

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2004

**City of
Jersey
Village**



Mayor

Ed Heathcott

City Council

Greg Holden

Frances Wubbenhorst

Russell Hamley

A.J. Widacki

Joyce Berube

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF JERSEY VILLAGE, TEXAS

**For the fiscal year ended
September 30, 2004**

**Prepared by
Finance Department**

**Robert T. Pennington
Interim Director of Finance**

CITY OF JERSEY VILLAGE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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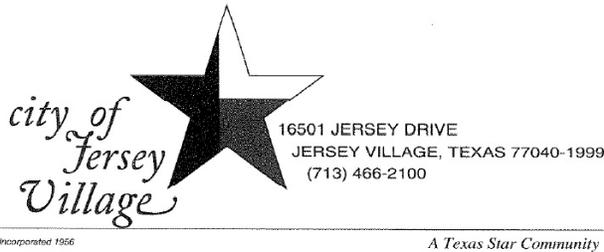
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INTRODUCTORY SECTION

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March 31, 2005

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

Dear Mayor and Members of City Council:

The City of Jersey Village, Texas (the City), is required to publish each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principals (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Jersey Village for the fiscal year ended September 30, 2004.

This report consists of management's representations concerning the finances of the City and deems 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 all City activities and funds. Therefore, management assumes full responsibility for the completeness and reliability of all information presented in this report. The City also acknowledges all disclosures are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by Null Lairson, P.C., a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ended September 30, 2004 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As required by GAAP, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Strategic Direction

The City's vision, mission, and strategy clearly define for the City staff and the community what issues are most important to Jersey Village.

Vision. Jersey Village is to carry on the challenge of providing an excellent level of City services by looking toward the future with a focus on sustaining a superior quality of life.

Mission. The City of Jersey Village is committed to working with 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 our City, its natural resources and environment in a fiscally responsible manner.

To accomplish our mission we will commit:

- **Fiscal Responsibility** - Establish a fiscally sound local government with budget control and focus on the strategic plans of the community. It will be a strong and diverse economic structure based on a friendly relationship and competitive tax environment.
- **Public Safety** - Provide a safe and secure environment resulting from a partnership between Jersey Village residents and the Police and Emergency Services Departments.
- **Flood Prevention and Mitigation** - The City will continue efforts to reduce flooding in the City and use its influence to encourage the Harris County Flood Control District to complete major flood mitigation programs affecting Jersey Village in a timely manner.
- **Economic Development** - The City will focus economic development efforts on increasing the commercial tax base through the attraction of companies and the expansion of existing businesses.
- **Quality Public Infrastructure and Recreational Facilities** - Provide continual cost effective maintenance and upgrades of streets, municipal utilities, and other municipal owned facilities to meet the service and capacity needs of the community. Improve recreation facilities, parks and programs to meet the needs of the community.

Profile of the Government

The City, which was formed in 1956, is located 15 miles northwest of downtown Houston. At September 30, 2004 the City had a land area of 3.58 square miles and an estimated population of 7,240. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statutes to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

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. Elections are staggered with the Mayor and two Council members elected together (year 2005) and the three remaining members in the following year. 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 City provides a full range of municipal services including public safety (police and fire protection); residential solid waste sanitation services, water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities and general administrative services. The City also owns and operates a public golf course. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board,

the City reports all funds and account groups for which the City, as the primary government, is accountable. The Jersey Village Crime Control and Prevention District (JVCC&PD) is considered to meet the criteria of a component unit, and therefore, has been included in the report as a discretely presented component unit. The JVCC&PD was created by the City under Chapter 363 of the Texas Local Government Code for the purpose of providing additional crime control and prevention to the City. The district held a required election in May 2003 on the continuance of the JVCC&PD, which resulted in an overwhelming support to maintain the JVCC&PD for an additional ten years.

Accounting System, Budgetary Control and Internal Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (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.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, certain special revenue funds, debt service fund, and proprietary funds are included in the annual appropriated budget. Project-length budgets are prepared for capital project funds. The level of budgetary control is at the departmental level within each fund. The government also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbrances are treated as a reservation of fund balance. 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.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader prospective of the specific environment within which the City operates.

Local Economy. The City along with the entire nation, has been under an economic strain for quite some time. Steady employment for our citizens has increased. With the recent signs of a national economic turnaround, we are encouraged that this trend will continue. The following table represents area unemployment rates:

	9/30/2004	9/30/2003	9/30/2002	9/30/2001
United States	5.5%	6.2%	5.8%	5.0%
Texas	5.5%	6.8%	6.4%	5.1%
Jersey Village	5.9%	7.1%	6.2%	4.6%

There continues to be a trend toward increased growth within the City. Several housing additions are being developed, and several commercial facilities are in the construction or planning stages. Plans are also in the works to bring additional commercial and warehouse facilities to the City within the next couple of years. This positive impact presents additional opportunities for the City and for its financial position.

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

For the last several years, the policy of the City has been able to maintain its infrastructure base for streets, water and wastewater systems, and municipal facilities through an aggressive maintenance and improvement program. A portion of general fund revenues is allocated to the Capital Improvement Plan each year. Debt is issued when necessary to finance long-term capital improvements.

The City government is exploring new financial resources, including the issuance of revenue bonds to expand utilities to new customers along the Jones Road extension. This project will be a joint effort with the majority of funding from Harris County. The City will contribute a greater portion of capital relating to drainage over-sizing and the cost associated with extending water and sewer service along the right-of-way. Currently the City is completing the reconstruction of Jersey and Lakeview Drives with bonds issued in 2003. This project also includes storm water drainage improvements and various reconstruction of utilities within Lakeview and Jersey Drive. The City is also interested in purchasing an additional tract adjacent to the City complex, thus allow additional parking and future opportunity to expand the complex as needed.

The majority of long-term capital planning is utility related. Reconstruction of the Philippine Lift Station, a waterline crossing US290, and sewer service to the businesses along Hempstead Road are all major projects to be funded from the Utility fund.

Cash Management Policies and Practices

The City invests its funds in accordance with the Public Funds Investment Act and statutory provisions of a written investment policy, approved by the City Council, that primarily emphasizes minimal risks while maintaining a competitive yield on its portfolio. All City funds must be invested in investments that protect principal, are consistent with the operating requirements of the City, and yield the highest possible rate of return. No person may invest City funds without express written authority from the City Council or the chief executive officer of the City. In 2003-2004, investments were primarily placed with Texpool, a state administered investment pool available to local governments. Texpool is rated as a AAA money market fund by Standard & Poor's.

Risk Management

The City purchases insurance to manage and finance risk through the Texas Municipal League Intergovernmental Risk Pool. This risk pool serves over 300 Texas cities. Coverage includes \$14.5 million of real and personal property coverage. Coverage also includes collision and comprehensive coverage on vehicles, blanket liability and workers compensation coverage.

Pension and other Benefits

The City provides pension benefits for all fulltime employees. These benefits are provided through the state-wide pool managed by Texas Municipal Retirement System (TMRS). The City has no obligation in connection with employee benefits beyond its annual contractual payment to TMRS.

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jersey Village for its comprehensive annual financial report for the year ended September 30, 2003. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This was the ninth consecutive year that the City has received this prestigious award. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for compliance review.

Acknowledgements

The preparation of the CAFR was made possible by the dedicated service of the entire administration. We appreciate the efforts of everyone involved. In closing, without the leadership and support of the Jersey Village Council, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert T. Pennington". The signature is stylized and cursive, with a large initial "R" and "P".

Robert T. Pennington
Interim Director of Finance

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, 2003

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.



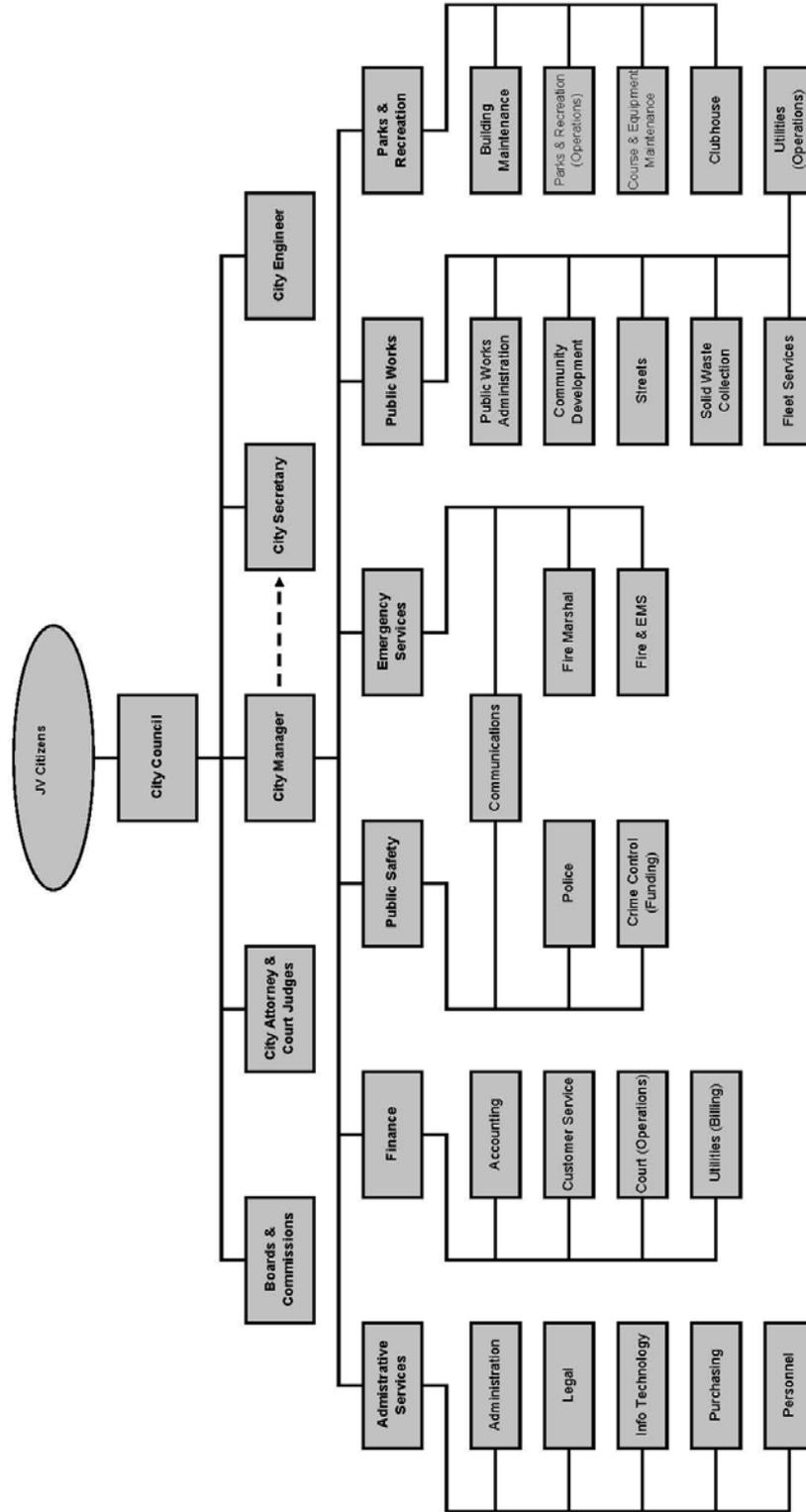
Nancy L. Zjelde

President

Jeffrey R. Enos

Executive Director

CITY OF JERSEY VILLAGE ORGANIZATIONAL CHART



PRINCIPAL CITY OFFICIALS
CITY OF JERSEY VILLAGE, TEXAS
September 30, 2004

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

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

FINANCIAL SECTION

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Jersey Village, Texas (the "City") as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely present component unit, each major fund and the aggregate remaining fund information of the City as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of September 30, 2004.

The management's discussion and analysis on pages 13 through 22 as well as the budgetary comparison and pension system supplementary information on pages 60 through 62, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Mull & Laison, P.C." in a cursive, flowing script.

Houston, Texas
March 15, 2005

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jersey Village (the "City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2004. It should be read in conjunction with the accompanying letter of transmittal and the accompanying basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, community development and culture and recreation. The business-type activities of the City include a water and wastewater operating fund and a golf course.

The government-wide financial statements include the City itself (known as the primary government), but also a legally separate. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 27 through 29 of this report.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental and proprietary - and utilize different accounting approaches.

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

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

The City maintains 7 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, debt service and capital projects funds, which are considered to be major funds. Data from the other 4 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30 through 33 of this report.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds.

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater utility and Jersey Meadow Golf Course. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet replacement which is later charged to the individual funds.

The basic proprietary fund financial statements can be found on pages 34 through 36 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 through 57 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 60 through 62 of the City's Comprehensive Annual Financial Report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found beginning on pages 66 through 87 of the City's Comprehensive Annual Financial Report.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$34.2 million (net assets). Of this amount, \$5.5 million (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.

By far the largest portion of the City's net assets (76 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Schedule Of Net Assets

September 30, 2004

Amounts in (000)'s

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 8,080	\$ 2,583	\$ 10,663
Capital assets	28,655	17,881	46,536
Total Assets	36,735	20,464	57,199
Current liabilities	717	96	812
Long-term liabilities outstanding	20,925	1,217	22,143
Total Liabilities	21,642	1,313	22,955
Net assets:			
Invested in capital assets, nets of related debt	9,382	16,705	26,087
Restricted	2,007	604	2,611
Unrestricted	3,704	1,843	5,546
Total Net Assets	\$ 15,093	\$ 19,152	\$ 34,244

An additional portion of the City's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5.5 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The government's net assets increased by \$587,000 during the current fiscal year. This increase is largely contributed to the completion of capital improvement projects.

The following table summarizes the changes in net assets for the City for the year ended September 30, 2004:

CONDENSED SCHEDULE OF CHANGES IN NET ASSETS

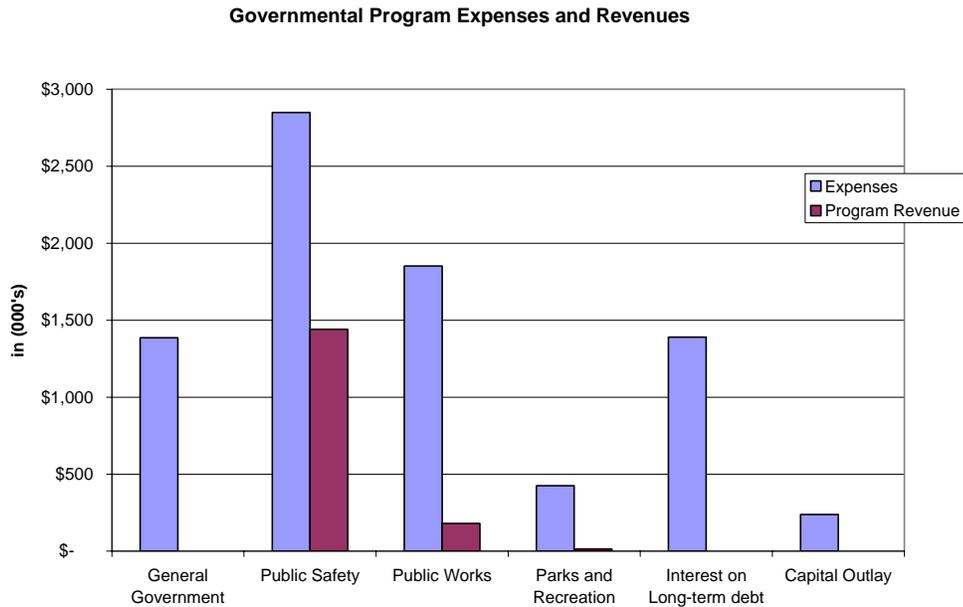
YEAR ENDED SEPTEMBER 30, 2004

Amounts in (000's)

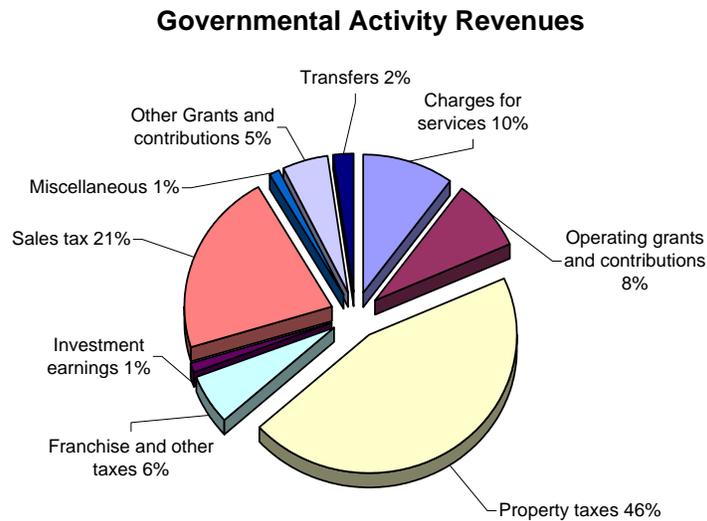
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenue			
Charges for services	\$ 885	\$ 3,282	\$ 4,167
Operating grants and contributions	749		749
General revenues			
Property taxes	3,989		3,989
Franchise and other taxes	502		502
Sales tax	1,894		1,894
Grants and contributions not restricted to specific programs	459		459
Unrestricted investment earnings	98	27	125
Miscellaneous	95		95
Transfers	190	(190)	
Total Revenues and Transfers	8,861	3,119	11,980
Expenses			
General Government	1,386		1,386
Public Safety	2,849		2,849
Public Works	1,852		1,852
Parks and Recreation	425		425
Interest on Long-term debt	1,390		1,390
Capital Outlay	238		238
Water and Wastewater		1,791	1,791
Golf Course		1,462	1,462
Total Expenses	8,140	3,253	11,393
Increase (decrease) in net assets	721	(134)	587
Beginning net assets	14,369	19,284	33,653
Ending Net Assets	\$ 15,093	\$ 19,152	\$ 34,245

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the City's net assets by \$721,000. A comparisons of program expenses to program revenues and revenues by source for governmental activities follows:



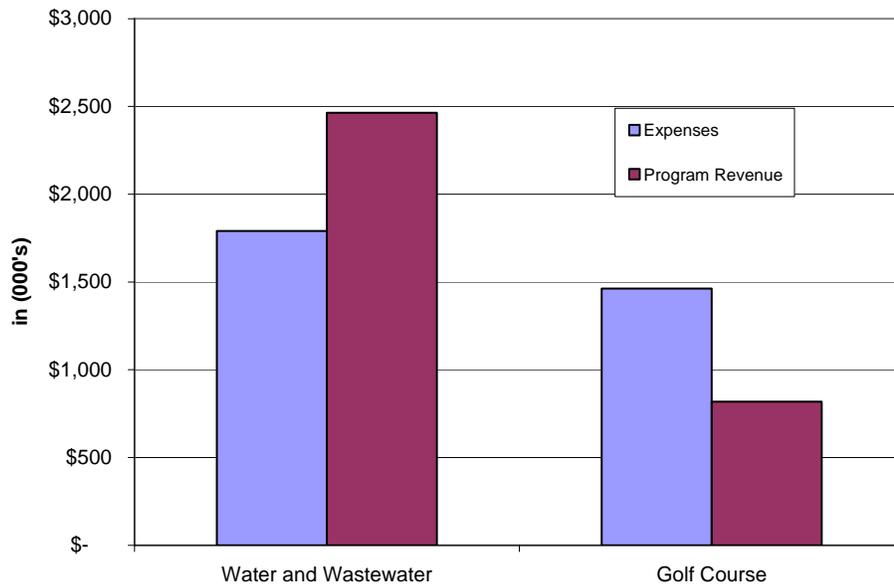
Revenue sources for governmental activities were distributed as follows:



CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. The net assets of the City's business-type activities decreased by \$134,000 to partially offset the increase in governmental activity net assets. A comparison between expenses and program revenues (charges for services) relating to water and wastewater and golf course operations follows.

Expenses and Program Revenues - Business-Type Activities



Revenue sources for business-type activities consisted almost entirely of charges for services.

Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6.9 million, and decrease of \$3.4million from the prior year. This decrease is due to the use of bond funds (series 2003) for completion of capital outlay projects.

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

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2.6 million. Both the unreserved fund balance and the total fund balance remained at virtually identical levels to that of last year. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42.4% of total general fund expenditures.

The Debt Service fund had a total fund balance of approximately \$1.0 million, all of which is reserved for the payment of debt service. The net decrease in fund balance from the prior year of approximately \$317,000 was due to more in debt service payments than revenue collected by the fund.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net assets of the Water and Sewer Enterprise fund at the end of the year amounted to approximately \$1.0 million or 67.6% of annual operating and non-operating expenses for the fund.

Unrestricted net assets of the Golf Course fund at the end of the year amounted to \$140,000 or 19% of annual operating and non-operating expenses for the fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to \$411,896, in the following functions:

\$	59,275	-- Increase for General Government
	37,000	-- Increase for Public Safety
	56,168	-- Increase for Highways and Roads
	1,967	-- Increase for Health and Sanitation
	257,486	-- Increase in Transfers Out

These differences account for 15.7% of the total difference between the original adopted budget and the final amended budget for expenditures in the General Fund. The remaining differences were smaller individual items; many offset by increases in revenues received either through grants or donations

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2004 amounted to \$46.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, water and wastewater plants and service lines, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was approximately 8.2 percent. The following table shows capital asset activity for the 2004 fiscal year (in 000's):

	<u>Balance September 30, 2003</u>	<u>Additions</u>	<u>Retirements and Reclass-ifications</u>	<u>Balance September 30, 2004</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,956	\$ -	\$ -	\$ 1,956
Construction in progress	3,590	3,311	(2,498)	4,403
Capital assets being depreciated:				
Infrastructure	15,896	(261)	717	16,351
Buildings and improvements	2,709	(155)	1,781	4,335
Machinery and equipment	1,611	(2)		1,609
Total Governmental Activities	<u>\$ 25,762</u>	<u>\$ 2,893</u>	<u>\$ -</u>	<u>\$ 28,654</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,360	\$ -	\$ -	\$ 1,360
Construction in progress	102	1,461	(1,445)	118
Capital assets being depreciated:				
Infrastructure	10,682	(207)	1,445	11,920
Buildings and improvements	4,575	(181)		4,395
Machinery and equipment	231	(105)	(38)	88
Total business-type Activities	<u>\$ 16,950</u>	<u>\$ 968</u>	<u>\$ (38)</u>	<u>\$ 17,881</u>

At the end of Fiscal year 2004, the City had invested in a broad range of Capital assets, including police equipment, information technology, streets and utilities. The following is a summary of major Capital asset additions during the year including the following:

- Elevated storage tank repair on Solomon Drive. This storage facility is one of the City's major elevated tanks and services the east side of the City.
- Several water and sewer lines were reconstructed and/or upgraded. A 30" trunk line was constructed along Ginger Lane as well as a rehabilitation of several existing sewer lines that were show significant signs of disrepair. The City also invested in new reconstructed water lines along Jersey Drive and Lakeview Drive.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The City purchased several vehicles and pieces of equipment during the fiscal year. The City afforded the purchase of two additional police cruisers from Crime Control and prevention Funding and several lease purchases for equipment for golf course maintenance. Two ¾ ton pickup trucks and a trailer were purchased for use related to Public Works and Park operations.
- The major project of the year was associated with the street and storm water reconstruction of Lakeview and Jersey Drives. This project was paid for from proceeds of the \$5 million 2002 street bond fund series.
- A \$110,000 was transferred from the general fund to the golf course fund for capital reconstruction of the course greens, a new central air and heat system for the clubhouse, drainage improvements to the driving range and reconstruction of a washed-out cart bridge.

Additional information on the City's capital assets can be found in Note 6 to the basic financial statements of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$19.2 million. Of this amount, \$18.0 million is backed by the full faith and credit of the City, and the remainder represents revenue bonds secured solely by specified revenue sources.

The City's total debt decreased by approximately \$1.0 million or 5.3% during the fiscal year. The key factor in this decrease was regular debt service payments through out the year.

The City and its Water and Wastewater Enterprise both maintain a rating of A1 from Moody's Investor Services and an A from Standard & Poor's.

The City has no legal debt limit provision in its charter.

Additional information on the City's long-term debt can be found in Note 7 to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that will be charged for the business-type activities. One of the most significant factors is the City's recent revenue trends. The City's general fund revenue is principally made up of property taxes, sales taxes, electric and franchise fees. Telephone and electric franchise fees are flat due to changes in recent consumer technologies. Sales tax revenues have rebounded from the declines experienced in FY 2002 and 2003; however, the City has observed a minimal increase in sales tax receipts this year over last year. Assessed property tax values have declined from the loss of a major manufacture, Compaq. However the City did anticipate the Company's egress and has recaptured some of that loss with another major manufacturer and the City's property tax values have increased in the most recent year.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The General Fund's largest single revenue source is property taxes. The property tax rate for FY 2005 is \$0.6750 per \$100 valuation, unchanged from 2004. Of this tax rate, 50 percent or \$0.337 is utilized for General Fund activities. The remaining percent is used for debt service. The General Fund's portion of property tax revenue for FY 2005 is estimated to be \$6.4 million up \$47,000 or 10 percent from the 2004 year. The City's portion of the sales tax rate is one and one-half cents, with an additional half cent for Crime Control and Prevention. The General Fund receives one and one-half cent with the additional half cent as an instrument of property tax reduction.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department, at the City of Jersey Village, 16501 Jersey Drive, Jersey Village Texas 77040.

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BASIC FINANCIAL STATEMENTS

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CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET ASSETS

September 30, 2004

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Governmental Activities
ASSETS				
Cash and equivalents	\$ 7,943,915	\$ 1,093,900	\$ 9,037,815	\$ 581,358
Receivables	677,904	272,238	950,142	91,217
Internal Balances	(541,544)	541,544		
Inventories		10,069	10,069	
Restricted cash and equivalents		665,039	665,039	
Capital assets				
Capital assets, not being depreciated:				
Land and improvements	1,956,455	1,360,240	3,316,695	
Construction in progress	4,402,631	117,836	4,520,467	
Capital assets, net of depreciation				
Infrastructure	16,351,164	11,920,174	28,271,338	
Building and improvements	4,335,476	4,394,596	8,730,072	
Machinery and equipment	1,608,825	88,494	1,697,319	3,602
Total Capital Assets	28,654,551	17,881,340	46,535,891	3,602
Total Assets	36,734,826	20,464,130	57,198,956	676,177
LIABILITIES				
Accounts payable and accrued expenses	716,627	18,574	735,201	
Customer deposits		77,251	77,251	
Long-term liabilities				
Due within one year				
Bonds and capital leases	1,240,748	89,546	1,330,294	
Accrued interest	114,110	2,698	116,808	
Compensated absences	65,000	13,000	78,000	
Due in more than one year				
Bonds and capital leases	19,316,531	1,086,932	20,403,463	
Compensated absences	189,254	24,583	213,837	
Total liabilities	21,642,264	1,312,584	22,954,848	
NET ASSETS				
Invested in capital assets, net of related debt	9,381,787	16,704,861	26,086,648	3,602
Restricted for:				
Capital projects	458,890	587,788	1,046,678	
Debt Service	979,943	16,100	996,043	
Other projects	568,428		568,428	
Unrestricted	3,703,514	1,842,797	5,546,311	672,575
Total net assets	\$ 15,092,562	\$ 19,151,546	\$ 34,244,108	\$ 676,177

See Notes to Basic Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2004

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental Activities			
General Government	\$ 1,386,146	\$	\$
Public Safety	2,848,680	691,302	749,349
Public Works	1,852,041	180,051	
Parks and Recreation	424,749	14,139	
Interest on Long-term debt	1,389,583		
Capital Outlay	237,791		
Total governmental activities	<u>8,138,990</u>	<u>885,492</u>	<u>749,349</u>
Business-type Activities			
Water and Wastewater	1,790,559	2,464,461	
Golf Course	1,461,867	817,648	
Total business-type activities	<u>3,252,426</u>	<u>3,282,109</u>	
Total primary government	<u>\$ 11,391,416</u>	<u>\$ 4,167,601</u>	<u>\$ 749,349</u>
Component Unit			
Crime Control and Prevention District	<u>\$ 609,135</u>	<u>\$</u>	<u>\$</u>

General revenues:

Taxes:
 Property taxes
 Sales and use taxes
 Franchise and other taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

See Notes to Basic Financial Statements.

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Governmental Activities
\$ (1,386,146)		\$ (1,386,146)	
(1,408,029)		(1,408,029)	
(1,671,990)		(1,671,990)	
(410,610)		(410,610)	
(1,389,583)		(1,389,583)	
(237,791)		(237,791)	
<u>(6,504,149)</u>		<u>(6,504,149)</u>	
	673,902	673,902	
	(644,219)	(644,219)	
	<u>29,683</u>	<u>29,683</u>	
<u>(6,504,149)</u>	<u>29,683</u>	<u>(6,474,466)</u>	
			\$ (609,135)
3,989,270		3,989,270	
1,894,461		1,894,461	626,155
502,113		502,113	
458,890		458,890	
97,993	27,474	125,467	6,153
94,704		94,704	
190,000	(190,000)		
<u>7,227,431</u>	<u>(162,526)</u>	<u>7,064,905</u>	<u>632,308</u>
723,282	(132,843)	590,439	23,173
14,369,280	19,284,389	33,653,669	653,004
<u>\$ 15,092,562</u>	<u>\$ 19,151,546</u>	<u>\$ 34,244,108</u>	<u>\$ 676,177</u>

CITY OF JERSEY VILLAGE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2004

Exhibit 3

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Obligation Bonds - Series 2003</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,078,107	\$ 889,802	\$ 1,824,884	\$ 1,267,214	\$ 7,060,007
Receivables, net of allowance for doubtful accounts					
Property taxes	182,848	114,356			297,204
Sales and other taxes	380,700				380,700
Due from other funds	363,777	93,217		461,305	918,299
Total assets	<u>\$ 4,005,432</u>	<u>\$ 1,097,375</u>	<u>\$ 1,824,884</u>	<u>\$ 1,728,519</u>	<u>\$ 8,656,210</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 716,608	\$	\$ 19	\$	\$ 716,627
Due to other funds	461,652		256,463	28,130	746,245
Deferred revenue	183,634	114,391			298,025
Total liabilities	<u>1,361,894</u>	<u>114,391</u>	<u>256,482</u>	<u>28,130</u>	<u>1,760,897</u>
Fund balances:					
Reserved for:					
Capital projects			1,568,402	1,144,292	2,712,694
Debt service		982,984			982,984
Other purposes	12,331			556,097	568,428
Unreserved	2,631,207				2,631,207
Total fund balances	<u>2,643,538</u>	<u>982,984</u>	<u>1,568,402</u>	<u>1,700,389</u>	<u>6,895,313</u>
Total liabilities and fund balances	<u>\$ 4,005,432</u>	<u>\$ 1,097,375</u>	<u>\$ 1,824,884</u>	<u>\$ 1,728,519</u>	<u>\$ 8,656,210</u>

See Notes to Basic Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
September 30, 2004

Exhibit 4

Total fund balance, governmental funds \$ 6,895,313

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 28,654,551

Certain other long-term assets such as property taxes receivable are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 298,025

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. 170,310

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. (20,925,637)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 15,092,562

See Notes to Basic Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Exhibit 5

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2004

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Obligation Bonds - Series 2003</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property taxes	\$ 1,984,716	\$ 1,973,431	\$	\$	\$ 3,958,147
Sales and use taxes	1,829,941			64,520	1,894,461
Franchise taxes	502,113				502,113
Licenses and permits	147,798				147,798
Charges for services	210,915				210,915
Fines and forfeitures	646,365			44,937	691,302
Investment earnings	29,200	17,549	33,062	10,157	89,968
Intergovernmental	550,103			480,980	1,031,083
Other	107,337				107,337
Total revenues	<u>6,008,488</u>	<u>1,990,980</u>	<u>33,062</u>	<u>600,594</u>	<u>8,633,124</u>
EXPENDITURES					
Current:					
General government	1,349,663			32,671	1,382,334
Public safety	2,807,207			9,369	2,816,576
Public works	1,629,596				1,629,596
Parks and recreation	404,845				404,845
Capital Outlay			3,040,991	629,032	3,670,023
Debt Service:					
Principal		930,224			930,224
Interest and other charges		1,378,073			1,378,073
Total Expenditures	<u>6,191,311</u>	<u>2,308,297</u>	<u>3,040,991</u>	<u>671,072</u>	<u>12,211,671</u>
Revenues over/(under) expenditures	<u>(182,823)</u>	<u>(317,317)</u>	<u>(3,007,929)</u>	<u>(70,478)</u>	<u>(3,578,547)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	300,000			135,529	435,529
Transfers out	(245,529)				(245,529)
Total other financing sources and (uses)	<u>54,471</u>			<u>135,529</u>	<u>190,000</u>
Revenues and other financing sources over/(under) expenditures	<u>(128,352)</u>	<u>(317,317)</u>	<u>(3,007,929)</u>	<u>65,051</u>	<u>(3,388,547)</u>
Fund balances - beginning of year (as restated)	<u>2,771,890</u>	<u>1,300,301</u>	<u>4,576,331</u>	<u>1,635,338</u>	<u>10,283,860</u>
Fund balances - End of Year	<u>\$ 2,643,538</u>	<u>\$ 982,984</u>	<u>\$ 1,568,402</u>	<u>\$ 1,700,389</u>	<u>\$ 6,895,313</u>

See Notes to Basic Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES**

Exhibit 6

For the Year Ended September 30, 2004

Net change in fund balances - total governmental funds: \$ (3,388,547)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. 2,968,241

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 31,116

Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of repayments. 930,224

Payments for compensated absences accrued in previous years are reflected as expenditures in the fund financial statements. These same amounts are treated as a decrease in long-term liabilities in the Statement of Activities. 11,618

Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 170,623

Change in net assets of governmental activities \$ 723,275

See Notes to Basic Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2004

Exhibit 7

	Enterprise Funds			Governmental
	Water and Wastewater	Golf Course	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 828,678	\$ 265,222	\$ 1,093,900	\$ 883,908
Accounts Receivable, net	272,238		272,238	
Due from other funds	10,548		10,548	
Inventories		10,069	10,069	
Restricted cash and equivalents	665,039		665,039	
Total current assets	1,776,503	275,291	2,051,794	883,908
Non-current assets:				
Capital Assets:				
Land	445,240	915,000	1,360,240	
Construction in Progress	117,836		117,836	
Infrastructure	11,920,174		11,920,174	
Buildings and improvements	7,929	4,386,666	4,394,595	
Equipment and Furniture	16,499	71,995	88,494	1,174,465
Total non-current assets	12,507,678	5,373,661	17,881,339	1,174,465
Total assets	14,284,181	5,648,952	19,933,133	2,058,373
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	591	17,984	18,575	
Due to other funds	86,690	95,912	182,602	
Compensated absences	5,700	7,300	13,000	
Accrued interest	2,698		2,698	11,510
Capital lease obligation - current portion				61,667
Current liabilities payable from restricted assets				
Customer deposits	77,251		77,251	
Bonds payable- current portion	89,546		89,546	
Total current liabilities	262,476	121,196	383,672	73,177
Non-current liabilities:				
Compensated absences	10,820	13,763	24,583	
Capital lease obligation				131,893
Bonds payable	1,086,932		1,086,932	
Total non-current liabilities	1,097,752	13,763	1,111,515	131,893
Total liabilities	1,360,228	134,959	1,495,187	205,070
NET ASSETS				
Invested in capital assets, net of related debt	11,331,200	5,373,661	16,704,861	980,905
Restricted for capital projects	587,788		587,788	
Restricted for debt service	16,100		16,100	
Unrestricted	988,865	140,332	1,129,197	872,398
Total net assets	\$ 12,923,953	\$ 5,513,993	\$ 18,437,946	\$ 1,853,303

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business Activities of the Statement of Net Assets.

713,598

Total net assets per Government-Wide financial statements

\$ 19,151,544

See Notes to Basic Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSET

PROPRIETARY FUNDS

For the Year Ended September 30, 2004

Exhibit 8

	Enterprise Funds			Governmental Activities
	Water and Wastewater	Golf Course	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 2,464,461	\$ 817,648	\$ 3,282,109	\$ 506,542
Total operating revenues	<u>2,464,461</u>	<u>817,648</u>	<u>3,282,109</u>	<u>506,542</u>
OPERATING EXPENSES				
Personal services	307,738	561,544	869,282	
Supplies	431,553	225,582	657,135	
Utilities				
Repairs and maintenance	263,659	241,054	504,713	11,339
Contractual services	460,774	67,395	528,169	
Other	51,107	19,933	71,040	
Depreciation	217,473	393,048	610,521	209,637
Total Operating Expenses	<u>1,732,304</u>	<u>1,508,556</u>	<u>3,240,860</u>	<u>220,976</u>
Operating income (loss)	<u>732,157</u>	<u>(690,908)</u>	<u>41,249</u>	<u>285,566</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	21,581	5,893	27,474	8,026
Interest expense	(84,902)		(84,902)	(11,510)
Loss on disposal of capital assets	(225)	(37,899)	(38,124)	
Total non-operating revenue (expenses)	<u>(63,546)</u>	<u>(32,006)</u>	<u>(95,552)</u>	<u>(3,484)</u>
Income (loss) before contributions and transfers	<u>668,611</u>	<u>(722,914)</u>	<u>(54,303)</u>	<u>282,082</u>
Transfers in		110,000	110,000	
Transfers out	(300,000)		(300,000)	
Change in net assets	<u>368,611</u>	<u>(612,914)</u>	<u>(244,303)</u>	<u>282,082</u>
Total net assets - beginning of year	<u>12,555,342</u>	<u>6,126,907</u>	<u>18,682,249</u>	<u>1,571,221</u>
Total net assets - End of Year	<u>\$ 12,923,953</u>	<u>\$ 5,513,993</u>	<u>\$ 18,437,946</u>	<u>\$ 1,853,303</u>
Change in net assets, per above			(244,303)	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.			111,459	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements			<u>\$ (132,844)</u>	

See Notes to Basic Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2004

Exhibit 9

	Enterprise Funds			Governmental Activities
	Water and Wastewater	Golf Course	Total	Internal Service Fund
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 2,406,707	\$ 817,648	\$ 3,224,355	\$ 506,542
Disbursed for personal services	(314,563)	(553,111)	(867,674)	
Disbursed for goods and services	(1,212,076)	(564,564)	(1,776,640)	(11,339)
Cash Flows Provided By Operating Activities	880,068	(300,027)	580,041	495,203
Cash Flows From Noncapital Financing				
Operating transfers in		110,000	110,000	
Operating Transfers (out)	(300,000)		(300,000)	
Increase (decrease) in due to other funds	(778,573)	(324,638)	(1,103,211)	(15,354)
Decrease (increase) in due from other funds	(9,861)	318,992	309,131	34,700
Cash Flows Used in Noncapital Financing Activities	(1,088,434)	104,354	(984,080)	19,346
Cash Flows From Capital And Related Financing Activities				
Acquisition and construction of capital assets	(1,460,621)	(118,213)	(1,578,834)	(134,837)
Debt principal payments	(100,000)		(100,000)	(58,978)
Interest paid on debt	(71,750)		(71,750)	(11,510)
Cash Flows Used in Capital and Related Financing Activities	(1,632,371)	(118,213)	(1,750,584)	(205,325)
Cash Flows From Investing Activities				
Interest earned on investments	21,581	5,893	27,474	8,026
Cash Flows Used by Investing Activities	21,581	5,893	27,474	8,026
Increase (Decrease) In Cash	(1,819,156)	(307,993)	(2,127,149)	317,250
Cash balance at beginning of year	3,312,873	573,215	3,886,088	566,658
Cash Balance at End of Year	\$ 1,493,717	\$ 265,222	\$ 1,758,939	\$ 883,908
Cash	\$ 828,678	\$ 265,222	\$ 1,093,900	\$ 883,908
Restricted cash	665,039		665,039	
Total Cash	\$ 1,493,717	\$ 265,222	\$ 1,758,939	\$ 883,908
Cash Flows From Operating Activities				
Operating income (loss)	\$ 732,157	\$ (690,908)	\$ 41,249	\$ 285,566
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation	217,473	393,048	610,521	209,637
Changes in operating assets and liabilities				
Decrease (increase) in accounts receivable	(64,458)		(64,458)	
Increase (decrease) in customer deposits	6,704		6,704	
Increase (decrease) in accounts payable	(4,983)	(10,600)	(15,583)	
Increase (decrease) in accrued compensated absences	(6,825)	8,433	1,608	
Cash Flows Provided By Operating Activities	\$ 880,068	\$ (300,027)	\$ 580,041	\$ 495,203

See Notes to Financial Statements.

NOTE 1 - ORGANIZATION

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

The City Council is the principal legislative body of the City. The City Manger is appointed by the City Council and is responsible for the administration of the City.

The City provides the following services: public safety, public works, parks and recreation, water and sewer and general administrative services.

In 2004, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Government*, GASB Statement No. 37, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments: Omnibus* which provides additional guidance for implementation of GASB Statement No. 34 and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which changes not disclosure requirements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management’s discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes. The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow user’s of financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

Jersey Village Crime Control and Prevention District

The seven member board of the Jersey Village Crime Control and Prevention District (the "District") are appointed by City Council. The District provides additional crime control and prevention to the City. The District's budget requires the approval of City Council. The operations of the District are reported in a single governmental fund.

The component unit identified above is included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City appoints a the organizations' board and is either able to impose its will on them or a financial benefit/burden exists.

Complete financial statements of the individual component units are not prepared.

The financial reporting entity consists of the primary government and other organizations for which the primary government is financially accountable.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information about the City as a whole. These statements include all nonfiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivable have been recorded as deferred revenues at year-end. Property taxes collected within 60 days subsequent to September 30, 2004, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2004, have been recorded as receivables and revenue. Licenses and permits, and fines and forfeitures are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and other community services.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general long-term debt of the City except for capital leases which are accounted for in the General Fund. The primary source of revenue for the Debt Service Fund is general property taxes.

Capital Projects Fund is used to account for the expenditures of resources accumulated from the sales of bonds and related interest earning for capital improvement projects.

The City has two major proprietary funds:

The *Water and Wastewater Enterprise Fund* is used to account for operations of the water and wastewater division and the construction of related facilities. The fund is financed and operated in a manner similar to private business enterprises - where the intent of the City is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis 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.

The *Golf Course Fund* is used to account for the operations of the City's municipal golf course. The fund follows the same basis of accounting as the Water and Wastewater Enterprise Fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Additionally the City reports the following fund type:

The *Internal Service Fund* is used to account for the purchase of vehicles and equipment by one department to other departments, on a cost reimbursement basis.

Private-sector standards for accounting and financial reporting issued prior to December 1, 1999, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. The City has elected not to follow private sector guidance issued subsequent to that date.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operational expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Assets and a Statement of Activities. It requires the reclassification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

D. Cash and cash equivalents

The City’s cash and cash equivalents consist of cash on hand, amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City.

E. 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 Water and Sewer fund have not been recognized as of the end of the year as they are considered immaterial.

F. Due to and from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transaction are executed. These receivable and payables are, for the most part, eliminated from the Government-Wide Statement of Net Assets and are recorded as “due from other funds” or “due to other funds” in the fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventory and prepaid items

Inventories are valued at costs using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year. All purchased fixed assets are valued at cost where historical records exist. Donated fixed assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain and equipment are capitalized and Proprietary Fund fixed assets are depreciated over the remaining useful lives of the related fixed assets using the straight line method, as applicable.

<u>Asset</u>	<u>Estimated Useful Lives</u>
Equipment	5-20 years
Vehicles	5-7 years
Buildings and improvements	20 years
Water and sewer system	40 years
Infrastructure	75 years

I. Compensated absences

Employees earn vacation based on years of service with the City and may accumulate unused time up to a maximum of 20 days. In accordance with GAAP, the liability for accumulated vacation as of September 30, 2004 has been recorded as a liability in the Government-Wide Statement of Net Assets. Upon retirement from the City, an employee will receive compensation for unused sick leave hours. Vesting in unused sick leave hours ranges from 20 to 60 percent based on years of service with the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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 October 1, or as soon thereafter as practicable. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. All property located within the City limits on the first day of January of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

K. 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 the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

L. Restricted assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

M. Bond discounts/issuance costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period and are deferred and amortized in the Government-wide Statement of Activities. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts and issuance costs are as recorded as deferred charges.

N. Fund Equity

In the fund financial statements, the City reserves or designates all or portions of fund equity in the various governmental fund financial statements. The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Revenues and expenditures/expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses in the Government-Wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

P. Post-employment healthcare benefits

The City does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs.

Q. Comparative data/reclassifications

Comparative total data for the prior years has not been presented due to the implementation of Governmental Accounting Standards Board Statement No. 34. Prior years' data has not been restated.

R. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could vary from those estimates.

NOTE 3 – CASH AND TEMPORARY INVESTMENTS (CASH EQUIVALENTS)

Demand accounts and investment pools are held separately by several of the City's funds. Cash and temporary investment balances as of September 30, 2004 were as follows:

	<u>Cash On Hand</u>	<u>Demand Deposits</u>	<u>Cash Equivalent Investments</u>	<u>Total</u>
Primary government				
Unrestricted	\$ 3,350	\$ 361,225	\$ 8,673,240	\$ 9,037,815
Restricted		122,382	542,657	665,039
Discretely Presented Component Unit		36,181	545,177	581,358
	<u>\$ 3,350</u>	<u>\$ 519,788</u>	<u>\$ 9,761,074</u>	<u>\$ 10,284,212</u>

NOTE 3 – CASH AND TEMPORARY INVESTMENTS (CASH EQUIVALENTS)
(continued)

The City's agent bank is required to pledge 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. All bank balances of the City and component unit as September 30, 2004 and during the year ended September 30, 2004 were entirely covered by FDIC insurance or were collateralized with securities held by the City's agent bank in the City's name.

Investments

State statutes authorize the City to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 6) fully collateralized repurchase agreements; 7) a public funds investment pool meeting the requirements of Government Code 2256.016-2256.019 and 8) commercial paper having received a rating of A1/P1 from a nationally recognized investment rating firm.

The Public Funds Investment Act (PFIA) governs the City's investment policies and types of investment. The City's management believes that it has complied with the requirements of the PFIA and the City's investment policies.

The City's investments, including those of the component unit, as of September 30, 2004 represented balances in the local government investment pool (TexPool) based upon a contract and not on individual securities. Therefore, these types of investments, according to GASB Codification, Section 150, are not subject to credit risk categorization.

The fair value of TexPool investments is based on quoted fair values of underlying investments of the pool. TexPool is an investment service authorized by the Texas Legislature and administered by the State Comptroller. The purpose of TexPool is to allow for the pooling of public funds to provide a higher yield on the pooled investment than would be possible with the investment of the individual public entity's funds. These investments are subject to the same safety investment instruments for public funds, including repurchase agreements, U.S. Treasury bills and bonds, securities of other U.S. government agencies, commercial paper and other safe instruments. The investment in TexPool and any accrued interest may be redeemed at the City's discretion.

NOTE 3 – CASH AND TEMPORARY INVESTMENTS (CASH EQUIVALENTS)
(continued)

Investments (continued)

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

NOTE 4 – RESTRICTED ASSETS

As of September 30, 2004, the City held restricted cash and temporary investments in the Utility Fund for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Customer deposits	\$ 77,251
Construction	587,788
	<u>\$ 665,039</u>

NOTE 5 – RECEIVABLES

Amounts recorded as receivables as of September 30, 2004 for the government’s individual major and nonmajor funds, including the applicable allowance for uncollectible accounts, are as follows:

	General	Debt Service	Water and Wastewater	Total
Receivables:				
Taxes	\$ 566,881	\$ 118,700	\$	\$ 685,581
Accounts			272,238	272,238
Other	5,698			5,698
Gross receivables	572,579	118,700	272,238	963,517
Less: allowance for uncollectibles	(9,032)	(4,344)		(13,377)
Net total receivables	<u>\$ 563,547</u>	<u>\$ 114,356</u>	<u>\$ 272,238</u>	<u>\$ 950,140</u>

NOTE 6 – CAPITAL ASSETS

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2004 follows:

	Balance September 30, 2003	Additions	Retirements and Reclass-ifications	Balance September 30, 2004
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,956,455	\$	\$	\$ 1,956,455
Construction in progress	3,589,883	3,310,667	(2,497,919)	4,402,631
Total capital assets, not being depreciated	5,546,338	3,310,667	(2,497,919)	6,359,086
Capital assets being depreciated:				
Infrastructure	19,482,643		716,521	20,199,164
Buildings and improvements	3,963,123		1,781,398	5,744,521
Machinery and equipment	2,787,856	256,401		3,044,257
Total capital assets being depreciated	26,233,622	256,401	2,497,919	28,987,942
Less accumulated depreciation for:				
Infrastructure	(3,587,000)	(261,000)		(3,848,000)
Building and improvements	(1,254,494)	(154,551)		(1,409,045)
Machinery and equipment	(1,177,354)	(258,078)		(1,435,432)
Total accumulated depreciation	(6,018,848)	(673,629)		(6,692,477)
Total capital assets being depreciated, net	20,214,774	(417,228)	2,497,919	22,295,465
Governmental activities capital assets, net	<u>\$ 25,761,112</u>	<u>\$ 2,893,439</u>	<u>\$</u>	<u>\$ 28,654,551</u>

NOTE 6 – CAPITAL ASSETS (continued)

	<u>Balance September 30, 2003</u>	<u>Additions</u>	<u>Retirements and Reclass-ifications</u>	<u>Balance September 30, 2004</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,360,240	\$	\$	\$ 1,360,240
Construction in progress	102,088	1,460,622	(1,444,874)	117,836
Total capital assets, not being depreciated	1,462,328	1,460,622	(1,444,874)	1,478,076
Capital assets being depreciated:				
Infrastructure	14,516,413		1,444,874	15,961,287
Buildings and improvements	5,565,755	107,960		5,673,715
Machinery and equipment	855,023	10,254	(139,558)	725,719
Total capital assets being depreciated	20,937,191	118,214	1,305,316	22,360,721
Less accumulated depreciation for:				
Infrastructure	(3,834,068)	(207,045)		(4,041,113)
Building and improvements	(990,413)	(288,706)		(1,279,119)
Machinery and equipment	(623,889)	(114,769)	101,433	(637,225)
Total accumulated depreciation	(5,448,370)	(610,520)	101,433	(5,957,457)
Total capital assets being depreciated, net	15,488,821	(492,306)	1,406,749	16,403,264
Business-type activities capital assets, net	<u>\$ 16,951,149</u>	<u>\$ 968,316</u>	<u>\$ (38,125)</u>	<u>\$ 17,881,340</u>

Depreciation was charged to functions of the primary government as follows:

Governmental activities:

General	\$ 46,350
Public safety	114,557
Public works	269,864
Parks and recreation	33,221
Internal service fund assets	209,637
	<u>\$ 673,629</u>

Business-type activities:

Water and sewer	\$ 217,473
Golf course	393,047
	<u>\$ 610,520</u>

NOTE 6 – CAPITAL ASSETS (continued)

A summary of activity for capital assets capitalized by the Component Unit for the year ended September 30, 2004 follows:

Governmental Activities:	Balance September 30, 2003	Additions	Retirements and Reclass-ifications	Balance September 30, 2004
Jersey Village Crime Control District				
Capital assets being depreciated:				
Buildings and improvements	\$ 1,000	\$	\$	\$ 1,000
Machinery and equipment	38,079			38,079
Total capital assets being depreciated	39,079			39,079
Less accumulated depreciation for:				
Building and improvements	(1,000)			(1,000)
Machinery and equipment	(29,037)	(5,440)		(34,477)
Total accumulated depreciation	(30,037)	(5,440)		(35,477)
Total capital assets being depreciated, net	9,042	(5,440)		3,602
Jersey Village Crime Control District, net	<u>\$ 9,042</u>	<u>\$ (5,440)</u>	<u>\$</u>	<u>\$ 3,602</u>

Construction in progress for the various projects and remaining commitments under these construction contracts at September 30, 2004, are as follows:

Governmental Activities	Authorized Contract	Contract Expenditures	Remaining Contract
Lakeview reconstruction	\$ 1,618,210	\$ 1,412,027	\$ 206,183
Jersey drive reconstruction	2,063,265	1,463,674	599,591
Lakeview senate to White Oak Bayou	1,619,043	1,526,930	92,113
Total	<u>\$ 5,300,518</u>	<u>\$ 4,402,631</u>	<u>\$ 897,887</u>
Business-type Activities			
Elev Tank Repair @ Solomon	\$ 208,414	\$ 31,507	\$ 176,907
Philippine Lift Station	46,000	28,148	17,852
30" Trunk Line Ginger White Oak Bayou	944,646	58,181	886,465
Total	<u>\$ 1,199,060</u>	<u>\$ 117,836</u>	<u>\$ 1,081,224</u>

NOTE 7 – LONG-TERM DEBT

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business type activities. These instruments include general obligation bonds, certificates of obligation and revenue bonds. Future ad valorem tax revenues, water and sewer system revenues or liens on property and equipment secure these debt obligations.

During the year ended September 30, 2004, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 10,746,760	\$	\$ (495,224)	\$ 10,251,536	\$ 494,163
Accreted interest on premium compound interest bonds	2,352,183	178,082	(358,911)	2,171,354	\$ 364,918
Certificates of obligation	8,195,000		(435,000)	7,760,000	320,000
Capital lease payable	252,539		(58,978)	193,561	61,667
Compensated absences	265,872	131,400	(143,018)	254,254	65,000
Governmental activity Long-term liabilities	<u>\$ 21,812,354</u>	<u>\$ 309,482</u>	<u>\$ (1,491,131)</u>	<u>\$ 20,630,705</u>	<u>\$ 1,305,748</u>
Business-type Activities					
Revenue bonds	\$ 1,300,000	\$	\$ (100,000)	\$ 1,200,000	\$ 100,000
Less deferred issuance costs	(33,976)		10,454	(23,522)	(10,454)
Compensated absences	35,975	19,400	(17,792)	37,583	13,000
Business-type activity Long-term liabilities	<u>\$ 1,301,999</u>	<u>\$ 19,400</u>	<u>\$ (107,338)</u>	<u>\$ 1,214,061</u>	<u>\$ 102,546</u>

Annual debt service requirements to retire outstanding general obligation bonds are as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2005	\$ 494,163	\$ 866,377	\$ 1,360,540
2006	510,729	853,575	1,364,304
2007	522,094	814,930	1,337,024
2008	540,054	803,529	1,343,583
2009-2013	3,179,496	3,209,022	6,388,518
2014-2018	2,660,000	724,143	3,384,143
2019-2023	2,345,000	226,157	2,571,157
	<u>\$ 10,251,536</u>	<u>\$ 7,497,731</u>	<u>\$ 17,749,267</u>

NOTE 7 – LONG-TERM DEBT (continued)

Annual debt service requirements to retire outstanding certificates of obligation are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 320,000	\$ 440,787	\$ 760,787
2006	330,000	420,363	750,363
2007	340,000	398,975	738,975
2008	380,000	375,807	755,807
2009-2013	1,400,000	1,568,843	2,968,843
2014-2018	1,655,000	1,077,844	2,732,844
2019-2023	2,235,000	567,625	2,802,625
2024-2025	1,100,000	55,750	1,155,750
	<u>\$ 7,760,000</u>	<u>\$ 4,905,994</u>	<u>\$ 12,665,994</u>

Annual debt service requirements to retire outstanding revenue bonds are as follows:

<u>Year Ending September 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 100,000	\$ 64,750	\$ 164,750
2006	100,000	57,750	157,750
2007	100,000	50,750	150,750
2008	100,000	43,750	143,750
2009-2013	500,000	137,625	637,625
2014-2016	300,000	22,500	322,500
	<u>\$ 1,200,000</u>	<u>\$ 377,125</u>	<u>\$ 1,577,125</u>

Capital Lease Payable

Capital lease payments for the next three years on equipment purchased in the capital replacement internal service fund follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 61,667	\$ 8,822	\$ 70,489
2006	64,478	6,012	70,490
2007	67,416	3,073	70,489
	<u>\$ 193,561</u>	<u>\$ 17,907</u>	<u>\$ 211,468</u>

NOTE 7 – LONG-TERM DEBT (continued)

The following is a summary of the terms of obligations of certificates of obligation, general obligation bonds and revenue bonds outstanding as of September 30, 2004:

Governmental activities			Debt
Series	Original Issue	Interest Rate	Outstanding
General Obligation Bonds			
1991 General Obligation Refunding Bonds	\$ 3,924,991	6.25% to 8.10%	\$ 1,921,536
1996 General Obligation Refunding Bonds	1,225,000	4.75% to 6.25%	595,000
2000 General Obligation Refunding Bonds	1,255,000	5.00% to 7.00%	755,000
2002 General Obligation Bonds	2,300,000	4.75% to 6.75%	2,140,000
2003 General Obligation Bonds	5,000,000	3.00% to 4.80%	4,840,000
			<u>10,251,536</u>
Certificates of Obligation			
1994 Tax and Revenue Certificates of Obligation	1,900,000	5.00% to 6.50%	800,000
2000 Tax and Revenue Certificates of Obligation	6,960,000	5.00% to 7.00%	6,960,000
			<u>7,760,000</u>
Capital Lease	308,947	4.55%	193,561
Total Governmental Activities			<u>\$ 18,011,536</u>
Business-type activities			Debt
Series	Original Issue	Interest Rate	Outstanding
Revenue Bonds			
2000 Contract Revenue Refunding Bonds	\$ 1,600,000	5.00% to 7.00%	\$ 1,200,000

Legal Compliance

A number of limitation and restrictions are contained in the various bond ordinances. The City has complied with all significant limitation and restrictions.

A summary of permanent improvement bonds authorized, but unissued at September 30, 2004 follows:

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

NOTE 8 – DEFERRED REVENUE

Deferred revenues in the governmental fund financial statements represent delinquent property taxes receivable as of September 30, 2004. The amounts have been deferred in the fund financial statements until collected. Delinquent tax collections during the first sixty days subsequent to September 30, 2004 have not been recorded as revenue for the 2004 fiscal year as the amount is not considered material.

NOTE 9 – INTERFUND TRANSACTIONS

The following is a summary of interfund receivables as of September 30, 2004:

<u>Due From Fund</u>	<u>Due To Fund</u>			<u>Nonmajor Governmental</u>	<u>Totals</u>
	<u>General</u>	<u>Debt Service</u>	<u>Utility</u>		
General	\$	\$ 93,217	\$	\$ 461,305	\$ 554,522
Capital Projects	245,915		10,548		256,463
Utility	86,690				86,690
Golf Course	95,912				95,912
Nonmajor Governmental	28,130				28,130
Totals	<u>\$ 456,647</u>	<u>\$ 93,217</u>	<u>\$ 10,548</u>	<u>\$ 461,305</u>	<u>\$ 1,021,717</u>

Amounts booked as interfund receivables are considered to be temporary loans and will be repaid during the following fiscal year.

The following is a summary of interfund activity for the year ended September 20, 2004:

<u>Transfer in</u>	<u>Transfer out</u>		
	<u>General Fund</u>	<u>Water and Sewer</u>	<u>Total</u>
General	\$	\$ 300,000	\$ 300,000
Capital projects	135,529		135,529
Golf course	110,000		110,000
Total	<u>\$ 245,529</u>	<u>\$ 300,000</u>	<u>\$ 545,529</u>

Amounts transferred between funds relate to the following:

<u>From</u>	<u>To</u>	<u>Purpose</u>
General fund	Golf course fund	Supplement course revenues
General fund	Capital projects fund	Fund certain capital projects
Water and sewer	General fund	Supplement general revenues

NOTE 10 – EMPLOYMENT RETIREMENT SYSTEM

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 794 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2003 valuations are contained in the 2003 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

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

Members can retire at age 60 and above with 5 or more years of service or with 25 years of service regardless of age. A member is vested after 5 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.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (continued)

Contributions

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, 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 to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2003 valuation is effective for rates beginning in January 2005).

Annual Pension Cost

The City's annual pension cost was equal to the City's required and actual contributions. Three-year trend information for the City's TMRS plan follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage Contributed
2002	\$ 409,254	100%
2003	401,489	100%
2004	406,212	100%

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk control techniques have been established to reasonably ensure that the City’s employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned by or under control of the City. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

The primary technique used for risk financing is the City’s participation in Texas Municipal League risk pool that has lessened the cost of insurance. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

All risk activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 12 – RESTATEMENT OF FUND BALANCE

The Fund Balance of the General Fund has been restated as of September 30, 2003 to remove accrued compensated absence liabilities which were not due and payable at that time. These liabilities are reflected in the government wide financial statements. A reconciliation of fund balance as previously reported and fund balance restated as of September 30, 2003 follows:

Fund Balance as originally reported	\$	2,506,008
Removal of accrued compensated absences not due and payable at September 30, 2003		<u>265,882</u>
Balances as restated	\$	<u><u>2,771,890</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JERSEY VILLAGE

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (WITH VARIANCES)**

Exhibit 11

GENERAL FUND (UNAUDITED)

For the year ended September 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes:				
Property taxes	\$ 1,978,000	\$ 1,978,000	\$ 1,984,716	\$ 6,716
Sales and use taxes	1,832,700	1,832,700	1,829,941	(2,759)
Franchise taxes	504,500	504,500	502,113	(2,387)
Licenses and permits	120,150	120,150	147,798	27,648
Charges for services	143,000	143,000	210,915	67,915
Fines and forfeitures	443,100	443,100	646,365	203,265
Investment earnings	30,000	30,000	29,199	(801)
Intergovernmental	703,483	709,320	550,103	(159,217)
Other	54,950	94,524	107,337	12,813
Total revenues	<u>5,809,883</u>	<u>5,855,294</u>	<u>6,008,487</u>	<u>153,193</u>
EXPENDITURES				
Current:				
General government	1,495,478	1,554,753	1,349,663	205,090
Public Safety	2,896,622	2,933,622	2,807,207	126,415
Public Works	1,698,097	1,754,265	1,629,596	124,669
Parks and recreation	483,345	485,312	404,845	80,467
Total Expenditures	<u>6,573,542</u>	<u>6,727,952</u>	<u>6,191,311</u>	<u>536,641</u>
Excess (deficiency) of revenues over expenditures	<u>(763,659)</u>	<u>(872,658)</u>	<u>(182,824)</u>	<u>689,834</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Transfers out	-	(257,486)	(245,529)	11,957
Total other financing sources and uses	<u>300,000</u>	<u>42,514</u>	<u>54,471</u>	<u>11,957</u>
Net change in fund balances	<u>(463,659)</u>	<u>(830,144)</u>	<u>(128,353)</u>	<u>701,791</u>
Fund balances - beginning (as restituted)	<u>2,771,890</u>	<u>2,771,890</u>	<u>2,771,890</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,308,231</u>	<u>\$ 1,941,746</u>	<u>\$ 2,643,537</u>	<u>\$ 701,791</u>

CITY OF JERSEY VILLAGE

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION (UNAUDITED)
SEPTEMBER 30, 2004

Exhibit 12

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

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

The City of Jersey Village has complied with budget for the year ended September 30, 2004. Several supplemental budget appropriations totaling \$154,410, were made for the General Fund for year ended September 30, 2004.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year-end) are completed. Such encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities. No material encumbrances were outstanding at September 30, 2004.

CITY OF JERSEY VILLAGE
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
 September 30, 2004

Exhibit 13

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)
Schedule of Funding Progress

Actuarial Valuation Date Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	(UAAL) as a Percentage of Covered Payroll
1998	\$ 734,674	\$ 1,572,654	47%	\$ 837,980	\$ 1,599,598	52%
1999	1,087,017	2,563,472	42%	1,476,455	2,729,553	54%
2000	1,646,001	3,256,094	51%	1,610,093	2,651,813	61%
2001	2,324,494	4,046,025	57%	1,721,531	2,729,553	63%
2002	3,012,830	4,849,730	62%	1,836,900	2,816,073	65%
2003	3,788,097	6,158,253	62%	2,370,156	3,167,640	75%

Fiscal Year	Annual Pension Cost (APC)	Percentage Contributed
2002	\$ 409,254	100%
2003	401,489	100%
2004	406,212	100%

Note: Annual covered payroll and annual required contributions are presented on a calendar year basis.

Valuation date	12/31/2003
Actuarial cost method	Unit credit
Amortization method	Level percent of payroll
Remaining amortization period	25 years - Open
Asset valuation method	Amortized cost
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increase	None
Includes inflation at cost-of-living adjustments	None

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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GENERAL FUND

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

CITY OF JERSEY VILLAGE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2004 and 2003

Exhibit A-1

	<u>2004</u>	<u>2003</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,078,107	\$ 2,376,444
Taxes receivable, net	182,848	167,385
Sales and other taxes receivable	380,700	368,460
Due from other funds	363,777	482,581
Total assets	<u>\$ 4,005,432</u>	<u>\$ 3,394,870</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 716,608	\$ 389,119
Due to other funds	461,652	66,476
Deferred revenue	183,634	167,385
Total liabilities	<u>1,361,894</u>	<u>622,980</u>
 Fund balances:		
Reserved for:		
Other purposes	12,331	19,494
Unreserved	2,631,207	2,752,396
Total fund balances	<u>2,643,538</u>	<u>2,771,890</u>
Total liabilities and fund balances	<u>\$ 4,005,432</u>	<u>\$ 3,394,870</u>

CITY OF JERSEY VILLAGE, TEXAS**GENERAL FUND****SCHEDULE OF REVENUES****- BUDGET AND ACTUAL***For the year ended September 30, 2004**with comparative actual totals for the year ended September 30, 2003**Exhibit A-2*

	2004			2003
	Budget - Final	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Property taxes	\$ 1,978,000	\$ 1,984,716	\$ 6,716	2,168,596
Sales taxes	1,832,700	1,829,941	(2,759)	1,634,683
Franchise taxes	504,500	502,113	(2,387)	522,086
Licenses and permits	120,150	147,798	27,648	112,958
Charges for services	143,000	210,915	67,915	148,974
Fines and forfeitures	443,100	646,365	203,265	469,580
Interest revenue	30,000	29,201	(799)	35,614
Intergovernmental	709,320	550,103	(159,217)	483,835
Other	94,524	107,337	12,813	69,190
	<u>\$ 5,855,294</u>	<u>\$ 6,008,489</u>	<u>\$ 153,195</u>	<u>\$ 5,645,516</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2004

with comparative actual totals for the year ended September 30, 2003

Exhibit A-3

Page 1 of 4

	<u>2004</u>		<u>Variance</u>	<u>2003</u>
	<u>Budget - Final</u>	<u>Actual</u>	<u>Favorable</u>	<u>Actual</u>
			<u>(Unfavorable)</u>	
General Government				
City Administration				
Personnel	\$ 328,121	\$ 306,288	\$ 21,833	\$ 281,300
Supplies	7,421	5,960	1,461	5,774
Repairs and maintenance	100		100	47
Other services and charges	99,569	81,536	18,033	56,289
Capital outlay	910	653	257	21,164
	<u>436,121</u>	<u>394,437</u>	<u>41,684</u>	<u>364,574</u>
Legal and other services				
Personnel	300	267	33	208
Other services and charges	190,000	145,792	44,208	153,658
	<u>190,300</u>	<u>146,059</u>	<u>44,241</u>	<u>153,866</u>
Central Store				
Supplies	20,951	20,317	634	18,707
Repairs and maintenance	6,100	1,060	5,040	4,922
Other services and charges	4,349	3,136	1,213	11,110
Capital outlay				60,521
	<u>31,400</u>	<u>24,513</u>	<u>6,887</u>	<u>95,260</u>
Finance				
Personnel	185,460	180,957	4,503	129,330
Supplies	4,050	964	3,086	1,736
Repairs and maintenance	500		500	5,497
Other services and charges	37,609	32,104	5,505	19,572
Capital outlay				4,625
	<u>227,619</u>	<u>214,025</u>	<u>13,594</u>	<u>160,760</u>
Customer Service				
Personnel	102,388	97,326	5,062	92,902
Supplies	3,150	1,712	1,438	1,816
Repairs and maintenance	900	894	6	8,665
Other services and charges	33,948	32,796	1,152	47,357
Capital outlay	50	50		1,250
	<u>140,436</u>	<u>132,778</u>	<u>7,658</u>	<u>151,990</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2004

with comparative actual totals for the year ended September 30, 2003

Exhibit A-3

Page 2 of 4

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Information Technology				
Personnel	\$ 72,780	\$ 70,939	\$ 1,841	\$ 14,026
Supplies	3,500	2,311	1,189	
Repairs and maintenance	66,171	52,200	13,971	
Other services and charges	9,290	3,437	5,853	
Capital outlay	135,663	80,887	54,776	
	<u>287,404</u>	<u>209,774</u>	<u>77,630</u>	<u>14,026</u>
Municipal Court				
Personnel	165,127	160,869	4,258	142,911
Supplies	3,980	3,475	505	2,471
Repairs and maintenance	907	686	221	3,303
Other services and charges	71,459	63,047	8,412	50,985
	<u>241,473</u>	<u>228,077</u>	<u>13,396</u>	<u>199,670</u>
Total General Government	<u>1,554,753</u>	<u>1,349,663</u>	<u>205,090</u>	<u>1,140,146</u>
Public Safety				
Police				
Personnel	1,602,587	1,593,139	9,448	1,517,363
Supplies	41,275	37,950	3,325	33,406
Repairs and maintenance	4,500	3,380	1,120	15,455
Other services and charges	89,404	81,170	8,234	85,566
Capital outlay	58,772	57,054	1,718	43,063
	<u>1,796,538</u>	<u>1,772,693</u>	<u>23,845</u>	<u>1,694,853</u>
Dispatch				
Personnel	388,649	335,210	53,439	337,839
Supplies	9,300	5,127	4,173	6,458
Repairs and maintenance	6,850	5,599	1,251	4,259
Other services and charges	12,100	6,614	5,486	7,892
Capital outlay	2,500	780	1,720	29,585
	<u>419,399</u>	<u>353,330</u>	<u>66,069</u>	<u>386,033</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2004

with comparative actual totals for the year ended September 30, 2003

Exhibit A-3

Page 3 of 4

	<u>2004</u>		<u>Variance</u>	<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Actual</u>
			<u>(Unfavorable)</u>	
Fire				
Personnel	\$ 368,507	\$ 356,588	\$ 11,919	\$ 321,066
Supplies	54,998	44,953	10,045	48,565
Repairs and maintenance	13,000	9,964	3,036	6,978
Other services and charges	262,680	252,151	10,529	97,389
Capital outlay	18,500	17,528	972	66,363
	<u>717,685</u>	<u>681,184</u>	<u>36,501</u>	<u>540,361</u>
Total Public Safety	<u>2,933,622</u>	<u>2,807,207</u>	<u>126,415</u>	<u>2,621,247</u>
 Parks and Recreation				
Personnel	336,567	301,470	35,097	259,397
Supplies	27,000	20,197	6,803	25,723
Repairs and maintenance	23,000	19,954	3,046	16,240
Other services and charges	71,745	42,818	28,927	24,752
Capital outlay	27,000	20,406	6,594	8,320
Total Parks and Recreation	<u>485,312</u>	<u>404,845</u>	<u>80,467</u>	<u>334,432</u>
 Public Works				
Administration				
Personnel	147,571	160,509	(12,938)	137,913
Supplies	6,000	4,412	1,588	4,552
Other services and charges	57,440	47,311	10,129	2,145
Capital outlay	<u>212,211</u>	<u>212,844</u>	<u>(633)</u>	<u>145,573</u>
 Code Enforcement				
Personnel	222,428	214,242	8,186	205,156
Supplies	6,363	4,152	2,211	3,472
Repairs and maintenance	33,582	33,568	14	23,199
Other services and charges	27,549	10,381	17,168	10,306
Capital outlay	987	987		4,272
	<u>290,909</u>	<u>263,330</u>	<u>27,579</u>	<u>246,405</u>
 Sanitation				
Other services and charges	398,766	379,283	19,483	387,165
	<u>398,766</u>	<u>379,283</u>	<u>19,483</u>	<u>387,165</u>

CITY OF JERSEY VILLAGE, TEXAS

GENERAL FUND

SCHEDULE OF EXPENDITURES

- BUDGET AND ACTUAL

For the year ended September 30, 2004

with comparative actual totals for the year ended September 30, 2003

Exhibit A-3

Page 4 of 4

	<u>2004</u>		<u>Variance</u>	<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Actual</u>
			<u>(Unfavorable)</u>	
Streets				
Personnel	\$ 169,421	\$ 162,401	\$ 7,020	\$ 173,473
Supplies	4,100	3,489	611	2,789
Repairs and maintenance	42,100	21,414	20,686	15,805
Other services and charges	159,642	158,705	937	179,042
Capital outlay	10,000	6,409	3,591	625
	<u>385,263</u>	<u>352,418</u>	<u>32,845</u>	<u>371,734</u>
Building and Grounds				
Supplies	7,700	6,688	1,012	6,950
Repairs and maintenance	12,995		12,995	
Other services and charges	104,900	78,044	26,856	91,829
Capital outlay				1,886
	<u>189,902</u>	<u>147,636</u>	<u>42,266</u>	<u>157,825</u>
Fleet Service				
Personnel	112,214	113,547	(1,333)	109,545
Supplies	115,600	114,181	1,419	97,794
Repairs and maintenance	40,500	39,428	1,072	42,118
Other services and charges	5,500	3,536	1,964	3,136
Capital outlay	3,400	3,393	7	
	<u>277,214</u>	<u>274,085</u>	<u>3,129</u>	<u>252,593</u>
Total Public Works	<u>1,754,265</u>	<u>1,629,596</u>	<u>124,669</u>	<u>1,561,295</u>
Total Expenditures	<u>\$ 6,727,952</u>	<u>\$ 6,191,311</u>	<u>\$ 536,641</u>	<u>\$ 5,657,120</u>

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DEBT SERVICE FUND

CITY OF JERSEY VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Exhibit B-1

BUDGET AND ACTUAL -DEBT SERVICE FUND

For the Year Ended September 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes:				
Property taxes	\$ 2,015,765	\$ 2,015,765	\$ 1,973,431	\$ (42,334)
Investment earnings	26,002	26,002	17,549	(8,453)
Total revenues	<u>2,041,767</u>	<u>2,041,767</u>	<u>1,990,980</u>	<u>(50,787)</u>
EXPENDITURES				
Debt Service:				
Principal	770,224	930,224	930,224	
Interest and other charges	965,237	1,380,045	1,378,073	1,972
Total Expenditures	<u>1,735,461</u>	<u>2,310,269</u>	<u>2,308,297</u>	<u>1,972</u>
Revenues over/(under) expenditures	<u>306,306</u>	<u>(268,502)</u>	<u>(317,317)</u>	<u>(48,815)</u>
Fund balances - beginning of year (as restated)	<u>1,300,301</u>	<u>1,300,301</u>	<u>1,300,301</u>	
Fund balances - End of Year	<u><u>\$ 1,606,607</u></u>	<u><u>\$ 1,031,799</u></u>	<u><u>\$ 982,984</u></u>	<u><u>\$ (48,815)</u></u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

CAPITAL PROJECTS FUNDS

General Obligation Bonds – Series 2002 – This fund is used to account for expenditures related to voter authorized bonds and the associated projects thereof.

Jones Road Extension - This fund is used to account for financial resources to be used for the construction of the Jones Road extension, which are principally, contributions from other governments.

CITY OF JERSEY VILLAGE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2004

		<u>Special Revenue Funds</u>	
		<u>Hotel Occupancy Tax</u>	<u>Court Security and Tech Fees</u>
ASSETS			
Current assets:			
Cash and cash equivalents		\$ 452,031	\$ 101,851
Due from other funds			2,415
	Total assets	<u>452,031</u>	<u>104,266</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds		\$ 200	\$
	Total liabilities	<u>200</u>	<u></u>
 Fund balances:			
Reserved for:			
Capital projects			
Other purposes		451,830	104,267
	Total fund balances	<u>451,830</u>	<u>104,267</u>
	Total liabilities and fund balances	<u>\$ 452,030</u>	<u>\$ 104,267</u>

Exhibit C-1

Capital Projects Funds		
General Obligation Bonds - Series 2002	Jones Road Extension	Total Nonmajor Governmental Funds
\$ 713,332	\$	\$ 1,267,214
	458,890	461,305
<u>713,332</u>	<u>458,890</u>	<u>1,728,519</u>
\$ 27,930	\$	\$ 28,130
<u>27,930</u>		<u>28,130</u>
685,402	458,890	1,144,292
		556,097
<u>685,402</u>	<u>458,890</u>	<u>1,700,389</u>
<u>\$ 713,332</u>	<u>\$ 458,890</u>	<u>\$ 1,728,519</u>

CITY OF JERSEY VILLAGE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2004

		<u>Special Revenue Funds</u>	
		<u>Hotel Occupancy Tax</u>	<u>Court Security and Tech Fees</u>
REVENUES			
Hotel occupancy tax		\$ 64,520	\$
Fines and forfeitures			44,937
Investment earnings		4,654	
Intergovernmental			
	Total revenues	<u>69,174</u>	<u>44,937</u>
EXPENDITURES			
Current:			
General government		32,671	
Public safety			9,369
Capital Outlay			
	Total Expenditures	<u>32,671</u>	<u>9,369</u>
	Revenues over/(under) expenditures	36,503	35,568
Fund balances - beginning		<u>415,327</u>	<u>68,699</u>
	Fund balances - End of Year	<u>\$ 451,830</u>	<u>\$ 104,267</u>

Exhibit C-2

Capital Projects Funds		
General Obligation Bonds - Series 2002	Jones Road Extension	Total Nonmajor Governmental Funds
\$	\$	\$ 64,520
		44,937
5,503		10,157
22,090	458,890	480,980
27,593	458,890	600,594
		32,671
		9,369
629,032		629,032
629,032		671,072
(465,910)	458,890	65,051
1,151,312		1,635,338
\$ 685,402	\$ 458,890	\$ 1,700,389

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**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

CITY OF JERSEY VILLAGE, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year ended September 30, 2004

	<u>Balance at September 30, 2003</u>	<u>Additions</u>	<u>Retirements and Reclass- ifications</u>	<u>Balance at September 30, 2004</u>
General Government				
General administration and finance	\$ 2,472,662	\$ 121,566		\$ 2,594,228
Public Safety				
Police	1,521,503			1,521,503
Fire	2,872,724			2,872,724
	<u>4,394,227</u>			<u>4,394,227</u>
Public Works				
Infrastructure				
Streets and drainage	21,291,127	3,310,667		24,601,794
Community Services				
Parks and recreation	817,809			817,809
Swimming pool	584,030			584,030
	<u>1,401,839</u>			<u>1,401,839</u>
Internal Service fund equipment	<u>2,220,105</u>	<u>134,835</u>		<u>2,354,940</u>
	<u>\$ 31,779,960</u>	<u>\$ 3,567,068</u>	<u>\$</u>	<u>\$ 35,347,028</u>

Exhibit D-1

<u>Land, Buildings and Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 2,431,956	\$ 162,272		\$ 2,594,228
1,416,535	104,968		1,521,503
2,634,762	237,962		2,872,724
<u>4,051,297</u>	<u>342,930</u>		<u>4,394,227</u>
20,015,048	184,115	4,402,631	24,601,794
817,809			817,809
584,030			584,030
<u>1,401,839</u>			<u>1,401,839</u>
	2,354,940		2,354,940
<u>\$ 27,900,140</u>	<u>\$ 3,044,257</u>	<u>\$ 4,402,631</u>	<u>\$ 35,347,028</u>

CITY OF JERSEY VILLAGE, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE CHANGES BY SOURCE AND ACTIVITY
Year Ended September 30, 2004

Exhibit D-2

Capital Assets	Balance at September 30, 2003	Additions	Retirements and Reclas- sifications	Balance at September 30, 2004
Land	\$ 1,956,455	\$ -	\$ -	\$ 1,956,455
Construction in progress	3,589,883	3,310,667	(2,497,919)	4,402,631
Infrastructure	19,482,643		716,521	20,199,164
Buildings and other improvements	3,963,123		1,781,398	5,744,521
Equipment	2,787,856	256,401		3,044,257
Total	\$ 31,779,960	\$ 3,567,068	\$ -	\$ 35,347,028

Investment in Capital Assets Financed by:

General obligation bonds	\$ 8,398,884	\$ 3,310,667	\$ -	\$ 11,709,551
Certificates of obligation	8,860,000			8,860,000
General governmental revenue	13,324,348	256,401		13,580,749
Annexation of utility districts	1,196,728			1,196,728
Total	\$ 31,779,960	\$ 3,567,068	\$ -	\$ 35,347,028

LONG-TERM DEBT FOR GOVERNMENTAL ACTIVITIES

**CITY OF JERSEY VILLAGE,
GENERAL LONG - TERM DEBT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
September 30, 2004**

Fiscal Year	Annual Requirements for All Series			Certificates of Obligation Series 1994		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 814,163	\$ 1,307,164	\$ 2,121,327	\$ 150,000	\$ 41,050	\$ 191,050
2006	840,729	1,273,938	2,114,667	150,000	32,875	182,875
2007	862,094	1,213,905	2,075,999	150,000	24,438	174,438
2008	920,054	1,179,336	2,099,390	175,000	15,094	190,094
2009	947,732	1,113,318	2,061,050	175,000	5,031	180,031
2010	674,317	1,251,897	1,926,214			
2011	567,447	1,220,886	1,788,333			
2012	1,155,000	634,190	1,789,190			
2013	1,235,000	557,575	1,792,575			
2014	1,315,000	474,905	1,789,905			
2015	695,000	386,359	1,081,359			
2016	730,000	349,230	1,079,230			
2017	770,000	313,230	1,083,230			
2018	805,000	278,263	1,083,263			
2019	855,000	241,143	1,096,143			
2020	900,000	201,784	1,101,784			
2021	950,000	160,221	1,110,221			
2022	1,005,000	116,289	1,121,289			
2023	870,000	74,345	944,345			
2024	535,000	41,625	576,625			
2025	565,000	14,125	579,125			
Totals	\$ 18,011,536	\$ 12,403,728	\$ 30,415,264	\$ 800,000	\$ 118,488	\$ 918,488

Fiscal Year	MUD No. 199 Refunding Series 1996			General Obligation Refunding, Series 2000		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 105,000	\$ 36,700	\$ 141,700	\$ 125,000	\$ 35,450	\$ 160,450
2006	110,000	30,400	140,400	125,000	29,200	154,200
2007	120,000	23,690	143,690	125,000	22,887	147,887
2008	125,000	16,250	141,250	125,000	16,513	141,513
2009	135,000	8,437	143,437	125,000	10,075	135,075
2010				130,000	3,412	133,412
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
Totals	\$ 595,000	\$ 115,477	\$ 710,477	\$ 755,000	\$ 117,537	\$ 872,537

* Includes accreted interest on premium compound interest bonds

Exhibit E-1

Certificates of Obligation Series 2000			MUD No. 247 Refunding Series 1991		
Principal	Interest	Total	Principal	Interest	Total
\$ 170,000	\$ 399,737	\$ 569,737	\$ 19,163	\$ 509,876 *	\$ 529,039
180,000	387,488	567,488	15,729	523,311 *	539,040
190,000	374,537	564,537	12,094	511,946 *	524,040
205,000	360,713	565,713	10,054	528,986 *	539,040
215,000	346,012	561,012	7,732	516,308 *	524,040
230,000	330,438	560,438	9,317	704,723 *	714,040
245,000	313,812	558,812	7,447	706,593 *	714,040
260,000	296,138	556,138	565,000	149,040 *	714,040
275,000	277,412	552,412	615,000	103,275 *	718,275
295,000	257,463	552,463	660,000	53,460 *	713,460
310,000	236,287	546,287			
330,000	214,094	544,094			
350,000	194,000	544,000			
370,000	176,000	546,000			
395,000	156,875	551,875			
420,000	136,500	556,500			
445,000	114,875	559,875			
475,000	91,875	566,875			
500,000	67,500	567,500			
535,000	41,625	576,625			
565,000	14,125	579,125			
\$ 6,960,000	\$ 4,787,506	\$ 11,747,506	\$ 1,921,536	\$ 4,307,518	\$ 6,229,054

General Obligation Bonds, Series 2002			General Obligation Bonds, Series 2003		
Principal	Interest	Total	Principal	Interest	Total
\$ 80,000	\$ 106,260	\$ 186,260	\$ 165,000	\$ 178,091	\$ 343,091
85,000	100,691	185,691	175,000	169,973	344,973
85,000	94,954	179,954	180,000	161,453	341,453
90,000	89,160	179,160	190,000	152,620	342,620
95,000	83,979	178,979	195,000	143,476	338,476
100,000	79,348	179,348	205,000	133,976	338,976
100,000	74,598	174,598	215,000	125,883	340,883
105,000	69,729	174,729	225,000	119,283	344,283
110,000	64,623	174,623	235,000	112,265	347,265
115,000	59,279	174,279	245,000	104,703	349,703
125,000	53,579	178,579	260,000	96,493	356,493
130,000	47,523	177,523	270,000	87,613	357,613
135,000	41,195	176,195	285,000	78,035	363,035
140,000	34,525	174,525	295,000	67,738	362,738
150,000	27,420	177,420	310,000	56,848	366,848
155,000	19,948	174,948	325,000	45,336	370,336
165,000	12,231	177,231	340,000	33,115	373,115
175,000	4,156	179,156	355,000	20,258	375,258
			370,000	6,845	376,845
\$ 2,140,000	\$ 1,063,198	\$ 3,203,198	\$ 4,840,000	\$ 1,894,004	\$ 6,734,004

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UNAUDITED STATISTICAL SECTION

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

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay
1995	\$ 599,038	\$ 1,143,729	\$ 755,126	\$ 172,774	\$ 796,539
1996	554,444	1,224,660	780,232	200,510	557,603
1997	623,901	1,318,004	852,707	183,004	583,843
1998	919,141	1,372,878	955,147	232,094	539,329
1999	794,586	1,795,737	981,523	241,396	1,970,872
2000	950,181	1,991,631	1,412,506	256,004	435,820
2001	976,486	2,351,412	1,577,219	258,745	984,526
2002	1,039,668	2,986,696	1,587,215	313,056	2,821,767
2003	1,174,471	3,179,843	1,561,295	334,432	3,563,075
2004	1,382,334	2,816,576	1,629,596	404,845	3,670,023

This Schedule includes revenues of all governmental fund types.

Exhibit I

Debt Service	Total
\$ 535,803	\$ 4,003,009
448,388	3,765,837
482,423	4,043,882
461,946	4,480,535
2,308,393	8,092,507
1,265,144	6,311,286
1,767,003	7,915,391
1,900,473	10,648,875
2,047,635	11,860,751
2,308,297	12,211,671

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

Fiscal Year	Property Taxes	Other Taxes	Licenses and Permits	Fines and Forfeitures	Fees and Charges for Services
1995	\$ 2,000,348	\$ 740,539	\$ 48,845	\$ 147,467	\$ 31,189
1996	1,910,704	968,365	57,656	208,879	30,880
1997	2,025,203	1,048,605	37,359	217,036	126,971
1998	2,098,134	1,102,110	120,499	250,481	176,192
1999	2,620,888	1,735,116	87,731	365,854	165,902
2000	2,974,775	2,556,441	123,410	472,585	165,102
2001	3,934,213	3,366,550	110,332	468,848	156,252
2002	5,055,432	3,443,582	123,202	409,250	94,653
2003	4,207,729	2,658,633	112,958	509,726	220,056
2004	3,958,147	2,396,574	147,798	691,302	210,915

This Schedule includes revenues of all governmental fund types

Exhibit II

Interest	Inter- governmental	Other	Total
\$ 163,538	\$	\$ 83,075	\$ 3,215,001
167,821	34,153	72,161	3,450,619
186,110	28,411	79,348	3,749,043
215,028	736,954	47,118	4,746,516
257,625	51,021	186,891	5,471,028
386,234	101,079	120,225	6,899,851
393,051	63,959	91,942	8,585,147
198,752	25,578	316,269	9,666,718
119,206	457,206	115,472	8,400,986
89,968	1,031,083	107,337	8,633,124

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

Exhibit III

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy	Total Tax Collection	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
1995	1994	\$ 0.7300	\$ 1,972,375	\$ 1,981,369	100.5%	\$ 51,570	2.6%
1996	1995	0.6841	1,907,160	1,903,522	99.8%	55,208	2.9%
1997	1996	0.6841	2,004,325	2,003,970	100.0%	55,563	2.8%
1998	1997	0.6841	2,075,236	2,080,800	100.3%	49,999	2.4%
1999	1998	0.6841	2,653,532	2,620,888	98.8%	82,643	3.1%
2000	1999	0.6841	2,992,835	2,974,775	99.4%	100,703	3.4%
2001	2000	0.6750	3,965,845	3,891,013	98.1%	175,535	4.4%
2002	2001	0.6750	5,065,541	5,019,128	99.1%	221,948	4.4%
2003	2002	0.6750	4,150,683	4,157,118	100.2%	203,056	4.9%
2004	2003	0.6750	3,944,725	3,907,330	99.1%	250,123	6.3%

Source - Tax department records of the City.

CITY OF JERSEY VILLAGE, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Exhibit IV

Fiscal Year	Tax Year	Assessed Value	Estimated Value	Ratio of Assessed Value to Estimated Actual Value
1995	1994	\$ 270,188,356	\$ 278,714,280	96.94%
1996	1995	278,791,996	286,530,390	97.30%
1997	1996	289,851,600	297,896,974	97.30%
1998	1997	298,945,530	313,892,807	95.24%
1999	1998	319,000,537	328,582,998	97.08%
2000	1999	429,510,881	453,549,380	94.70%
2001	2000	588,645,615	618,423,520	95.18%
2002	2001	719,759,660	779,699,490	92.31%
2003	2002	614,916,040	653,535,900	94.09%
2004	2003	541,954,490	587,718,110	92.21%

Source - Tax department and Inspection records of the City.

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

<u>Fiscal Year</u>	<u>City of Jersey Village</u>	<u>Cypress- Fairbanks ISD</u>	<u>Harris County</u>	<u>Port of Houston Authority</u>	<u>Harris County Flood Control</u>
Tax Rate					
1995	\$ 0.73000	\$ 1.75000	\$ 0.36470	\$ 0.01220	\$ 0.05570
1996	0.68408	1.7500	0.40680	0.01280	0.07600
1997	0.68408	1.7500	0.42480	0.01960	0.07970
1998	0.68408	1.7700	0.41870	0.02000	0.07960
1999	0.68408	1.7700	0.41660	0.02132	0.08000
2000	0.68408	1.7090	0.39843	0.02040	0.08000
2001	0.67500	1.7090	0.35902	0.01830	0.06173
2002	0.67500	1.7450	0.38393	0.01826	0.04758
2003	0.67500	1.7900	0.38814	0.01989	0.04174
2004	0.67500	1.7900	0.38803	0.02000	0.04174
Tax Levies					
1995	\$ 1,972,375	\$ 139,421,783	\$ 412,804,415	\$ 14,976,058	\$ 71,147,820
1996	1,907,160	162,792,374	473,600,094	14,952,080	8,846,876
1997	2,004,325	173,088,071	523,916,738	24,162,556	98,265,975
1998	2,075,236	176,423,440	520,373,005	24,359,472	98,929,284
1999	2,653,532	171,055,799	547,937,258	28,031,572	105,183,974
2000	3,015,542	244,700,451	556,815,185	28,760,514	112,786,369
2001	3,965,846	240,329,904	553,216,000	26,304,113	88,729,666
2002	5,065,541	284,264,873	665,078,411	31,631,630	82,422,397
2003	4,150,683	307,971,301	682,111,039	34,954,368	73,353,210
2004	3,944,725	305,001,068	704,093,000	36,923,000	75,721,000

Source - Tax department records of various taxing authorities.

Note - Tax rate per \$100 assessed valuation.

Exhibit V

<u>Harris County Hospital District</u>	<u>Total</u>
\$ 0.18980	\$ 3.10240
0.12380	3.05348
0.12380	3.08198
0.12380	3.09618
0.12380	3.09580
0.14650	3.03841
0.20268	3.02573
0.19021	3.05998
0.19021	3.10498
0.19020	3.10497
\$ 208,822,817	\$ 849,145,268
144,111,169	806,209,753
152,708,834	974,146,499
153,862,379	976,022,816
162,785,387	1,017,647,522
206,540,256	1,152,618,317
291,328,832	1,203,874,361
329,499,035	1,397,961,887
334,272,017	1,436,812,618
334,719,575	1,460,402,368

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

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Gross General Long-Term Debt</u>	<u>Less Debt Service Funds Available</u>	<u>Net General Long-Term Debt</u>
1995	5,000	\$ 270,188,356	\$ 3,525,000	\$ 291,380	\$ 3,233,620
1996	5,000	278,791,996	3,275,000	301,779	2,973,221
1997	5,056	289,851,600	2,975,000	332,636	2,642,364
1998	5,310	298,945,530	2,675,000	371,512	2,303,488
1999	6,800	319,000,537	8,348,869	1,083,233	7,265,636
2000	6,880	429,510,881	16,455,405	1,039,866	15,415,539
2001	7,115	564,579,920	15,764,019	1,066,580	14,697,439
2002	7,090	719,759,660	17,225,849	1,281,907	15,943,942
2003	7,139	614,916,040	21,293,943	1,300,301	19,993,642
2004	7,165	541,954,490	20,182,890	982,984	19,199,906

Source - Tax department records of the City.

Exhibit VI

<u>Ratio of Net General Long- Term Debt To Assessed Value</u>	<u>Net General Long-Term Debt Per Capita</u>
1.20%	647
1.07%	595
0.91%	523
0.77%	434
2.28%	1,068
3.59%	2,241
2.60%	2,066
2.22%	2,249
3.25%	2,801
3.54%	2,680

CITY OF JERSEY VILLAGE, TEXAS
COMPUTATION OF DIRECT AND ESTIMATED
OVERLAPPING DEBT
September 30, 2004

Exhibit VII

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Debt Applicable to City</u>
Cypress-Fairbanks ISD	\$ 741,923,000	3.60%	\$ 26,709,228
Harris County	2,144,424,000	0.35%	7,505,484
Port of Houston Authority	306,245,000	0.35%	1,071,858
Harris County Flood Control	252,369,000	0.35%	883,292
NorthHarris County Montgomery Community College District	<u>209,740,000</u>	1.24%	<u>2,600,776</u>
Total Net Overlapping Debt	3,654,701,000		38,770,637
City of Jersey Village	\$ 19,199,906	100.00%	<u>19,199,906</u>
Total Direct and Overlapping Net Debt			<u><u>57,970,543</u></u>
Ratio of total direct and overlapping net debt to 2003 assessed valuation			<u><u>10.70%</u></u>
Direct and overlapping net debt per capita			<u><u>\$ 8,091</u></u>

Source - Tax Department records of the various taxing authorities.

CITY OF JERSEY VILLAGE, TEXAS
RATIO OF ANNUAL GOVERNMENTAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

Exhibit VIII

Fiscal Year	Principal	Interest and Fiscal Agent Fees	Total Debt Service	General Expenditures	Ratio of Debt Service to General Expenditures
1995	\$ 310,441	\$ 225,362	\$ 999,141	\$ 4,003,009	25%
1996	250,000	198,388	963,959	3,765,837	26%
1997	300,000	182,423	974,383	4,043,882	24%
1998	300,000	161,946	1,072,386	4,480,535	24%
1999	1,965,000	343,393	2,308,393	8,092,507	29%
2000	750,000	515,144	1,265,144	6,311,286	20%
2001	910,000	410,406	1,320,406	7,915,391	17%
2002	582,476	742,356	1,324,832	10,648,875	12%
2003	780,755	1,266,880	2,047,635	11,860,751	17%
2004	930,224	1,378,073	2,308,297	12,211,671	19%

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

Exhibit IX

<u>Fiscal year</u>	<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Tax Rate</u>
1995	1994	\$ 0.57600	\$ 0.15400	\$ 0.73000
1996	1995	0.52802	0.15606	0.68408
1997	1996	0.51764	0.16644	0.68408
1998	1997	0.52966	0.15442	0.68408
1999	1998	0.53279	0.15129	0.68408
2000	1999	0.40535	0.27873	0.68408
2001	2000	0.41856	0.25644	0.67500
2002	2001	0.42452	0.25048	0.67500
2003	2002	0.34673	0.32827	0.67500
2004	2003	0.34673	0.32827	0.67500

Note A - Per \$100 of assessed valuation.

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL TAX PAYERS

September 30, 2004

Exhibit X

<u>Taxpayer</u>	<u>Property Type</u>	<u>2003 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1. Beeler Sanders VLTD	Real	\$ 60,105,260	11.1%
2. Prologis	Real	15,234,680	2.8%
3. Goodman Manufacturing	Personal	14,783,680	2.7%
4. Carson LMV LD	Real	13,133,000	2.4%
5. Sams / Walmart	Real/Personal	12,863,160	2.4%
6. Sonic-LS Chevrolet	Personal	11,540,280	2.1%
7. Joe Myers Ford II LP	Personal	11,204,890	2.1%
8. FMC Corp	Personal	9,834,690	1.8%
9. Enterprise Leasing	Personal	8,296,450	1.5%
10. Joe Myers Toyota	Personal	8,174,240	1.5%
		<u>165,170,330</u>	<u>30.5%</u>
Other taxpayers		<u>376,784,160</u>	<u>69.5%</u>
Total Assessed Valuation		<u><u>\$ 541,954,490</u></u>	<u><u>100.0%</u></u>

Note A - Total assessed valuation is net of exemptions.

Source - Tax department records of the City.

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

Exhibit XI

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income - A</u>	<u>Median Age</u>	<u>Unemployment Rate - B</u>
1995	5,000	\$ 53,684	41	5.4%
1996	5,000	54,225	41	5.2%
1997	5,056	56,394	40	5.2%
1998	5,310	57,521	40	4.5%
1999	6,800	59,534	40	4.0%
2000	6,800	61,022	40	4.0%
2001	6,880	61,937	40	4.6%
2002	6,900	62,000	40	6.2%
2003	7,139	63,000	41	7.1%
2004	7,165	63,000	41	5.9%

Note A - Source: Estimated

Note B - Source: Texas Workforce Commission

CITY OF JERSEY VILLAGE, TEXAS
MISCELLANEOUS STATISTICAL DATA
September 30, 2004

Exhibit XII

Date of Incorporation	16-Apr-56
Date of Present Charter	August 1986
Form of Government	Home Rule
Area	2283 acres
Miles of Streets	
Streets - paved	31
Fire Protection	
Number of stations	1
Number of employees (full time equivalent)	4
Number of volunteers	35
Police Protection	
Number of stations	1
Number of employees (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

Water

Source	Surface and Ground Wa
Average daily consumption	
Purchased from the City of Houston	829,000 gallons
Pumped from Jersey Village Wells	208,000 gallons
Maximum daily capacity	4,659,000 gallons
Purchased from the City of Houston	1,730,000 gallons
Pumped from Jersey Village Wells	1,449,000 gallons
Water mains	46.0 miles
Number of connections	2,185

Education

Cy-Fair Independent School District	Number
Elementary	1
Junior High Schools	0
High Schools	1
Number of teachers	272
Number of students	3841