

REPORT OF EXAMINATION

**CITY OF
JONESTOWN**

Jonestown, Texas

**For the Year Ended
September 30, 2011**

**CITY OF JONESTOWN, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011**

CITY OF JONESTOWN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Aldermen
City of Jonestown, Texas
Jonestown, TX 78641

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jonestown, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Jonestown's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

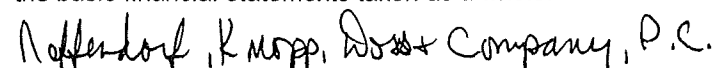
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jonestown, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note O to the financial statements, the City has expended certain federal grant funds in a manner that may have violated certain of the restrictive provisions of the related grant. The possible outcome of these matters, which have been reported to appropriate federal officials, is uncertain at this time. Accordingly, no provision for any liability has been made in the financial statements for possible federal claims for refunds of those grant monies.

The management's discussion and analysis (pages 2 through 7), budgetary comparison information (page 33) and Schedule of Funding Progress for the Retirement Plan (Page 35) 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jonestown's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

July 25, 2012

CITY OF JONESTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jonestown, we offer readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the year ended September 30, 2011. Please read it in conjunction with the independent auditors' report on page 1, and City's Basic Financial Statements which begin on page 8.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 7,201,122 (net assets). Of this amount, \$ 2,185,645 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizen's and creditors.
- The City's net assets increased by \$ 498,737 as a result of this year's operations.
- At September 30, 2011, the City's governmental funds reported combined ending fund balances of \$ 2,296,471 , a decrease of \$ 92,563 in comparison with the prior year.
- At September 30, 2011, the City's Enterprise Funds reported unrestricted net assets of \$ 107,852 an increase of \$56,547 in comparison with the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 8 and 9). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 11) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedule (General Fund) and the Schedule of Funding Progress for the Retirement Plan are presented as required supplementary information on page 33 and 35.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 8. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net assets and changes in them. The City's net assets (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider other factors as well, such as changes in the City's customers or its property tax base and the condition of the City's facilities.

In the Statement of Net Assets and the Statement of Activities, the City has two kinds of activity:

- Governmental activity - Most of the City's basic services are reported here, including the public safety, public works, municipal court and administration. Property taxes, user charges, sales tax and franchise tax finance most of these activities.
- Business-type activity - The City's Plaza enterprise fund is reported as a business-type activity since the rent charged to customers cover the cost of services provided and the Northshore Wastewater Utility System is reported as a business type activity.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has two kinds of funds:

- Governmental funds - All of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in Note II to the financial statements.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. The City's Plaza enterprise fund and Northshore Wastewater Utility System fund are business-type activities and provides both long and short-term financial information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the City's governmental and business-type activities.

Net assets of the City's governmental activities increased from \$ 4,252,693 to \$ 4,694,883. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$ 2,077,793 at September 30, 2011. This increase in governmental net assets was the result of several factors. First, the City's expenditures exceeded the revenues by \$ 92,563. Second, the City paid other long-term debt in the amount of \$ 133,258 and acquired capital assets in the amount of \$ 642,424. Third, the City recorded depreciation in the amounts of \$ 210,824.

Net assets of the City's business-type activities increased from \$ 2,449,692 to \$ 2,506,239. Unrestricted net assets were \$ 107,852 at September 30, 2011. This increase in business-type net assets was the result of net income of \$ 56,547.

Table I
City of Jonestown

NET ASSETS
in thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
Current and Restricted Assets	\$ 2,616	\$ 2,701	\$ 9,015	\$ 186	\$ 11,631	\$ 2,887
Capital Assets	3,765	3,334	2,366	2,422	6,131	5,756
Total Assets	\$ 6,382	\$ 6,035	\$ 11,381	\$ 2,608	\$ 17,762	\$ 8,643
Long-Term Liabilities	\$ 1,421	\$ 1,532	\$ 5	\$ 55	\$ 1,426	\$ 1,587
Other Liabilities	266	250	8,869	103	9,135	353
Total Liabilities	\$ 1,687	\$ 1,782	\$ 8,874	\$ 158	\$ 10,561	\$ 1,940
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	\$ 2,240	\$ 1,674	\$ 2,307	\$ 2,318	\$ 4,546	\$ 3,991
Restricted	377	925	92	85	469	1,010
Unrestricted	2,078	1,654	108	47	2,186	1,701
Total Net Assets	\$ 4,695	\$ 4,253	\$ 2,506	\$ 2,450	\$ 7,201	\$ 6,702

Table II
City of Jonestown

CHANGES IN NET ASSETS
in thousands

	Governmental		Business-Type		TOTALS	
	Activities		Activities		Primary Government	
Revenues:						
Charges for Services	\$ 236	\$ 227	\$ 193	\$ 203	\$ 429	\$ 430
Property Taxes	2,198	2,289			2,198	2,289
Sales Tax	108	108			108	108
Franchise Tax	123	117			123	117
Operating Grants & Contributions	4	-			4	-
Capital Grants & Contributions	1,913	205			1,913	205
Grants/Contributions Not Restricted	19	2				2
Investment Earnings	3	4			3	4
Other Taxes	57	55			57	55
Miscellaneous	38	24	2	-	39	24
Total Revenue	\$ 4,700	\$ 3,031	\$ 194	\$ 203	\$ 4,875	\$ 3,234
Expenses:						
General Government	\$ 331	\$ 313			\$ 331	\$ 313
Public Safety	713	683			713	683
Public Works	269	277			269	277
Highways and Streets	7	-			7	-
City Council	1	1			1	1
City Administrator	115	111			115	111
City Secretary	118	126			118	126
Municipal Court	75	68			75	68
Finance	94	101			94	101
Building Inspector and Code Enforcement	184	177			184	177
Tourism	97	35			97	35
Recreation	8	3			8	3
Parks and Recreation	136	106			136	106
Libraries	133	116			133	116
Plaza Rental			80	83	80	83
Northshore WW Utility System			113	122	113	122
Debt Service	78	84			78	84
ARRA Wind Energy Project (Note O)	1,845				1,845	-
Total Expenses	\$ 4,203	\$ 2,201	\$ 193	\$ 205	\$ 4,396	\$ 2,406
Increase in Net Assets Before						
Transfers & Capital Contributions	\$ 497	\$ 830	\$ 2	\$ (2)	\$ 499	\$ 828
Capital Contributions				2,251		2,251
Transfers	(55)	(58)	55	58	-	-
Total	\$ (55)	\$ (58)	\$ 55	\$ 2,309	\$ -	\$ 2,251
Net Change	\$ 442	\$ 772	\$ 56	\$ 2,308	\$ 499	\$ 3,079
Net Assets, Beginning	4,253	3,481	2,450	142	6,702	3,623
Net Assets, Ending	\$ 4,695	\$ 4,253	\$ 2,506	\$ 2,450	\$ 7,201	\$ 6,702

The cost of all governmental activities this year was \$ 4,203,365. However, as shown in the Statement of Activities on page 9, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2,152,844 because the other costs were paid by sales tax (\$107,800), franchise tax (\$123,390), user charges (\$236,278), grants and contributions (\$1,917,299), miscellaneous (\$37,608) and investment income (\$3,308).

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$ 2,296,471 which is less than last year's total of \$ 2,389,034. Included in this year's total change in fund balance is a decrease of \$ 28,777 in the City's General Fund.

The City adopted the General Fund Budget. Actual revenues exceeded the budgeted amounts and actual expenditures were less than the budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2011, the City had the following amounts invested in capital assets:

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
Land	\$ 108	\$ 95	\$ 407	\$ 407	\$ 516	\$ 502
Equipment and Furniture	767	668			767	668
Transportation Equipment	291	265			291	265
Buildings and Improvements	1,568	1,538	2,414	2,396	3,982	3,933
Streets and Improvements	2,085	1,612			2,085	1,612
Construction in Progress	203	203	4		207	203
Total Capital Assets	\$ 5,022	\$ 4,380	\$ 2,826	\$ 2,803	\$ 7,848	\$ 7,183
Less: Accumulated Depreciation	(1,257)	(1,046)	(460)	(381)	(1,717)	(1,427)
Capital Assets, Net	\$ 3,765	\$ 3,334	\$ 2,366	\$ 2,422	\$ 6,131	\$ 5,756

More detailed information about the City's capital assets is presented in Note E and F to the financial statements.

Debt

At September 30, 2011, the City had the following outstanding debt:

OUTSTANDING DEBT in thousands

	Governmental Activities		Business-Type Activities		TOTALS Primary Government	
Bonds Payable	\$ 1,532	\$ 1,636	\$ 55	\$ 105	\$ 1,587	\$ 1,741
Notes Payable	-	29	-	-	-	29
Total Outstanding Debt	\$ 1,532	\$ 1,665	\$ 55	\$ 105	\$ 1,587	\$ 1,770

For governmental activities, the City paid \$133,258 on outstanding long-term debt.

For business-type activities, the City paid \$50,000 on outstanding long-term debt.

More detailed information about the City's long-term liabilities is presented in Notes G, H, I and J to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2012 budget and tax rates. The major factors are the economy and population growth. These indicators were taken into account when adopting the General Fund budget for 2012. Amounts available for appropriation in the General Fund budget are \$2,493,927 and expenditures are estimated to be \$2,838,468.

If these estimates are realized, the City's budgetary General fund balance is expected to decrease by \$344,541 for 2012 (use of prior year reserves).

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 questions about this report or need additional financial information, contact the City's business office, at City of Jonestown, Jonestown, Texas.

BASIC FINANCIAL STATEMENTS

CITY OF JONESTOWN
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

EXHIBIT A-1

	Primary Government		Total
	Governmental Activities	Business Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 2,378,310	\$ 169,652	\$ 2,547,962
Receivables (net of allowance for uncollectibles)	223,281	13,471	236,752
Inventories	161	-	161
Capitalized Debt Issuance Costs	14,501	5,313	19,814
Restricted Assets:			
Restricted Asset - Debt Service	-	91,880	91,880
Restricted Asset - Capital Improvements	-	8,733,963	8,733,963
Capital Assets:			
Land	108,204	407,360	515,564
Infrastructure, net	475,681	-	475,681
Buildings, net	1,357,854	78,449	1,436,303
Improvements other than Buildings, net	1,228,950	1,875,698	3,104,648
Machinery and Equipment, net	391,829	-	391,829
Construction in Progress	202,954	4,475	207,429
Other Assets	-	383	383
Total Assets	<u>6,381,725</u>	<u>11,380,644</u>	<u>17,762,369</u>
LIABILITIES			
Accounts Payable	135,474	66,073	201,547
Intergovernmental Payable	4,058	-	4,058
Accrued Interest Payable	8,454	1,027	9,481
Deferred Revenues	6,855	8,737,810	8,744,665
Customer Deposits	-	14,495	14,495
Noncurrent Liabilities			
Due Within One Year	111,000	50,000	161,000
Due in More Than One Year	1,421,001	5,000	1,426,001
Total Liabilities	<u>1,686,842</u>	<u>8,874,405</u>	<u>10,561,247</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,239,691	2,306,507	4,546,198
Restricted for:			
Restricted for Special Revenue	93,392	-	93,392
Restricted for Debt Service	153,476	91,880	245,356
Restricted for Capital Projects	130,531	-	130,531
Unrestricted Net Assets	2,077,793	107,852	2,185,645
Total Net Assets	<u>\$ 4,694,883</u>	<u>\$ 2,506,239</u>	<u>\$ 7,201,122</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 330,858	\$ 8,441	\$ -	\$ -
Public Safety	713,413	-	-	-
Public Works	268,543	-	-	-
Highways and Streets	7,055	-	-	80,583
City Council	664	-	-	-
City Administrator	114,844	-	-	-
City Secretary	118,415	-	-	-
Municipal Court	74,900	61,544	-	-
Finance	93,921	-	-	-
Building Inspector and Code Enforcement	183,869	117,840	-	-
Tourism	96,743	-	-	-
Recreation	7,749	35,585	-	-
Parks and Recreation	135,734	12,868	-	-
Libraries	133,427	-	4,488	-
Bond Interest	77,139	-	-	-
Issuance Costs	874	-	-	-
ARRA Wind Energy Project (Note O)	1,845,217	-	-	1,836,400
Total Governmental Activities:	4,203,365	236,278	4,488	1,916,983
BUSINESS-TYPE ACTIVITIES:				
Northshore WW Utility System	112,684	126,903	-	-
Plaza Enterprise Fund	79,885	65,642	-	-
Total Business-Type Activities:	192,569	192,545	-	-
TOTAL PRIMARY GOVERNMENT:	\$ 4,395,934	\$ 428,823	\$ 4,488	\$ 1,916,983

General Revenues:

Taxes:

Property Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Franchise Taxes

Other Taxes

Penalty and Interest

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Assets

Net Assets--Beginning

Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (322,417)	\$ -	\$ (322,417)
(713,413)	-	(713,413)
(268,543)	-	(268,543)
73,528	-	73,528
(664)	-	(664)
(114,844)	-	(114,844)
(118,415)	-	(118,415)
(13,356)	-	(13,356)
(93,921)	-	(93,921)
(66,029)	-	(66,029)
(96,743)	-	(96,743)
27,836	-	27,836
(122,866)	-	(122,866)
(128,939)	-	(128,939)
(77,139)	-	(77,139)
(874)	-	(874)
(8,817)	-	(8,817)
(2,045,616)	-	(2,045,616)
-	14,219	14,219
-	(14,243)	(14,243)
-	(24)	(24)
(2,045,616)	(24)	(2,045,640)
1,895,204	-	1,895,204
257,638	-	257,638
107,800	-	107,800
123,390	-	123,390
57,200	-	57,200
45,580	-	45,580
14,876	-	14,876
37,608	1,640	39,248
3,310	131	3,441
(54,800)	54,800	-
2,487,806	56,571	2,544,377
442,190	56,547	498,737
4,252,693	2,449,692	6,702,385
\$ 4,694,883	\$ 2,506,239	\$ 7,201,122

CITY OF JONESTOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	Wind Energy Project	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,997,337	\$ (1,092)	\$ 382,065	\$ 2,378,310
Taxes Receivable	118,577	-	18,514	137,091
Receivables (Net)	57,533	-	-	57,533
Inventories	161	-	-	161
Total Assets	\$ 2,173,608	\$ (1,092)	\$ 400,579	\$ 2,573,095
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 55,313	\$ -	\$ 3,290	\$ 58,603
Wages and Salaries Payable	28,918	-	-	28,918
Compensated Absences Payable	47,669	-	-	47,669
Intergovernmental Payable	4,058	-	-	4,058
Due to Others	-	-	285	285
Deferred Revenues	118,577	-	18,514	137,091
Total Liabilities	254,535	-	22,089	276,624
Fund Balances:				
Restricted Fund Balance:				
Federal or State Funds Grant Restriction	-	(1,092)	-	(1,092)
Restricted for Court	-	-	48,316	48,316
Restricted for Library	-	-	8,484	8,484
Restricted for Tourism	-	-	37,683	37,683
Capital Acquisition and Contractual Obligation	-	-	130,531	130,531
Retirement of Long-Term Debt	-	-	153,476	153,476
Unassigned Fund Balance	1,919,073	-	-	1,919,073
Total Fund Balances	1,919,073	(1,092)	378,490	2,296,471
Total Liabilities and Fund Balances	\$ 2,173,608	\$ (1,092)	\$ 400,579	\$ 2,573,095

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2011

Total Fund Balances - Governmental Funds	\$	2,296,471
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$4,380,006 and the accumulated depreciation was \$1,046,134. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		1,674,834
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2011 capital outlays and debt principal payments is to increase net assets.		775,509
The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(210,825)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		158,894
Net Assets of Governmental Activities	\$	4,694,883

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-3

	General Fund	Wind Energy Project	Other Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property Taxes	\$ 1,921,356	\$ -	\$ 265,937	\$ 2,187,293
General Sales and Use Taxes	107,800	-	-	107,800
Franchise Tax	123,390	-	-	123,390
Other Taxes	1,231	-	55,969	57,200
Penalty and Interest on Taxes	44,379	-	1,201	45,580
Licenses and Permits	117,970	-	-	117,970
Intergovernmental Revenue and Grants	-	1,836,400	80,899	1,917,299
Charges for Services	54,365	-	5,696	60,061
Fines	57,705	-	3,839	61,544
Investment Earnings	3,296	-	14	3,310
Contributions & Donations from Private Sources	2,600	-	2,778	5,378
Other Revenue	29,571	-	-	29,571
Total Revenues	<u>2,463,663</u>	<u>1,836,400</u>	<u>416,333</u>	<u>4,716,396</u>
EXPENDITURES:				
Current:				
ARRA Wind Energy Project	-	1,845,217	-	1,845,217
General Government	301,572	1,321	-	302,893
Public Safety	663,848	-	-	663,848
Public Works	237,972	-	-	237,972
Highways and Streets	-	-	76,411	76,411
City Council	608	-	-	608
City Administrator	105,137	-	-	105,137
City Secretary	108,406	-	-	108,406
Municipal Court	62,687	-	6,754	69,441
Finance	85,983	-	-	85,983
Building Inspector and Code Enforcement	168,328	-	-	168,328
Health and Welfare:				
Tourism	-	-	88,566	88,566
Culture and Recreation:				
Recreation	36,333	-	-	36,333
Parks and Recreation	124,261	-	-	124,261
Libraries	115,849	-	6,300	122,149
Debt Service:				
Bond Principal	-	-	133,258	133,258
Bond Interest	-	-	77,840	77,840
Capital Outlay:				
Capital Outlay	385,456	-	122,272	507,728
Total Expenditures	<u>2,396,440</u>	<u>1,846,538</u>	<u>511,401</u>	<u>4,754,379</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>67,223</u>	<u>(10,138)</u>	<u>(95,068)</u>	<u>(37,983)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	220	220
Transfers In	-	-	96,000	96,000
Transfers Out (Use)	(96,000)	-	(54,800)	(150,800)
Total Other Financing Sources (Uses)	<u>(96,000)</u>	<u>-</u>	<u>41,420</u>	<u>(54,580)</u>
Net Change in Fund Balances	(28,777)	(10,138)	(53,648)	(92,563)
Fund Balance - October 1 (Beginning)	1,947,850	9,046	432,138	2,389,034
Fund Balance - September 30 (Ending)	<u>\$ 1,919,073</u>	<u>\$ (1,092)</u>	<u>\$ 378,490</u>	<u>\$ 2,296,471</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

Total Net Change in Fund Balances - Governmental Funds	\$	(92,563)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2011 capital outlays and debt principal payments is to increase net assets.		775,509
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(210,825)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(29,931)
Change in Net Assets of Governmental Activities	\$	442,190

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Northshore WW Utility System	Capital Improvements- Developer	Plaza Enterprise Funds	Total Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 169,652	\$ -	\$ -	\$ 169,652
Restricted Assets - Current:				
Restricted Asset - Debt Service	-	-	91,880	91,880
Restricted Asset - Capital Improvements	-	8,733,963	-	8,733,963
Accounts Receivable-Net of Uncollectible Allowance	12,866	605	-	13,471
Total Current Assets	182,518	8,734,568	91,880	9,008,966
Noncurrent Assets:				
Capitalized Debt Issuance Costs	-	-	5,313	5,313
Capital Assets:				
Land Purchase and Improvements	287,360	-	120,000	407,360
Buildings	-	-	439,452	439,452
Accumulated Depreciation - Buildings	-	-	(361,003)	(361,003)
Improvements other than Buildings	1,974,570	-	-	1,974,570
Accumulated Depreciation - Other Improvements	(98,872)	-	-	(98,872)
Construction in Progress	-	4,475	-	4,475
Other Asset	-	-	383	383
Total Noncurrent Assets	2,163,058	4,475	204,145	2,371,678
Total Assets	2,345,576	8,739,043	296,025	11,380,644
LIABILITIES				
Current Liabilities:				
Accounts Payable	62,058	1,233	2,782	66,073
Accrued Interest Payable	-	-	1,027	1,027
Deferred Revenue	-	8,737,810	-	8,737,810
Bonds Payable - Current:				
General Obligation Bonds Payable	-	-	50,000	50,000
Customer Deposits	14,495	-	-	14,495
Total Current Liabilities	76,553	8,739,043	53,809	8,869,405
NonCurrent Liabilities:				
Bonds Payable - Non-Current:				
General Obligation Bonds Payable	-	-	5,000	5,000
Total Noncurrent Liabilities	-	-	5,000	5,000
Total Liabilities	76,553	8,739,043	58,809	8,874,405
NET ASSETS				
Investments in Capital Assets, Net of Debt	2,163,058	-	143,449	2,306,507
Restricted for Debt Service	-	-	91,880	91,880
Unrestricted Net Assets	105,965	-	1,887	107,852
Total Net Assets	\$ 2,269,023	\$ -	\$ 237,216	\$ 2,506,239

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Northshore WW Utility System	Capital Improvements- Developer	Plaza Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES:				
Charges for Sewerage Service	\$ 126,903	\$ -	\$ -	\$ 126,903
Charges for Services - Rents and Royalties	-	-	65,642	65,642
Other Revenue	1,640	-	-	1,640
Total Operating Revenues	<u>128,543</u>	<u>-</u>	<u>65,642</u>	<u>194,185</u>
OPERATING EXPENSES:				
Water and Sewer				
Personnel Services - Employee Benefits	1,201	-	-	1,201
Purchased Property Services	34,119	-	-	34,119
Other Operating Expenses	27,830	-	-	27,830
Total Water and Sewer	<u>63,150</u>	<u>-</u>	<u>-</u>	<u>63,150</u>
Plaza Rental				
Purchased Property Services	-	-	38,872	38,872
Other Operating Expenses	-	-	7,047	7,047
Total Plaza Rental	<u>-</u>	<u>-</u>	<u>45,919</u>	<u>45,919</u>
Depreciation	49,534	-	29,166	78,700
Total Operating Expenses	<u>112,684</u>	<u>-</u>	<u>75,085</u>	<u>187,769</u>
Operating Income (Loss)	<u>15,859</u>	<u>-</u>	<u>(9,443)</u>	<u>6,416</u>
NON-OPERATING REVENUES (EXPENSES):				
Investment Earnings	124	-	7	131
Interest Expense - Non-Operating	-	-	(4,800)	(4,800)
Total Non-operating Revenue (Expenses)	<u>124</u>	<u>-</u>	<u>(4,793)</u>	<u>(4,669)</u>
Income (Loss) Before Transfers	15,983	-	(14,236)	1,747
Non-Operating Transfer In	-	-	54,800	54,800
Change in Net Assets	15,983	-	40,564	56,547
Total Net Assets - October 1 (Beginning)	<u>2,253,040</u>	<u>-</u>	<u>196,652</u>	<u>2,449,692</u>
Total Net Assets - September 30 (Ending)	<u>\$ 2,269,023</u>	<u>\$ -</u>	<u>\$ 237,216</u>	<u>\$ 2,506,239</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT D-3 (Cont'd)

	Business-Type Activities			
	Northshore WW Utility System	Capital Improvements- Developer	Plaza Enterprise Funds	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 133,690	\$ -	\$ 65,642	\$ 199,332
Cash Received - Other	-	(605)	-	(605)
Cash Payments for Other Operating Expenses	(37,341)	1,233	(46,340)	(82,448)
Net Cash Provided by Operating Activities	<u>96,349</u>	<u>628</u>	<u>19,302</u>	<u>116,279</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Operating Transfer In/(Out)	-	-	54,800	54,800
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Acquisition of Capital Assets	(5,464)	(4,475)	(12,794)	(22,733)
Bond Payments	-	-	(50,000)	(50,000)
Interest Paid	-	-	(4,800)	(4,800)
Developers Letter of Credit	-	8,737,810	-	8,737,810
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(5,464)</u>	<u>8,733,335</u>	<u>(67,594)</u>	<u>8,660,277</u>
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	124	-	7	131
Net Increase in Cash and Cash Equivalents	91,009	8,733,963	6,515	8,831,487
Cash and Cash Equivalents at Beginning of the Year:	78,643	-	85,365	164,008
Cash and Cash Equivalents at the End of the Year:	<u>\$ 169,652</u>	<u>\$ 8,733,963</u>	<u>\$ 91,880</u>	<u>\$ 8,995,495</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT D-3

	Business-Type Activities			
	Northshore WW Utility System	Capital Improvements- Developer	Plaza Enterprise Funds	Total Enterprise Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided By Operating Activities:</u>				
Operating Income (Loss):	\$ 15,859	\$ -	\$ (9,443)	\$ 6,416
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	49,534	-	29,166	78,700
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	3,344	(605)	-	2,739
Increase (decrease) in Accounts Payable	24,608	1,233	(421)	25,420
Increase (decrease) in Other Current Liabilities	3,004	-	-	3,004
Net Cash Provided by Operating Activities	<u>\$ 96,349</u>	<u>\$ 628</u>	<u>\$ 19,302</u>	<u>\$ 116,279</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a general law City in Travis County, Texas which operates under a Council form of government and provides such services as public safety, health, highways, street maintenance, recreation programs, judicial, community improvements, planning and zoning, general administrative, and other services as are authorized by its code of ordinances and its citizens.

The City Council, which is elected at large, consists of a mayor and five Aldermen constituting an ongoing entity and is the level of government which has governing responsibilities over all activities related to the City. The City is not included in any other governmental reporting entity. Aldermen are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept 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. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the City of Jonestown nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, sales tax, franchise tax, municipal court fines, charges for services and other miscellaneous revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and other tax revenues are recognized under the "susceptible to accrual" concept; that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the City to refund all or part of the unused amount.

D. Fund Accounting

The City reports the following major governmental funds:

1. **The General Fund** - The general fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Wind Energy Project** - This special revenue fund is used to report assets that have been set aside for the specific purpose and activities of the ARRA SEP Wind Project grant.

Additionally, the City reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Fund** - This Fund is used to report assets that have been set aside for specific purposes and functions or activities of the City. This Fund accounts for funds set aside for the boat ramp fund, court restricted fund, capital metro fund, parks fund and library fund.
2. **Debt Service Fund** - This Fund is used to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal and interest.
3. **Capital Projects Fund** - The Capital Projects Fund is used to account for the financial resources used for acquisition of major capital improvements.

Proprietary Fund:

1. **Enterprise Fund** - This Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City's Enterprise Funds are used to account for the operations that provide for the rental of the Plaza building, Capital Projects relating to subdivision improvements and the operations of the Wastewater Treatment Plant.

E. Other Accounting Policies

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

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums

received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

2. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	40
Buildings	40
Improvements	15-20
Equipment	5-10
Vehicles	5

Pursuant to GASB Statement Number 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, infrastructure assets acquired prior to October 1, 1997 have not yet been capitalized.

3. Beginning with fiscal year end September 30, 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

4. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
5. The original budget is adopted by the City Council prior to the beginning of the fiscal year through passage of an ordinance. The budget includes proposed expenditures and the means of financing them.

Budgeted amounts for expenditures from the various funds may not exceed the beginning balances of those funds plus the anticipated revenues for the fiscal year. The final amended budget has been presented in this report. Unencumbered appropriations lapse at the end of each year.

6. The Proprietary Fund provides the annual debt service requirements on the Series 1997 general obligation proprietary bonds issued to finance the Plaza building purchase. Since the Proprietary Fund provides the annual debt service on these general obligation proprietary bonds, the bonds are considered to be obligations of the Proprietary Fund and have been reported on the balance sheet of the Proprietary Fund.
7. The City's policy is to account for the cost of employees' vacation time benefits as they are earned. As of the balance sheet date, the City expected that all of the liability for accrued vacation would be liquidated with expendable resources. Therefore, the liability for accrued vacation is reflected as a current liability in the financial statements for the year ended September 30, 2011.
8. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank 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.

At September 30, 2011, the carrying amount of the City's deposits was \$11,373,641 and the bank balance was \$11,411,855. The City's cash deposits at September 30, 2011 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the City has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2011, the City was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the City fiscal year.

The Travis County Appraisal District appraises and collects taxes for the City. For 2010, the City of Jonestown had property with an assessed valuation of \$426,933,386. The tax rate was \$.5600 (designated for General Fund -.4904; Debt Service Fund -.0696) per \$100 valuation.

C. Court Fines and Fees Receivable

With the implementation of GASB Statement Number 34, the City has determined the amount of court fines and fees receivable to be \$57,314. Based on historical collection rates for the various courts, the City has booked an allowance for uncollectible court fines and fees of \$28,657, resulting in a net receivable of \$28,657.

D. Restricted Assets

Restricted assets in the Plaza Enterprise Fund represent cash that has been set aside for future payment of certificates of obligation. A summary of restricted assets at September 30, 2011 appears below:

Certificate of Obligation Debt Service - (Series 1997)	
Cash in Bank	\$ 91,880
Capital Improvements - Developer	8,733,963
Total Restricted Assets	<u>\$ 8,825,843</u>

E. Changes in Governmental Capital Assets

Changes in governmental capital assets during the year ended September 30, 2011 were as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 94,534	\$ 13,670	\$ -	\$ 108,204
Equipment and Furniture	668,020	99,341	-	767,361
Transportation Equipment	265,078	25,527	-	290,605
Buildings and Improvements	1,537,577	30,675	-	1,568,252
Streets and Improvements	1,611,843	473,211	-	2,085,054
Construction in Progress	202,954	-	-	202,954
Totals at Historic Cost	<u>\$ 4,380,006</u>	<u>\$ 642,424</u>	<u>\$ -</u>	<u>\$ 5,022,430</u>
Less Accumulated				
Depreciation for:				
Equipment and Furniture	(424,806)	(71,648)	-	(496,454)
Transportation Equipment	(118,680)	(51,003)	-	(169,683)
Buildings and Improvements	(161,735)	(41,579)	-	(203,314)
Streets and Improvements	(340,913)	(46,594)	-	(387,507)
Total Accumulated Depreciation	<u>\$ (1,046,134)</u>	<u>\$ (210,824)</u>	<u>\$ -</u>	<u>\$ (1,256,958)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 3,333,872</u>	<u>\$ 431,600</u>	<u>\$ -</u>	<u>\$ 3,765,472</u>

F. Changes in Business-Type Capital Assets

Changes in business-type capital assets during the year ended September 30, 2011, were as follows:

	Balance 10/01/10	Additions	Deletions	Balance 09/30/11
Land and Land Rights	\$ 407,360	\$	\$	\$ 407,360
Buildings and Improvements	2,395,764	18,258		2,414,022
Construction in Progress		4,476		4,476
Totals	\$ 2,803,124	\$ 18,258	\$ -	\$ 2,825,858
Accumulated Depreciation	(381,176)	(78,700)		(459,876)
Fixed Assets, Net	\$ 2,421,948	\$ (60,442)	\$ -	\$ 2,365,982

G. Changes in Governmental Activities Non-Current Liabilities

The following is a summary of long-term debt transactions in the governmental activities for the year ended September 30, 2011.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable -					
Combination Tax and Revenue					
Certificates of Obligation -					
Series 1998	\$ 700,000	\$	\$ 70,000	\$ 630,000	\$ 75,000
General Obligation Bonds -					
Series 2008	936,000		34,000	902,000	36,000
Notes Payable -					
Schertz Bank	29,258		29,258	-	-
Governmental Activity					
Long-Term Debt	\$ 1,665,258	\$ -	\$ 133,258	\$ 1,532,000	\$ 111,000

H. Certificates of Obligation

Series 1998

During 1998, the City issued Combination Tax and Revenue Certificates of Obligation – Series 1998 (\$1,200,000) for street improvements. The Certificates mature on August 1, in each of years 2000 through 2018, bearing interest at rates from 4.8% to 6.4%. The Certificates are payable from a combination of the levy and collection of a direct and continuing ad valorem tax on all taxable property and a limited pledge of surplus revenues of the City park facilities (not to exceed \$1,000).

Series 2008

On March 27, 2008, the City issued General Obligation Bonds – Series 2008 (\$1,000,000) for the construction of a new Police Department Building. The bonds mature on March 1, 2028, bearing an interest rate of 4.53%. The bonds are payable from the levy and collection of a direct and continuing ad valorem tax on all taxable property within the city.

The annual requirements to amortize the certificates outstanding in the governmental activities as of September 30, 2011 are as follows:

For the Year Ending September 30,	Principal	Interest	Total
2012	111,000	71,933	182,933
2013	118,000	66,507	184,507
2014	124,000	60,763	184,763
2015	131,000	54,659	185,659
2016	138,000	48,210	186,210
2017-2021	453,000	148,449	601,449
2022-2026	311,000	69,422	380,422
2027-2031	146,000	6,705	152,705
TOTAL	<u>\$ 1,532,000</u>	<u>\$ 526,648</u>	<u>\$ 2,058,648</u>

I. Changes in Business-Type Non-Current Liabilities

The following is a summary of long-term debt transactions in the business-type activities for the year ended September 30, 2011:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-Type Activities					
Bonds Payable					
Tax Certificate of Obligation					
Series 1997	\$ 105,000	\$ -	\$ 50,000	\$ 55,000	\$ 50,000
Business Type Activity					
Long-Term Debt	<u>\$ 105,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 55,000</u>	<u>\$ 50,000</u>

During 1997, the City issued tax certificate of obligation – Series 1997 (\$550,000) for the purchase of a building. The Certificates mature on August 1 in each of years 1998 through 2012, bearing interest at rates from 4.45% to 6.0%. The Certificates are payable from the levy and collection of a direct and continuing ad valorem tax on all taxable property.

The annual requirements to amortize debt outstanding in the business-type activities as of September 30, 2011 are as follows:

For the Year Ending September 30,	Principal	Interest	Total
2012	55,000	1,650	56,650
TOTAL	<u>\$ 55,000</u>	<u>\$ 1,650</u>	<u>\$ 56,650</u>

J. Risk Management

The City of Jonestown is exposed to various risks of loss relating to general liability, accidental loss of real and personal property, damage to assets, errors and omissions, acts of God and personnel risks which relate to workers compensation.

The City contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are sent annually to TML. Liability by the City is generally limited to the contributed amounts. Contributions for the year ended September 30, 2011 were \$50,932.

K. Defined Benefit Pension Plan

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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

	Plan Year 2010	Plan Year 2011
Employee deposit rate	5%	5%
Matching Ratio (City to Employee):	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation/(asset) are as follows:

Fiscal Year Ending	Annual Pension Cost(APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/(Asset)
2009	\$ 48,900	\$ 48,900	100%	-0-
2010	\$ 55,419	\$ 55,419	100%	-0-
2011	\$ 65,328	\$ 65,328	100%	-0-

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Three Year Trend Information

Valuation Date	12/31/2008	12/31/2009	12/31/2010-prior to restructuring	12/31/2010- Restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	24.0 years: closed period	23.0 years: closed period	22.4 years: closed period	22.3 years: closed period
Amortization Period for new Gains/Losses	25 years	25 years	25 years	25 years
Asset Valuation Method	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:				
Investment Rate of Return*	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	0%	0.0%	0.0%	0.0%

Funded Status and Funding Progress

In June, 2011 SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010, under the two separate actuarial valuations, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial	Funded Ratio (3) (1)/(2)	Unfunded AAL	Covered Payroll (5)	UAAAL as a
		Accrued Liability (AAL) (2)		(UAAL) (4) (2)-(1)		Percentage of Covered Payroll (6) (4)/(5)
12/31/2010 ¹	\$ 394,889	\$ 594,971	66.4%	\$ 200,082	\$ 1,044,850	19.1%
12/31/2010 ²	\$ 470,173	\$ 670,775	70.1%	\$ 200,602	\$ 1,044,850	19.2%

(1) Actuarial Valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

L. Deferred Compensation Plan

The City offers its employees deferred compensation programs through Nationwide Retirement Solutions, Inc. The plan, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

M. Employee Insurance Benefits

All regular full time employees of the City are eligible for coverage under the group hospitalization, medical and life insurance program provided by the City through Humana. The City pays the premium for eligible employees and employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

N. Cash Flows Statement - Supplemental Disclosure

Since the City is tax exempt, no income tax was paid in 2011 and 2010. The City paid interest in the amount of \$4,800 in 2011 and \$7,775 in 2010 on their outstanding debt.

O. Claims and Contingent Liabilities

The City is involved in a lawsuit with the developer, Centrex Homes, of the Hollows Subdivision. The developer has sued the City regarding the City's decision to call certain letters of credit guaranteeing construction of infrastructure within the Hollows Subdivision.

The City has filed a lawsuit against the sub-contractor, CM Alternative Energies, Inc. and related parties related to the wind energy grant (State Comptroller's SECO grant). The City has also received notice from the Texas Attorney General's office that the City is in breach of the agreement awarding the grant.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

During the year the City received federal funds for an ARRA SEP Wind Project grant in the amount of \$1,836,400. The City expended these grant funds in a manner that may have violated certain of the restrictive provisions of the grant. There is an ongoing investigation by the District Attorney regarding the subcontractor's CEO (CM Energies) and the grant coordinator (Texas State Comptroller employee). The possible outcome of this matter is uncertain at this time. Accordingly, no provision for any liability has been made in the financial statements for possible federal claims for refunds of those grant monies.

P. Interfund Receivable and Payables

During the year ended September 30, 2011, the City's transfers between funds consisted of:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General Fund		
Capital Projects Funds		96,000
Capital Projects Fund		
General Fund	96,000	
Debt Service Fund -		
Plaza Enterprise Fund		54,800
Plaza Enterprise Fund -		
Debt Service Fund	<u>54,800</u>	<u> </u>
 TOTALS	 <u>\$ 150,800</u>	 <u>\$ 150,800</u>

Q. Deferred Revenues

In prior years the developer (Centex Homes) of the Hollows subdivision had established irrevocable standby letters of credit with Bank of America for various improvements. The City drew the total amount of the letters of credit (\$8,737,810). This amount is shown as deferred revenue which will be earned as improvements are completed.

R. Related Party Transactions

A City councilman was an employee of CM Alternative Energies, Inc. (sub-contractor for the ARRA wind energy project). The total amount paid to the councilman amounted to \$22,183 (reimbursed by ARRA funds).

An employee of CM Alternative Energies, Inc. (sub-contractor for the ARRA wind energy project) signed the "Buy America" certification for Central Texas Plastics, LLC. The total amount paid to Central Texas Plastics, LLC, amounted to \$994,009 (reimbursed by ARRA funds).

S. Subsequent Events

The City has evaluated subsequent events through June 18, 2012, the date which the financial statements were available to be issued.

There is an ongoing investigation regarding the ARRA SEP Wind Project grant funds expended during the year ended September 30, 2011. The possible outcome of this matter is uncertain at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JONESTOWN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,779,744	\$ 1,779,744	\$ 1,921,356	\$ 141,612
General Sales and Use Taxes	95,000	95,000	107,800	12,800
Franchise Tax	129,500	115,500	123,390	7,890
Other Taxes	500	500	1,231	731
Penalty and Interest on Taxes	10,000	10,000	44,379	34,379
Licenses and Permits	88,150	79,900	117,970	38,070
Charges for Services	56,700	77,120	54,365	(22,755)
Fines	61,870	63,800	57,705	(6,095)
Investment Earnings	2,000	2,000	3,296	1,296
Other Revenue	600	500	27,995	27,495
Total Revenues	2,224,064	2,224,064	2,459,487	235,423
EXPENDITURES:				
Current:				
General Government	364,685	360,850	301,572	59,278
Public Safety	659,344	677,217	663,848	13,369
Public Works	314,252	343,326	237,972	105,354
City Council	3,000	3,000	608	2,392
City Administrator	103,875	106,497	105,137	1,360
City Secretary	123,104	125,612	108,406	17,206
Municipal Court	66,649	67,744	62,687	5,057
Finance	90,405	92,438	85,983	6,455
Building Inspector and Code Enforcement	183,045	186,845	168,328	18,517
Culture and Recreation:				
Parks and Recreation	119,854	121,407	124,261	(2,854)
Libraries	113,371	120,682	115,849	4,833
Capital Outlay:				
Capital Outlay	32,800	24,000	20,594	3,406
Total Expenditures	2,174,384	2,229,618	1,995,245	234,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,680	(5,554)	464,242	469,796
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	(96,000)	(96,000)	(96,000)	-
Total Other Financing Sources (Uses)	(96,000)	(96,000)	(96,000)	-
Net Change	(46,320)	(101,554)	368,242	469,796
Fund Balance - October 1 (Beginning)	1,463,967	1,463,967	1,463,967	-
Fund Balance - September 30 (Ending)	\$ 1,417,647	\$ 1,362,413	\$ 1,832,209	\$ 469,796

CITY OF JONESTOWN, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2011

Budgetary Information - The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The General Fund is the only fund which has a legally adopted annual budget. Therefore, the budget comparison schedule does not include the Street Fund and the Parks Fund.

CITY OF JONESTOWN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Retirement System

Schedule of Funding Progress:

(unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2008	\$ 236,304	\$ 348,649	67.8%	\$ 112,345	\$ 920,644	12.2%
12/31/2009	\$ 331,085	\$ 512,629	64.6	\$ 181,544	\$ 1,001,250	18.1
12/31/2010 ¹	\$ 394,889	\$ 594,971	66.4	\$ 200,082	\$ 1,044,850	19.1
12/31/2010 ²	\$ 470,173	\$ 670,775	70.1	\$ 200,602	\$ 1,044,850	19.2

(1) Actuarial Valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

SUPPLEMENTARY INFORMATION

CITY OF JONESTOWN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

	Court Restricted Fund	Capital Metro Fund	Ione Jones Library Fund	Hotel/Motel Fund
ASSETS				
Cash and Cash Equivalents	\$ 48,744	\$ -	\$ 8,769	\$ 40,545
Taxes Receivable	-	-	-	-
Total Assets	<u>\$ 48,744</u>	<u>\$ -</u>	<u>\$ 8,769</u>	<u>\$ 40,545</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 428	\$ -	\$ -	\$ 2,862
Due to Others	-	-	285	-
Deferred Revenues	-	-	-	-
Total Liabilities	<u>428</u>	<u>-</u>	<u>285</u>	<u>2,862</u>
Fund Balances:				
Restricted Fund Balance:				
Restricted for Court	48,316	-	-	-
Restricted for Library	-	-	8,484	-
Restricted for Tourism	-	-	-	37,683
Capital Acquisition and Contractual Obligation	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>48,316</u>	<u>-</u>	<u>8,484</u>	<u>37,683</u>
Total Liabilities and Fund Balances	<u>\$ 48,744</u>	<u>\$ -</u>	<u>\$ 8,769</u>	<u>\$ 40,545</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JONESTOWN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Court Restricted Fund	Capital Metro Fund	Ione Jones Library Fund	Hotel/Motel Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	55,969
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	76,411	4,488	-
Charges for Services	2,528	-	-	3,168
Fines	3,839	-	-	-
Investment Earnings	-	-	-	-
Contributions & Donations from Private Sources	-	-	2,778	-
Total Revenues	<u>6,367</u>	<u>76,411</u>	<u>7,266</u>	<u>59,137</u>
EXPENDITURES:				
Current:				
Public Works:				
Highways and Streets	-	76,411	-	-
Municipal Court	6,754	-	-	-
Health and Welfare:				
Tourism	-	-	-	88,566
Culture and Recreation:				
Libraries	-	-	6,300	-
Debt Service:				
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>6,754</u>	<u>76,411</u>	<u>6,300</u>	<u>88,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(387)</u>	<u>-</u>	<u>966</u>	<u>(29,429)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(387)	-	966	(29,429)
Fund Balance - October 1 (Beginning)	<u>48,703</u>	<u>-</u>	<u>7,518</u>	<u>67,112</u>
Fund Balance - September 30 (Ending)	<u>\$ 48,316</u>	<u>\$ -</u>	<u>\$ 8,484</u>	<u>\$ 37,683</u>

The notes to the Financial Statements are an integral part of this statement.

Total Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 98,058	\$ 153,476	\$ 130,531	\$ 382,065
-	18,514	-	18,514
<u>\$ 98,058</u>	<u>\$ 171,990</u>	<u>\$ 130,531</u>	<u>\$ 400,579</u>
\$ 3,290	\$ -	\$ -	\$ 3,290
285	-	-	285
-	18,514	-	18,514
<u>3,575</u>	<u>18,514</u>	<u>-</u>	<u>22,089</u>
48,316	-	-	48,316
8,484	-	-	8,484
37,683	-	-	37,683
-	-	130,531	130,531
-	153,476	-	153,476
<u>94,483</u>	<u>153,476</u>	<u>130,531</u>	<u>378,490</u>
<u>\$ 98,058</u>	<u>\$ 171,990</u>	<u>\$ 130,531</u>	<u>\$ 400,579</u>

Nonmajor Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 265,937	\$ -	\$ 265,937
55,969	-	-	55,969
-	1,201	-	1,201
80,899	-	-	80,899
5,696	-	-	5,696
3,839	-	-	3,839
-	14	-	14
2,778	-	-	2,778
<u>149,181</u>	<u>267,152</u>	<u>-</u>	<u>416,333</u>
76,411	-	-	76,411
6,754	-	-	6,754
88,566	-	-	88,566
6,300	-	-	6,300
-	133,258	-	133,258
-	77,840	-	77,840
-	-	122,272	122,272
<u>178,031</u>	<u>211,098</u>	<u>122,272</u>	<u>511,401</u>
<u>(28,850)</u>	<u>56,054</u>	<u>(122,272)</u>	<u>(95,068)</u>
-	-	220	220
-	-	96,000	96,000
-	(54,800)	-	(54,800)
-	(54,800)	96,220	41,420
<u>(28,850)</u>	<u>1,254</u>	<u>(26,052)</u>	<u>(53,648)</u>
<u>123,333</u>	<u>152,222</u>	<u>156,583</u>	<u>432,138</u>
<u>\$ 94,483</u>	<u>\$ 153,476</u>	<u>\$ 130,531</u>	<u>\$ 378,490</u>