	41,625	576,625			
2025	565,000	14,125	579,125			
	<u>\$ 8,665,000</u>	<u>\$ 6,154,319</u>	<u>\$ 14,819,319</u>	<u>\$ 1,400,000</u>	<u>\$ 527,625</u>	<u>\$ 1,927,625</u>

Exhibit F-4

Fiscal Year Ending	Golf Course Fund - Certificates of Obligation Series 2000			Golf Course Fund - Certificates of Obligation Series 2000A		
	Principal	Interest	Total	Principal	Interest	Total
2003		\$ 405,687	\$ 405,687	\$ 145,000	\$ 20,693	\$ 165,693
2004		405,688	405,688	160,000	7,120	167,120
2005	170,000	399,737	569,737			
2006	180,000	387,488	567,488			
2007	190,000	374,537	564,537			
2008	205,000	360,713	565,713			
2009	215,000	346,012	561,012			
2010	230,000	330,438	560,438			
2011	245,000	313,812	558,812			
2012	260,000	296,138	556,138			
2013	275,000	277,412	552,412			
2014	295,000	257,463	552,463			
2015	310,000	236,287	546,287			
2016	330,000	214,094	544,094			
2017	350,000	194,000	544,000			
2018	370,000	176,000	546,000			
2019	395,000	156,875	551,875			
2020	420,000	136,500	556,500			
2021	445,000	114,875	559,875			
2022	475,000	91,875	566,875			
2023	500,000	67,500	567,500			
2024	535,000	41,625	576,625			
2025	565,000	14,125	579,125			
	<u>\$ 6,960,000</u>	<u>\$ 5,598,881</u>	<u>\$ 12,558,881</u>	<u>\$ 305,000</u>	<u>\$ 27,813</u>	<u>\$ 332,813</u>

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GENERAL FIXED ASSETS

This account group is established to account for the fixed assets owned by the City excluding those relating to Enterprise Fund operations. Expenditure transactions to acquire general fixed assets occur in the Governmental Fund Types.

CITY OF JERSEY VILLAGE, TEXAS

Exhibit G-1

GENERAL FIXED ASSETS
COMPARATIVE SCHEDULES OF GENERAL FIXED
ASSETS - BY SOURCE

September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>General Fixed Assets</u>		
Land, buildings and improvements	\$ 10,648,899	\$ 9,242,188
Equipment	1,882,540	1,622,108
Construction in progress	1,936,472	655,931
	<u>14,467,911</u>	<u>11,520,227</u>
Total General Fixed Assets	\$ 14,467,911	\$ 11,520,227
<u>Investment in General Fixed Assets</u>		
General obligation bonds	\$ 6,615,646	\$ 3,928,395
Certificates of obligation	4,065,136	4,065,136
Municipality	1,696,800	1,436,367
Annexation of utility districts	1,990,329	1,990,329
Donations	100,000	100,000
	<u>14,467,911</u>	<u>11,520,227</u>
Total Investment in General Fixed Assets	\$ 14,467,911	\$ 11,520,227

CITY OF JERSEY VILLAGE, TEXAS

Exhibit G-2

GENERAL FIXED ASSETS
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION
AND ACTIVITY

September 30, 2002

<u>Function and Activity</u>	<u>Land, Buildings & Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>General Administration and Finance</u>	\$ 1,310,892	\$ 884,668	\$	\$ 2,195,560
<u>Public Safety</u>				
Police	1,051,369	435,514		1,486,883
Fire	266,260	343,739		609,999
Total Public Safety	<u>1,317,629</u>	<u>779,253</u>		<u>2,096,882</u>
<u>Public Works</u>				
Streets and drainage	6,773,831	160,258		6,934,089
Fleet services	200,000	3,323		203,323
Total Public Works	<u>6,973,831</u>	<u>163,581</u>		<u>7,137,412</u>
<u>Community Services</u>				
Parks & recreation	310,700	37,214		347,914
Civic center	387,430	17,824		405,254
Swimming pool	348,417			348,417
Total Community Services	<u>1,046,547</u>	<u>55,038</u>		<u>1,101,585</u>
Construction in Progress			1,936,472	1,936,472
Total General Fixed Assets	<u>\$ 10,648,899</u>	<u>\$ 1,882,540</u>	<u>\$ 1,936,472</u>	<u>\$ 14,467,911</u>

CITY OF JERSEY VILLAGE, TEXAS

Exhibit G-3

GENERAL FIXED ASSETS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY

Year Ended September 30, 2002

Function and Activity	General Fixed Assets October 1, 2001	Additions	Retirements	General Fixed Assets Sept. 30, 2002
<u>General Administration and Finance</u>	\$ 2,145,390	\$ 50,170	\$	\$ 2,195,560
<u>Public Safety</u>				
Police	1,396,558	90,325		1,486,883
Fire	409,266	200,733		609,999
Total Public Safety	1,805,824	291,058		2,096,882
<u>Public Works</u>				
Streets and drainage	5,664,605	1,269,483		6,934,088
Fleet services	200,000	3,323		203,323
Total Public Works	5,864,605	1,272,806		7,137,411
<u>Community Services</u>				
Parks & recreation	312,630	35,285		347,915
Civic center	387,430	17,824		405,254
Swimming pool	348,417			348,417
Total Community Services	1,048,477	53,109		1,101,586
Construction in Progress	655,931	2,687,252	(1,406,711)	1,936,472
Total General Fixed Assets	\$ 11,520,227	\$ 4,354,395	\$ (1,406,711)	\$ 14,467,911

GENERAL LONG-TERM DEBT

This account group is established to account for the principal outstanding on general obligation bonds and other long-term liabilities.

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CITY OF JERSEY VILLAGE, TEXAS

Exhibit H-1

**COMPARATIVE SCHEDULES OF
GENERAL LONG-TERM DEBT**

September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>Amount Available and to be Provided for the Payment of General Long-Term Debt</u>		
Amount available in Debt Service Fund	\$ 1,281,907	\$ 1,066,580
Amount to be provided for retirement of general long-term debt	<u>8,678,942</u>	<u>7,297,439</u>
Total Amount Available and to be Provided	<u><u>\$ 9,960,849</u></u>	<u><u>\$ 8,364,019</u></u>
 <u>General Long-Term Debt Payable</u>		
Certificates of obligation	\$ 1,375,000	\$ 1,625,000
General obligation bonds	6,082,515	4,114,991
Accrued interest on premium compound interest bonds	<u>2,503,334</u>	<u>2,624,028</u>
Total General Long-Term Debt Payable	<u><u>\$ 9,960,849</u></u>	<u><u>\$ 8,364,019</u></u>

CITY OF JERSEY VILLAGE, TEXAS

SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT

September 30, 2002

<u>Date of Issue</u>	<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>
07/15/1986	General Obligation Bonds - Series 1986	7.00 - 9.00%	\$ 1,200,000
06/01/1994	Certificates of Obligation - Series 1994	5.00 - 6.50%	1,900,000
03/21/1995	Certificates of Obligation - Series 1995	5.00 - 6.00%	750,000
10/18/1991	MUD No. 247 Refunding Bonds - 1991	6.25 - 8.10%	3,924,991
08/01/1996	MUD No. 199 Refunding Bonds -1996	4.75 - 6.25%	1,225,000
02/25/2000	General Obligation Ref. Bonds - Series 2000	5.00 - 7.00%	1,255,000
04/08/2002	General Obligation Bonds - Series 2002	4.75 - 6.75%	2,300,000

Totals

Amounts Outstanding October 1, 2001	Issued Current Year	Retired Current Year	Amounts Outstanding Sept. 30, 2002	Interest Current Year
\$ 75,000	\$	\$ 75,000	\$	\$ 2,625
1,250,000		150,000	1,100,000	64,675
375,000		100,000	275,000	16,250
2,014,991		37,476	1,977,515	491,564
895,000		95,000	800,000	54,110
1,130,000		125,000	1,005,000	58,262
	2,300,000		2,300,000	49,900
<u>\$ 5,739,991</u>	<u>\$ 2,300,000</u>	<u>\$ 582,476</u>	<u>\$ 7,457,515</u>	<u>\$ 737,386</u>

CITY OF JERSEY VILLAGE, TEXAS

SCHEDULE OF GENERAL LONG-TERM DEBT
SERVICE REQUIREMENTS TO MATURITY

September 30, 2002

Due During Fiscal Year Ending Sept. 30,	Annual Requirements for All Series			Certificate of Obligation Series 1994		
	Total	Total	Total	Principal	Interest Due	Total
	Principal Due	Interest Due		Due March 15	March 15, Sept. 15	
2003	\$ 635,755	\$ 790,503	\$ 1,426,258	\$ 150,000	\$ 56,950	\$ 206,950
2004	610,224	772,427	1,382,651	150,000	49,075	199,075
2005	479,163	729,336	1,208,499	150,000	41,050	191,050
2006	485,729	716,477	1,202,206	150,000	32,875	182,875
2007	492,094	677,915	1,170,009	150,000	24,438	174,438
2008	525,054	666,003	1,191,057	175,000	15,094	190,094
2009	537,732	623,830	1,161,562	175,000	5,031	180,031
2010	239,317	787,483	893,388			
2011	107,447	781,191	888,638			
2012	670,000	218,769	888,769			
2013	725,000	167,898	892,898			
2014	775,000	112,739	887,739			
2015	125,000	53,579	178,579			
2016	130,000	47,523	177,523			
2017	135,000	41,195	176,195			
2018	140,000	34,525	174,525			
2019	150,000	27,420	177,420			
2020	155,000	19,948	174,948			
2021	165,000	12,231	177,231			
2022	175,000	4,156	179,156			
Totals	<u>\$ 7,457,515</u>	<u>\$ 7,285,148</u>	<u>\$ 14,609,251</u>	<u>\$ 1,100,000</u>	<u>\$ 224,513</u>	<u>\$ 1,324,513</u>
	MUD No. 199 Refunding Series 1996			General Obligation Refund. Series 2000		
	Principal	Interest Due	Total	Principal	Interest Due	Total
	Due April 1	October 1, April 1		Due March 15	March 15, Sept. 15	
2003	\$ 100,000	\$ 48,695	\$ 148,695	\$ 125,000	\$ 49,513	\$ 174,513
2004	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	
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
Totals	<u>\$ 800,000</u>	<u>\$ 207,067</u>	<u>\$ 1,007,067</u>	<u>\$ 1,005,000</u>	<u>\$ 208,906</u>	<u>\$ 1,080,494</u>

* Includes accreted interest on premium compounded interest bonds.

Due During Fiscal Year Ending Sept. 30,	Certificate of Obligation Series 1995			MUD No. 247 Refunding Series 1991		
	Principal Due March 15	Interest Due March 15, Sept. 15	Total	Principal Due April 1	Interest Due October 1, April 1	Total
2003	\$ 150,000	\$ 10,000	\$ 160,000	\$ 30,755	\$ 508,285 *	\$ 539,040
2004	125,000	3,125	128,125	25,224	523,816 *	549,040
2005				19,163	509,876 *	529,039
2006				15,729	523,311 *	539,040
2007				12,094	511,946 *	524,040
2008				10,054	528,986 *	539,040
2009				7,732	516,308 *	524,040
2010				9,317	704,723 *	714,040
2011				7,447	706,593 *	714,040
2012				565,000	149,040	714,040
2013				615,000	103,275	718,275
2014				660,000	53,460	713,460
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
Totals	<u>\$ 275,000</u>	<u>\$ 13,125</u>	<u>\$ 288,125</u>	<u>\$ 1,977,515</u>	<u>\$ 5,339,619</u>	<u>\$ 7,317,134</u>

	General Obligation Bonds Series 2002		
	Principal Due March 15	Interest Due March 15, Sept. 15	Total
2003	80,000	117,060	\$ 197,060
2004	80,000	111,660	191,660
2005	80,000	106,260	186,260
2006	85,000	100,691	185,691
2007	85,000	94,954	179,954
2008	90,000	89,160	179,160
2009	95,000	83,979	178,979
2010	100,000	79,348	179,348
2011	100,000	74,598	174,598
2012	105,000	69,729	174,729
2013	110,000	64,623	174,623
2014	115,000	59,279	174,279
2015	125,000	53,579	178,579
2016	130,000	47,523	177,523
2017	135,000	41,195	176,195
2018	140,000	34,525	174,525
2019	150,000	27,420	177,420
2020	155,000	19,948	174,948
2021	165,000	12,231	177,231
2022	175,000	4,156	179,156
Totals	<u>\$ 2,300,000</u>	<u>\$ 1,291,918</u>	<u>\$ 3,591,918</u>

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UNAUDITED STATISTICAL SECTION

CITY OF JERSEY VILLAGE, TEXAS

GENERAL GOVERNMENT REVENUES BY SOURCE

Last Ten Fiscal Years

<u>Function</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Property taxes	\$ 1,923,292	\$ 1,934,908	\$ 2,000,348	\$ 1,910,704
Other taxes	670,440	695,633	740,539	968,365
Licenses and permits	33,683	35,058	48,845	57,656
Fines and warrants	270,571	247,397	147,467	208,879
Fees and charges for services	31,750	35,609	31,189	30,880
Mutual aid	9,375	7,575	4,100	
Intergovernmental		23,070		34,153
Interest on investments	44,019	58,843	163,538	167,821
Other revenue	83,178	44,713	78,975	72,161
	<u>\$ 3,066,308</u>	<u>\$ 3,082,806</u>	<u>\$ 3,215,001</u>	<u>\$ 3,450,619</u>

Includes General, Special Revenue, Debt Service, Capital Projects Funds and Component Units for 1995-2001 fiscal years. Prior to 1995, amounts excluded Capital Projects Fund activity.

Source - Accounting records of the City.

Table 1

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$ 2,025,203	\$ 2,098,134	\$ 2,620,888	\$ 2,974,775	\$ 3,934,213	\$ 5,055,432
1,048,605	1,102,110	1,735,116	2,556,441	3,366,550	2,990,225
37,359	120,499	87,731	123,410	110,332	123,202
217,036	250,481	365,854	472,585	468,848	409,250
126,971	176,192	165,902	165,102	156,252	94,653
3,920	4,375		4,470	4,600	
28,411	736,954	51,021	101,079	63,959	25,578
186,110	215,028	257,625	386,234	393,051	198,752
<u>75,428</u>	<u>42,743</u>	<u>186,891</u>	<u>115,755</u>	<u>87,342</u>	<u>309,269</u>
<u>\$ 3,749,043</u>	<u>\$ 4,746,516</u>	<u>\$ 5,471,028</u>	<u>\$ 6,899,851</u>	<u>\$ 8,585,147</u>	<u>\$ 9,206,361</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
General government	\$ 515,457	\$ 858,083	\$ 599,038	\$ 554,444
Public safety	967,659	1,110,552	1,143,729	1,224,660
Public works	643,251	708,912	755,126	780,232
Parks and recreation	190,151	216,244	172,774	200,510
Capital outlay			796,539	557,603
Debt service	<u>513,485</u>	<u>497,381</u>	<u>535,803</u>	<u>448,388</u>
	<u>\$ 2,830,003</u>	<u>\$ 3,391,172</u>	<u>\$ 4,003,009</u>	<u>\$ 3,765,837</u>

Includes General, Special Revenue, Debt Service, Capital Projects Funds and Component Units for 1995-2001 fiscal years. Prior to 1995, amounts excluded Capital Projects Fund activity.

Source - Accounting records of the City.

Table 2

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$ 623,901	\$ 919,141	\$ 794,586	\$ 950,181	\$ 976,486	\$ 1,039,668
1,318,004	1,372,878	1,795,737	1,991,631	2,351,412	2,986,696
852,707	955,147	981,523	1,412,506	1,577,219	1,587,215
183,004	232,094	241,396	256,004	258,745	313,056
583,843	539,329	1,970,872	435,820	984,526	2,821,767
<u>482,423</u>	<u>461,946</u>	<u>2,308,393</u>	<u>1,265,144</u>	<u>1,320,406</u>	<u>1,324,832</u>
<u>\$ 4,043,882</u>	<u>\$ 4,480,535</u>	<u>\$ 8,092,507</u>	<u>\$ 6,311,286</u>	<u>\$ 7,468,794</u>	<u>\$ 10,073,234</u>

CITY OF JERSEY VILLAGE, TEXAS

Table 3

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy and Adjust.</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy and Adjust.</u>	<u>Outstanding Delinquent Taxes</u>	<u>O/S Delinquent Taxes as Percent of Levy and Adjust.</u>
1993	1992	0.73000	\$ 1,877,669	\$ 1,919,377	102.22	\$ 60,868	3.24
1994	1993	0.73000	1,904,604	1,904,908	100.02	60,564	3.18
1995	1994	0.73000	1,972,375	1,981,369	100.46	51,570	2.61
1996	1995	0.68410	1,907,160	1,903,522	99.81	55,208	2.89
1997	1996	0.68410	2,004,325	2,003,970	99.98	55,563	2.77
1998	1997	0.68408	2,075,236	2,080,800	100.27	49,999	2.41
1999	1998	0.68408	2,653,532	2,620,888	98.77	82,643	3.11
2000	1999	0.68408	2,992,835	2,974,775	99.40	100,703	3.36
2001	2000	0.67500	3,965,845	3,891,013	98.11	175,535	4.43
2002	2001	0.67500	5,065,541	5,019,128	99.08	221,948	4.38

Source - Tax assessor/collector's records.

CITY OF JERSEY VILLAGE, TEXAS

Table 4

**ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Assessed Value to Estimated Actual Value</u>
1993	1992	\$ 256,069,560	\$ 266,172,010	96.20
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	751,074,839	779,699,490	96.33

Source - Tax assessor/collector's records.

CITY OF JERSEY VILLAGE, TEXAS

**PROPERTY TAX RATES AND TAX LEVIES -
DIRECT AND OVERLAPPING**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City of Jersey Village</u>	<u>Cypress-Fairbanks ISD</u>	<u>Harris County</u>	<u>Port of Houston Authority</u>
<u>Tax Levies and Adjust.</u>					
1993	1992	\$ 1,877,669	\$ 56,296,766	\$ 371,558,722	\$ 16,726,662
1994	1993	1,904,604	131,002,581	382,535,958	13,808,086
1995	1994	1,972,375	139,421,783	412,804,415	14,976,058
1996	1995	1,907,160	162,792,374	473,600,094	14,952,080
1997	1996	2,004,325	173,088,071	523,916,738	24,162,556
1998	1997	2,075,236	176,423,440	520,373,005	24,359,472
1999	1998	2,653,532	171,055,799	547,937,258	28,031,572
2000	1999	3,015,542	244,700,451	556,815,185	28,760,514
2001	2000	3,965,846	240,329,904	553,216,000	26,304,113
2002	2001	5,065,541	284,264,873	665,078,411	31,631,630
<u>Tax Rates (*)</u>					
1993	1992	\$ 0.73000	\$ 0.76800	\$ 0.32910	\$ 0.01500
1994	1993	0.73000	1.72000	0.33850	0.01220
1995	1994	0.73000	1.75000	0.36470	0.01220
1996	1995	0.68410	1.75000	0.40680	0.01280
1997	1996	0.68410	1.75000	0.42480	0.01960
1998	1997	0.68408	1.77000	0.41870	0.02000
1999	1998	0.68408	1.77000	0.41660	0.02132
2000	1999	0.68408	1.70900	0.39843	0.02040
2001	2000	0.67500	1.70900	0.35902	0.01830
2002	2001	0.67500	1.74500	0.38393	0.01826

Source - Tax Department records of the various taxing authorities.

(*) Per \$100 valuation.

Table 5

<u>Harris County Flood Control</u>	<u>Harris County Hospital Dist.</u>	<u>Total</u>
\$ 63,103,788	\$ 231,593,278	\$ 741,156,885
62,882,159	214,409,517	806,542,905
71,147,820	208,822,817	849,145,268
88,468,765	144,111,169	885,831,642
98,265,975	152,708,834	974,146,499
98,929,284	153,862,379	976,022,816
105,183,974	162,785,387	1,017,647,522
112,786,369	206,540,256	1,152,618,317
88,729,666	291,328,832	1,203,874,361
82,422,397	329,499,035	1,397,961,887
\$ 0.05590	\$ 0.19620	\$ 2.09420
0.05570	0.18980	3.04620
0.05570	0.18980	3.10240
0.07600	0.12380	3.05350
0.07970	0.12380	3.08200
0.07960	0.12380	3.09618
0.08000	0.12380	3.09580
0.08000	0.14650	3.03841
0.06173	0.20268	3.02573
0.04758	0.19021	3.05998

CITY OF JERSEY VILLAGE, TEXAS

Table 6

TAX RATE DISTRIBUTION

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Tax Rate</u>
1993	1992	\$ 0.52609	\$ 0.20391	\$ 0.73000
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

Source - City's tax ordinances.
Tax rates are per \$100 valuation.

CITY OF JERSEY VILLAGE, TEXAS

Table 7

PRINCIPAL TAXPAYERS

September 30, 2002

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
1. Beeler Sanders V Ltd.	Real	\$ 61,967,770	8.25 %
2. Compaq Computer Corp.	Personal	36,395,060	4.85
3. Prologis Dev. Services	Real	18,060,740	2.40
4. Sonic-LS Chevrolet, Ltd.	Personal	16,449,300	2.19
5. Joe Myers Ford, Inc.	Personal	13,313,170	1.77
6. Car Son LMC, LP	Real	11,763,750	1.57
7. Enterprise Leasing Corp.	Personal	9,413,870	1.25
8. Joe Myers Toyota, Inc.	Personal	7,603,160	1.01
9. SW Jones Road, L.P.	Real	7,586,530	1.01
10. SAMS's East, Inc.	Real	6,777,950	0.90
		<u>\$ 189,331,300</u>	<u>25.21 %</u>

Source - Tax assessor/collector's records.

CITY OF JERSEY VILLAGE, TEXAS

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value (A)</u>	<u>Gross Bonded Debt (B)</u>
1993	4,926	\$ 256,069,560	\$ 1,506,000
1994	4,970	264,119,510	3,043,000
1995	5,000	270,188,356	3,525,000
1996	5,000	278,791,996	3,275,000
1997	5,056	289,851,600	2,975,000
1998	5,310	298,945,530	2,675,000
1999	6,800	319,000,537	8,348,869
2000	6,800	429,510,881	9,055,405
2001	6,880	564,579,920	8,364,019
2002	6,880	751,074,839	9,960,849

Source - Tax assessor/collector and accounting records of the City.

(A) - Assessed value is net of exemptions.

(B) - Gross bonded debt includes general obligation bonds, certificates of obligation, accreted interest and annexed/dissolved utility district obligations.

Table 8

<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$ 174,042	\$ 1,331,958	0.52	\$ 270
294,919	2,748,081	1.04	553
291,380	3,233,620	1.20	647
301,779	2,973,221	1.07	595
332,636	2,642,364	0.91	523
371,512	2,303,488	0.77	434
1,083,233	7,265,636	2.28	1,068
1,039,866	8,015,539	1.87	1,179
1,066,580	7,297,439	1.29	1,061
1,281,907	8,678,942	1.16	1,261

CITY OF JERSEY VILLAGE, TEXAS

Table 9

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service Requirements</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service Requirements to Expend.</u>
1993	\$ 393,735	\$ 119,750	\$ 513,485	\$ 2,830,003	18.14 %
1994	401,944	95,437	497,381	3,391,172	14.67
1995	310,441	225,362	535,803	4,003,009	13.39
1996	250,000	198,388	448,388	3,765,837	11.91
1997	300,000	182,423	482,423	4,043,882	11.93
1998	300,000	161,946	461,946	4,480,535	10.31
1999	1,965,000	343,393	2,308,393	8,092,507	28.53
2000	750,000	515,144	1,265,144	6,311,286	20.05
2001	910,000	410,406	1,320,406	7,468,794	17.68
2002	582,476	742,356	1,324,832	10,073,234	13.15

CITY OF JERSEY VILLAGE, TEXAS

Table 10

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

September 30, 2002

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Outstanding as of</u>	<u>Percentage Applicable to City of Jersey Village</u>	<u>City of Jersey Village Share of Debt</u>
Cypress-Fairbanks I.S.D.	\$ 691,316,904	9/30/2002	4.70 %	\$ 32,491,895
Harris County (including Toll Rd)	1,736,082,257	2/28/2002	0.45	7,812,370
Harris Co. Flood Control District	129,238,911	2/28/2002	0.45	581,575
N. Harris Montgomery C.C.D.	132,796,980	8/31/2001	1.61	2,138,031
Port of Houston Authority	327,837,000	12/31/2001	0.45	<u>1,475,267</u>
Total Net Overlapping Debt				44,499,138
City of Jersey Village	8,678,942	9/30/2002	100	<u>8,678,942</u>
Total Net Direct and Overlapping Debt				<u>\$ 53,178,080</u>
Total Net Direct and Overlapping Debt per Capita				<u>\$ 7,707</u>

CITY OF JERSEY VILLAGE, TEXAS

Table 11

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (A)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate (B)</u>
1993	4926	\$ 52,071	40	6.8%
1994	4970	53,148	41	6.2%
1995	5000	53,684	41	5.4%
1996	5000	54,225	41	5.2%
1997	5056	56,394	40	5.2%
1998	5310	57,521	40	4.5%
1999	6800	* 59,534	40	4.0%
2000	6800	* 61,022	40	4.0%
2001	6880	* 61,937	40	4.0%
2002	6900	* 62,000 (A)	40 (A)	4.5% (A)

(A) - Estimated.

(B) - Source - Texas Workforce Commssion.

* - Revised per U.S. Census

CITY OF JERSEY VILLAGE, TEXAS

Table 12

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Value</u>	<u>Construction *</u>	<u>Bank Deposits</u>
1993	\$ 266,172,010	\$ 93,907,270	\$ 111,907,270
1994	273,472,470	94,994,481	113,994,481
1995	278,714,280	84,224,925	104,224,920
1996	280,149,310	95,674,282	106,284,660
1997	289,851,600	108,680,040	108,410,353
1998	298,945,530	17,785,550	109,494,456
1999	319,000,537	11,750,894	111,609,000
2000	429,510,881	25,595,111	114,399,225
2001	588,645,615	17,693,843	117,259,206
2002	751,074,839	23,193,775	120,190,686 **

* Construction values in years 1993 through 1997 include the City of Jersey Village and surrounding areas. Beginning in 1998, only construction values within the City of Jersey Village are included.

** Estimated at 2.5% growth.

CITY OF JERSEY VILLAGE, TEXAS

MISCELLANEOUS STATISTICAL DATA

September 30, 2001

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 miles

Streets - Unpaved None

Fire Protection

Number of stations 1

Number of employees (Full-time equivalent) 4

Number of volunteers 35

Fire Prevention

Number of employees (Full-time equivalent) 1

Number of volunteers None

Police Protection

Number of stations 1

Number of sworn officers (Full-time equivalent) 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

Miles of storm sewers 23

Table 13

Education *

High School

Number of teachers	206
Number of students	3,168

Grades 1-8

Number of teachers	151
Number of students	2,370

City Employees

Department heads	7
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Employees:

Full-time	79
Part-time (Full-time equivalent)	17

Election

Number of Votes Cast:

Last City Election - Regular Election	1,015
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Water

Source	Ground Water
Average daily consumption:	
Purchased from City of Houston	790,000 gallons
Pumped from Jersey Village wells	240,000 gallons
Maximum daily consumption:	
Purchased from City of Houston	1,570,000 gallons
Pumped from Jersey Village wells	2,256,000 gallons
Water mains	44 miles
Number of connections	2,336

Sewer

Average daily flow	601,400 gallons
Maximum daily flow	5,766,000 gallons
Sanitary sewer mains	38 miles
Number of connections	2,136

* - Cy-Fair Independent School District

