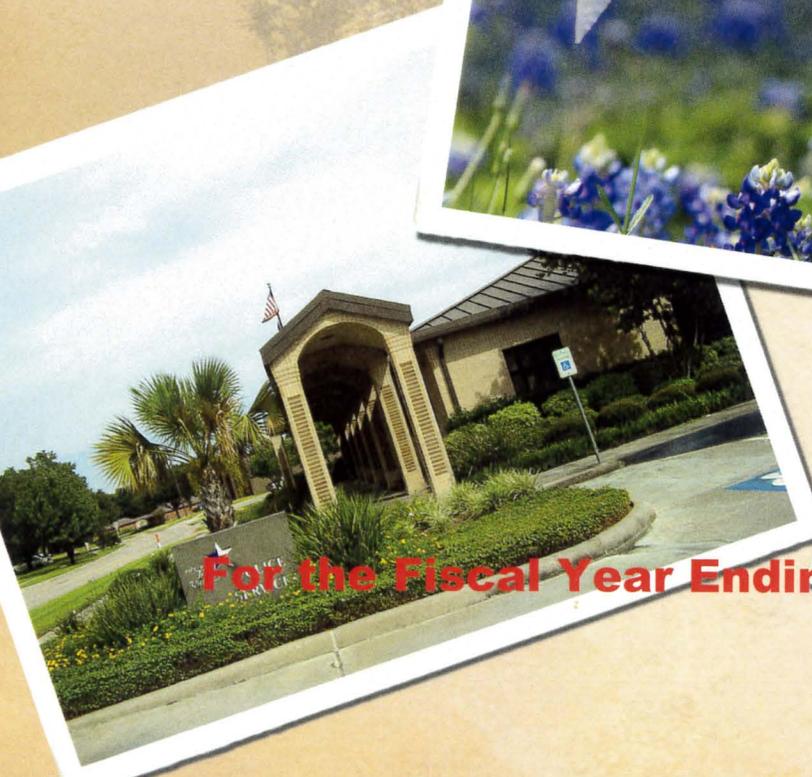




Jersey Village
Comprehensive Annual
Financial Report



For the Fiscal Year Ending September 30, 2017

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF JERSEY VILLAGE, TEXAS

For the Year Ended
September 30, 2017

Officials Issuing Report:

**Austin Bleess
City Manager**

**Isabel Kato
Finance Director**

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CITY OF JERSEY VILLAGE, TEXAS

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CITY OF JERSEY VILLAGE, TEXAS

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INTRODUCTORY SECTION



Jersey Village

Incorporated 1956

A Texas Star Community

March 26, 2018

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 Principles (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 (CAFR) of the City of Jersey Village for the fiscal year ending September 30, 2017.

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 necessary to enable the reader to gain an understanding of the City’s financial activities that have been included.

The City’s financial statements have been audited by Belt Harris Pechacek, LLLP, 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 ending September 30, 2017 are free from 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 auditors concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ending September 30, 2017 are fairly presented in conformity with GAAP. The independent auditors’ 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. The City of 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 to the following principles:

- **Fiscal Responsibility** – Continue fiscally sound local government practices through active budget controls and a focus on strategic planning within the community.
- **Public Safety** – Provide a safe and secure environment resulting from a partnership between Jersey Village residents and the Police and Fire 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.
- **Emergency Preparedness** – Our Emergency Management plan is complete and all essential City staff members are in compliance with National Incident Management System standards.
- **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 requirements of the community.

Profile of the Government

The City, which was formed in 1956, is located 15 miles northwest of downtown Houston. As of September 30, 2017, the City had a land area of 3.58 square miles and an estimated population of approximately 7,900. 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 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 in odd years and the three remaining members in the following even 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 (the “District”) 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 District 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 on May 20, 2013 on the continuance of the District, which resulted in an overwhelming support to maintain the District for an additional ten years.

Local Economy

Houston’s area unemployment rate fell from 5.3 percent in 2016 to 4.1 percent for 2017. The Houston-The Woodlands-Sugar Land metro area created 46,000 jobs in 2017, which is a significant improvement from 2016 when the region created only 18,700 jobs. As of late summer 2017, the construction sector was on path to lose more than 10,000 jobs but the post-Hurricane Harvey boom helped reverse that trend. Unemployment trends are as follows:

	2017	2016	2015
United States	4.2%	4.7%	5.0%
Texas	3.9%	4.6%	4.7%
Jersey Village	4.1%	5.3%	4.6%

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 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.

Major Initiatives

In August 2017, our region was impacted by Hurricane Harvey, which caused unprecedented and catastrophic flooding in southeastern Texas. Fortunately, the City’s damages were minimal during the storm. At this moment, the City plans to spur business activities and attract investment in the community with our Economic Development plan, specifically in the Jersey Crossing area. The City has done extensive work on a Market Feasibility Analysis for this area. In addition, the City is also willing to offer a mix of tax incentives to help with the development of this area.

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended September 30, 2016. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

This is the eighteenth consecutive year that the City has received this prestigious award. We believe our current CAFR 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 cursive script that reads "Isabel Kato". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Isabel Kato
Director of Finance

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2017

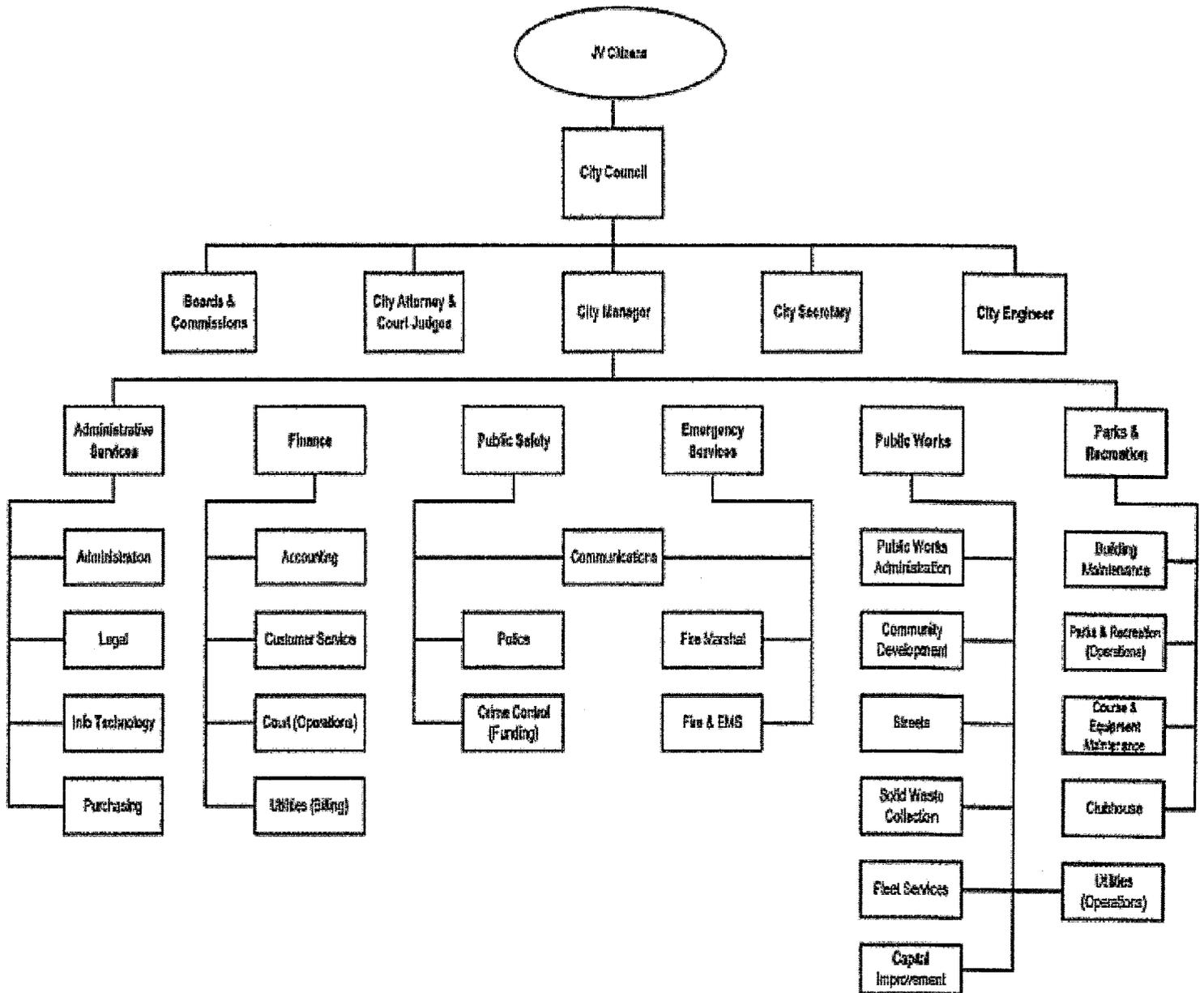
<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Justin Ray	Mayor	05/2019
Andrew Mitcham	Council Member	05/2018
Greg Holden	Council Member	05/2019
Bobby Warren	Council Member	05/2019
Sheri Sheppard	Council Member	05/2018
Gary Wubbenhorst	Council Member	05/2018

<u>Key Staff</u>	<u>Position</u>
Austin Bless	City Manager
Lorri Coody	City Secretary
Leah Hayes	City Attorney
Open Position	Parks and Recreation Director
Mark Bitz	Fire Chief
Isabel Kato	Finance Director
Charles E. Foerster	Police Chief
Kevin Hagerich	Director of Public Works

CITY OF JERSEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2017





Government Finance Officers Association

**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, 2016

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 26, 2018

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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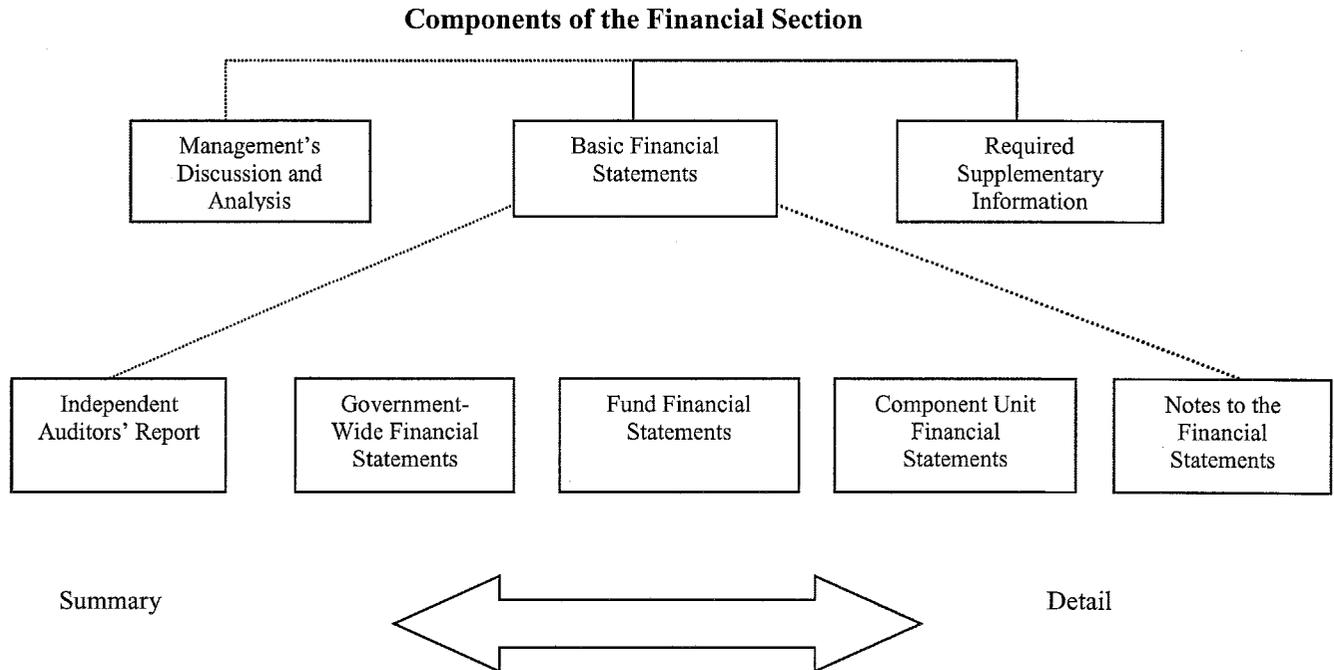
CITY OF JERSEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2017

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Jersey Village, Texas (the "City") for the year ending September 30, 2017. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including police and fire protection, municipal court, streets, drainage, leisure services, community development, and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and sewer services, as well as its golf course.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate crime control and prevention district for which the City is financially accountable. Financial information on the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

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 year. Such information may be useful in evaluating the City'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 City'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 seven 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 fund, debt service, and capital projects fund, which are considered to be major funds. Although the City's traffic safety fund did not technically meet the criteria to be presented as a major fund, the

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

City has elected to present the fund as a major fund. The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds: enterprise funds and internal service 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 services and the Jersey Meadow Municipal Golf Course. The proprietary fund financial statements provide separate information for the utility fund and the golf course fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for its equipment replacement program. This internal service fund has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and traffic safety fund and a schedule of changes in net pension liability and related ratios and a schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$81,788,958 as of September 30, 2017. The largest portion of the City's net position, 65 percent, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 assets themselves cannot be used to liquidate these liabilities.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 29,385,342	\$ 29,943,909	\$ 8,105,494	\$ 7,558,680	\$ 37,490,836	\$ 37,502,589
Capital assets, net	52,346,255	49,365,441	17,347,834	17,629,271	69,694,089	66,994,712
Total Assets	81,731,597	79,309,350	25,453,328	25,187,951	107,184,925	104,497,301
Deferred outflows - pensions	1,211,267	1,454,296	219,110	264,458	1,430,377	1,718,754
Deferred charge on refunding	556,333	622,384	-	-	556,333	622,384
Total Deferred Outflows of Resources	1,767,600	2,076,680	219,110	264,458	1,986,710	2,341,138
Long-term liabilities	24,838,044	26,691,264	754,383	745,485	25,592,427	27,436,749
Other liabilities	1,091,696	1,205,735	423,576	435,870	1,515,272	1,641,605
Total Liabilities	25,929,740	27,896,999	1,177,959	1,181,355	27,107,699	29,078,354
Deferred inflows - pensions	232,394	292,570	42,584	53,203	274,978	345,773
Total Deferred Inflows of Resources	232,394	292,570	42,584	53,203	274,978	345,773
Net Position:						
Net investment in capital						
assets	35,856,808	31,824,350	17,347,834	17,629,271	53,204,642	49,453,621
Restricted	2,549,847	2,830,414	-	-	2,549,847	2,830,414
Unrestricted	18,930,408	18,541,697	7,104,061	6,588,580	26,034,469	25,130,277
Total Net Position	\$ 57,337,063	\$ 53,196,461	\$ 24,451,895	\$ 24,217,851	\$ 81,788,958	\$ 77,414,312

A portion of the City's net position, \$2,549,847 or three percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$26,034,469 or 32 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$4,374,646 during the current fiscal year, an increase of six percent in comparison to the prior year. This increase is largely the result of the City keeping expenses lower than revenue to assign money for capital projects.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

Statement of Activities:

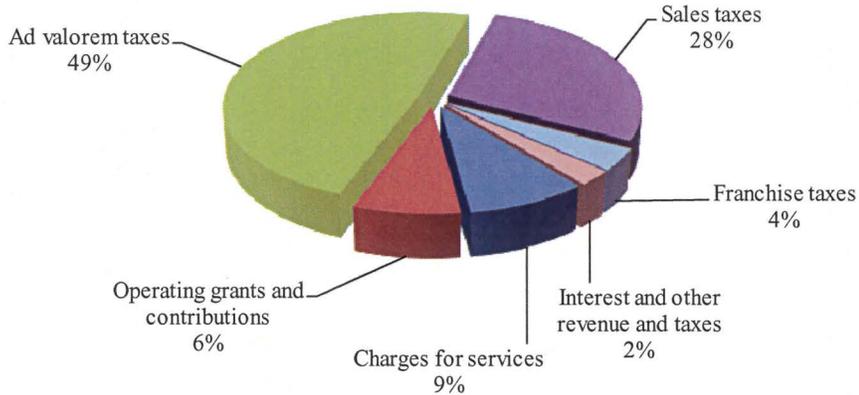
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 1,473,859	\$ 1,574,347	\$ 5,799,990	\$ 5,792,101	\$ 7,273,849	\$ 7,366,448
Operating grants and contributions	1,313,987	980,511	-	-	1,313,987	980,511
General revenues:						
Ad valorem taxes	8,047,479	8,216,808	-	-	8,047,479	8,216,808
Sales taxes	4,625,417	4,932,020	-	-	4,625,417	4,932,020
Franchise taxes	615,525	636,178	-	-	615,525	636,178
Other taxes	79,481	93,741	-	-	79,481	93,741
Investment earnings	185,333	76,726	36,434	15,285	221,767	92,011
Other revenues	156,624	168,790	-	-	156,624	168,790
Total Revenues	<u>16,497,705</u>	<u>16,679,121</u>	<u>5,836,424</u>	<u>5,807,386</u>	<u>22,334,129</u>	<u>22,486,507</u>
Expenses						
General government	3,683,493	1,529,880	-	-	3,683,493	1,529,880
Public safety	4,386,395	4,593,094	-	-	4,386,395	4,593,094
Public works	3,430,767	5,338,993	-	-	3,430,767	5,338,993
Parks and recreation	581,277	651,178	-	-	581,277	651,178
Interest and fiscal agent fees on long-term debt	491,413	648,442	-	-	491,413	648,442
Water and sewer systems	-	-	3,512,761	3,049,180	3,512,761	3,049,180
Golf course	-	-	1,873,377	1,743,055	1,873,377	1,743,055
Total Expenses	<u>12,573,345</u>	<u>12,761,587</u>	<u>5,386,138</u>	<u>4,792,235</u>	<u>17,959,483</u>	<u>17,553,822</u>
Increase in Net Position Before Transfers	3,924,360	3,917,534	450,286	1,015,151	4,374,646	4,932,685
Transfers	216,242	118,727	(216,242)	(118,727)	-	-
Change in Net Position	4,140,602	4,036,261	234,044	896,424	4,374,646	4,932,685
Beginning net position	53,196,461	49,160,200	24,217,851	23,321,427	77,414,312	72,481,627
Ending Net Position	<u>\$ 57,337,063</u>	<u>\$ 53,196,461</u>	<u>\$ 24,451,895</u>	<u>\$ 24,217,851</u>	<u>\$ 81,788,958</u>	<u>\$ 77,414,312</u>

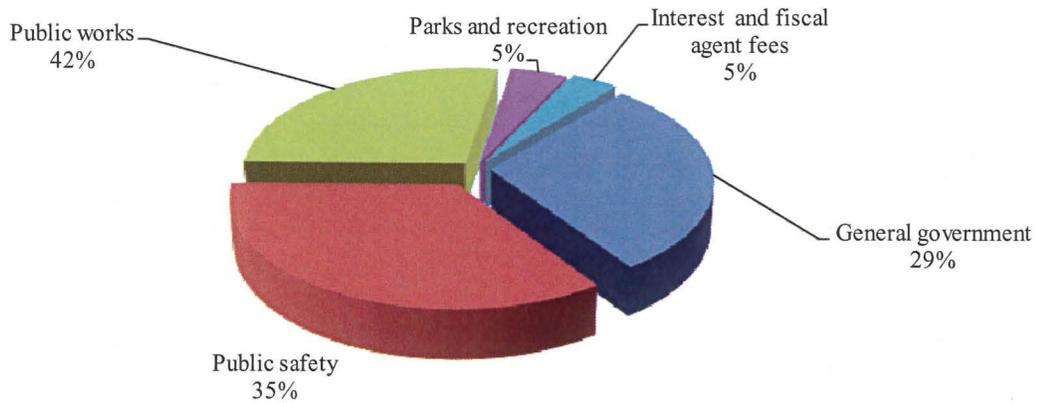
CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2017

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

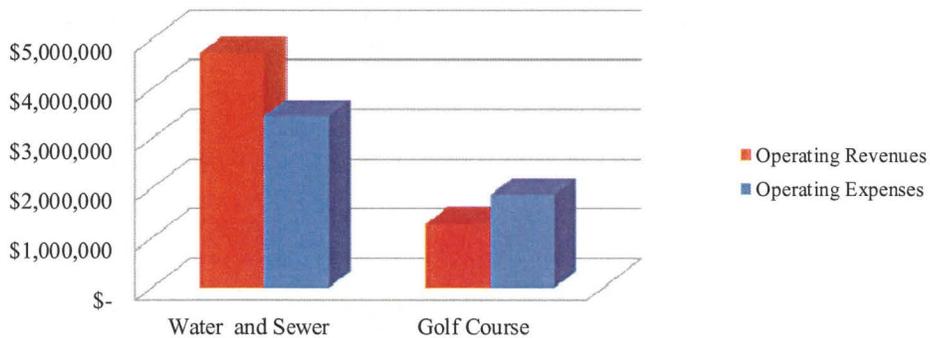
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

For the year ended September 30, 2017, revenues from governmental activities totaled \$16,497,705. Overall, governmental revenues increased from the prior year. The City's property tax revenue were comparable to prior year and decreased two percent. Operating grants and contributions increased 34 percent largely due to the City receiving a reimbursement from FEMA and the State of Texas. Sales tax revenues have increased throughout the years due to growth in economic development. Charges for services decreased two percent due to the removal of the red light's within the City for the Highway 290 construction.

For the year ended September 30, 2017, expenses for governmental activities totaled \$12,573,345, which is a slight decrease from the prior year due primarily to an overall decrease in construction-related expenses.

Operating revenues for business-type activities increased slightly from the prior year. Charges for services increased by \$7,889 from the prior year due to an increase in rates. Operating expenses for business-type activities increased by \$593,903 primarily due to an increase in flood control improvements.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$24,464,438. Of the total governmental fund balance, \$2,728 is nonspendable for prepaid items, \$6,219,795 is restricted for various purposes, \$966,776 is assigned by the City Council for capital projects, and \$17,275,139 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the general fund was \$17,275,139, while total fund balance reached \$17,354,845. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 153.4 percent of total general fund expenditures, while total fund balance represents 154.2 percent of that same amount. The general fund demonstrated an overall increase of \$2,847,397. This significant increase is due to the City's effort to save funds for emergency or to assign money for capital projects.

The debt service fund has a total fund balance of \$441,734, all of which is restricted for the payment of debt service. The net decrease in fund balance was \$14,304 due to slightly higher debt service payments than property tax revenues.

The capital projects fund balance decreased \$2,893,350 due to construction. Unspent bond proceeds in the amount of \$3,669,948 are restricted for capital outlay for the City's infrastructure. The remaining fund balance of \$966,776 is assigned for future capital projects.

The traffic safety fund experienced a decrease in fund balance of \$264,045 due to less revenue from fines.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$629,069 in the general fund. However, the net increase in fund balance was \$2,847,397, resulting in a positive variance of \$3,476,466 from the amended budget.

Actual general fund revenues exceeded original and amended revenues by \$2,002,848 during fiscal year 2017. This net positive variance includes the positive variances of \$123,813 for fine revenues, \$1,740,417 from sales tax revenue, and \$130,420 from other revenues.

Actual expenditures were less than budgeted amounts by \$1,473,618 for the fiscal year. The greatest positive variance was in general government as a result of less payroll-related and legal expenses than expected.

CAPITAL ASSETS

At the end of fiscal year 2017, the City's governmental activities funds had invested \$52,346,255 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$2,980,814.

Major capital asset events during the current year include the following:

- New land and infrastructure improvements in the amount of \$2,787,612
- Velocity Pumper Truck for the Fire Department of \$656,719
- Ford Ambulance in the amount of \$200,450
- New vehicles for the Police and Fire Departments of \$183,686

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total governmental activities long-term debt outstanding of \$19,885,000. Of this amount, \$13,320,000 was general obligation bonds and \$6,565,000 was certificates of obligation.

During the year, the City had an overall decrease in long-term debt of \$1,969,406.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

Current underlying ratings on debt issues are as follows.

	Moody's Investors Service	Standard and Poor's
Certificates of obligation	A3	AA
General obligation bonds	A2	AA+

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As the energy capital of the world and despite the challenges of 2016 due to the job losses in the energy industry, Houston still managed to have some job growth primarily in industries dependent on population growth mainly in public education, health care, leisure, and hospitality.

Revenues for fiscal year 2017-2018 are projected to stay flat in comparison to fiscal year 2016-2017. Expenses are projected to increase due to an aggressive Capital Improvement Plan for the City's infrastructure and the flood recovery plan with the purpose of reducing the impact of flooding in the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Isabel Kato, Finance Director, 16501 Jersey Drive, Jersey Village, TX, 77040; telephone 713-466-2104; or for general City information, visit the City's website at www.jerseyvillage.info.

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BASIC FINANCIAL STATEMENTS

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CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Jersey Village Crime Control and Prevention District
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 29,597,834	\$ 6,106,575	\$ 35,704,409	\$ 2,823,966
Receivables, net of allowances	1,173,096	441,409	1,614,505	235,142
Internal balances	(1,508,818)	1,508,818	-	-
Due from component unit	120,502	-	120,502	-
Inventory	-	48,692	48,692	-
Prepaid items	2,728	-	2,728	-
Capital assets:				
Nondepreciable capital assets	4,074,474	1,540,482	5,614,956	-
Depreciable capital assets, net	48,271,781	15,807,352	64,079,133	-
Total Assets	81,731,597	25,453,328	107,184,925	3,059,108
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pensions	1,211,267	219,110	1,430,377	-
Deferred charge on refunding	556,333	-	556,333	-
Total Deferred Outflows of Resources	1,767,600	219,110	1,986,710	-
<u>Liabilities</u>				
Accounts payable and accrued liabilities	1,071,164	286,915	1,358,079	-
Customer deposits	-	127,715	127,715	-
Due to primary government	-	-	-	120,502
Accrued bond interest	20,532	-	20,532	-
Unearned revenue	-	8,946	8,946	-
Noncurrent liabilities:				
Due within one year	2,291,169	80,545	2,371,714	-
Due in more than one year	18,831,413	8,949	18,840,362	-
Net pension liability	3,715,462	664,889	4,380,351	-
Total Liabilities	25,929,740	1,177,959	27,107,699	120,502
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	232,394	42,584	274,978	-
<u>Net Position</u>				
Net investment in capital assets	35,856,808	17,347,834	53,204,642	-
Restricted for:				
Public communications	61,194	-	61,194	-
Debt service	441,734	-	441,734	-
Park improvements	7,166	-	7,166	-
Tourism	681,462	-	681,462	-
Public safety	1,210,389	-	1,210,389	-
Court technology	147,902	-	147,902	-
Crime control	-	-	-	2,938,606
Unrestricted	18,930,408	7,104,061	26,034,469	-
Total Net Position	\$ 57,337,063	\$ 24,451,895	\$ 81,788,958	\$ 2,938,606

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Total	Jersey Village Crime Control and Prevention District
\$ (3,683,493)	\$ -	\$ (3,683,493)	\$ -
(1,883,840)	-	(1,883,840)	-
(3,430,767)	-	(3,430,767)	-
(295,986)	-	(295,986)	-
(491,413)	-	(491,413)	-
<u>(9,785,499)</u>	<u>-</u>	<u>(9,785,499)</u>	<u>-</u>
-	1,005,946	1,005,946	-
-	(592,094)	(592,094)	-
<u>-</u>	<u>413,852</u>	<u>413,852</u>	<u>-</u>
<u>(9,785,499)</u>	<u>413,852</u>	<u>(9,371,647)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,168,930)</u>
8,047,479	-	8,047,479	-
4,625,417	-	4,625,417	1,506,692
615,525	-	615,525	-
79,481	-	79,481	-
185,333	36,434	221,767	18,498
156,624	-	156,624	-
216,242	(216,242)	-	-
<u>13,926,101</u>	<u>(179,808)</u>	<u>13,746,293</u>	<u>1,525,190</u>
4,140,602	234,044	4,374,646	356,260
<u>53,196,461</u>	<u>24,217,851</u>	<u>77,414,312</u>	<u>2,582,346</u>
<u>\$ 57,337,063</u>	<u>\$ 24,451,895</u>	<u>\$ 81,788,958</u>	<u>\$ 2,938,606</u>

CITY OF JERSEY VILLAGE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	General	Debt Service	Capital Projects	Traffic Safety
Assets				
Cash and equity in pooled cash and investments	\$ 17,684,427	\$ 440,150	\$ 4,645,801	\$ 1,132,501
Receivables, net	1,098,544	63,234	-	-
Prepaid items	259	-	-	-
Due from other funds	258	1,585	-	-
Due from component unit	85,495	-	-	-
Total Assets	\$ 18,868,983	\$ 504,969	\$ 4,645,801	\$ 1,132,501
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,001,116	\$ -	\$ 9,077	\$ 1,457
Due to other funds	40,597	-	-	-
Total Liabilities	1,041,713	-	9,077	1,457
Deferred Inflows of Resources				
Unavailable revenue - ambulance	115,997	-	-	-
Unavailable revenue - property taxes	356,428	63,235	-	-
Total Deferred Inflows of Resources	472,425	63,235	-	-
Fund Balances:				
Nonspendable	259	-	-	-
Restricted:				
Debt service	-	441,734	-	-
Public communications	61,194	-	-	-
Park improvements	7,166	-	-	-
Tourism	-	-	-	-
Public safety	11,087	-	-	1,131,044
Court technology and security	-	-	-	-
Capital projects	-	-	3,669,948	-
Assigned:				
Capital projects	-	-	966,776	-
Unassigned	17,275,139	-	-	-
Total Fund Balances	17,354,845	441,734	4,636,724	1,131,044
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,868,983	\$ 504,969	\$ 4,645,801	\$ 1,132,501

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 847,556	\$ 24,750,435
11,318	1,173,096
2,469	2,728
39,012	40,855
-	85,495
<u>\$ 900,355</u>	<u>\$ 26,052,609</u>

\$ 264	\$ 1,011,914
-	40,597
<u>264</u>	<u>1,052,511</u>

-	115,997
-	419,663
<u>-</u>	<u>535,660</u>

2,469	2,728
-	441,734
-	61,194
-	7,166
681,462	681,462
68,258	1,210,389
147,902	147,902
-	3,669,948
-	966,776
-	17,275,139
<u>900,091</u>	<u>24,464,438</u>
<u>\$ 900,355</u>	<u>\$ 26,052,609</u>

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CITY OF JERSEY VILLAGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2017

Total fund balances for governmental funds	\$	24,464,438
Amounts reported for governmental activities in the Statement of Net Position are different, because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, nondepreciable		4,074,474
Capital assets, net depreciable		46,030,522
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		535,660
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		
Current assets and liabilities, net of due to enterprise funds		3,314,080
Capital assets, net depreciable		2,241,259
Deferred outflows and deferred inflows related to the net pension liability are not reported in the governmental funds.		
Deferred outflows		1,211,267
Deferred inflows		(232,394)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(20,532)
Net pension liability		(3,715,462)
Noncurrent liabilities due in one year		(2,291,169)
Noncurrent liabilities due in more than one year		(18,831,413)
Deferred charge on refunding		556,333
Net Position of Governmental Activities	\$	<u>57,337,063</u>

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2017

	General	Debt Service	Capital Projects	Traffic Safety
Revenues				
Ad valorem taxes	\$ 5,761,307	\$ 2,286,236	\$ -	\$ -
Sales taxes	4,625,417	-	-	-
Franchise taxes	615,525	-	-	-
Other taxes	-	-	-	-
Permits, licenses, and fees	180,908	-	-	-
Fines and forfeitures	961,513	-	-	1,125
Charges for services	259,218	-	-	-
Intergovernmental	1,285,428	-	28,559	-
Investment earnings	125,703	3,825	21,091	-
Other revenue	150,420	-	-	-
Total Revenues	13,965,439	2,290,061	49,650	1,125
Expenditures				
Current:				
General government	3,496,524	-	-	-
Public safety	4,481,338	-	-	265,170
Public works	2,725,902	-	2,943,000	-
Parks and recreation	554,607	-	-	-
Debt Service:				
Principal	-	1,875,000	-	-
Interest and fiscal agent fees	-	521,778	-	-
Total Expenditures	11,258,371	2,396,778	2,943,000	265,170
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,707,068	(106,717)	(2,893,350)	(264,045)
Other Financing Sources (Uses)				
Transfers in	486,500	92,413	-	-
Transfers (out)	(346,171)	-	-	-
Total Other Financing Sources (Uses)	140,329	92,413	-	-
Net Change in Fund Balances	2,847,397	(14,304)	(2,893,350)	(264,045)
Beginning fund balances	14,507,448	456,038	7,530,074	1,395,089
Ending Fund Balances	\$ 17,354,845	\$ 441,734	\$ 4,636,724	\$ 1,131,044

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 8,047,543
-	4,625,417
-	615,525
79,481	79,481
-	180,908
45,022	1,007,660
-	259,218
-	1,313,987
4,420	155,039
6,204	156,624
<u>135,127</u>	<u>16,441,402</u>
56,856	3,553,380
82,656	4,829,164
-	5,668,902
-	554,607
-	1,875,000
-	521,778
<u>139,512</u>	<u>17,002,831</u>
<u>(4,385)</u>	<u>(561,429)</u>
-	578,913
<u>(16,500)</u>	<u>(362,671)</u>
<u>(16,500)</u>	<u>216,242</u>
(20,885)	(345,187)
<u>920,976</u>	<u>24,809,625</u>
<u>\$ 900,091</u>	<u>\$ 24,464,438</u>

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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
For the Year Ended September 30, 2017

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

Net changes in fund balances - total governmental funds	\$ (345,187)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital asset expenditures	4,642,836
Depreciation expense	(1,662,022)
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Principal payments	1,875,000
Amortization of premiums, discounts, and deferred charges	28,355
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.	26,009
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(77,442)
Pension activity reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported in the governmental funds.	
Pension obligation	(36,734)
Deferred outflows - pensions	(243,029)
Deferred inflows - pensions	60,176
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities.	(127,360)
Change in Net Position of Governmental Activities	<u>\$ 4,140,602</u>

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total Enterprise Funds	
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 5,355,491	\$ 751,084	\$ 6,106,575	\$ 4,847,399
Accounts receivable, net	441,409	-	441,409	-
Inventory	-	48,692	48,692	-
Due from component unit	-	-	-	35,007
Total Current Assets	5,796,900	799,776	6,596,676	4,882,406
Noncurrent assets:				
Capital assets:				
Land	445,240	915,000	1,360,240	-
Construction in process	180,242	-	180,242	-
Buildings and improvements	810,754	6,274,848	7,085,602	-
Furniture and equipment	1,807,893	678,769	2,486,662	9,207,527
Water and sewer system	20,230,394	-	20,230,394	-
Less: accumulated depreciation	(8,165,792)	(5,829,514)	(13,995,306)	(6,966,268)
Total Capital Assets (Net)	15,308,731	2,039,103	17,347,834	2,241,259
Total Noncurrent Assets	15,308,731	2,039,103	17,347,834	2,241,259
Total Assets	21,105,631	2,838,879	23,944,510	7,123,665
Deferred Outflows of Resources				
Deferred outflows - pensions	219,110	-	219,110	-
Total Deferred Outflows of Resources	219,110	-	219,110	-

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 195,398	\$ 91,517	\$ 286,915	\$ 59,250
Customer deposits	127,346	369	127,715	-
Compensated absences	37,808	42,737	80,545	-
Unearned revenue	-	8,946	8,946	-
Due to other funds	258	-	258	-
	Total Current Liabilities	143,569	504,379	59,250
Noncurrent liabilities:				
Compensated absences	4,201	4,748	8,949	-
Net pension liability	664,889	-	664,889	-
	Total Noncurrent Liabilities	4,748	673,838	-
	Total Liabilities	148,317	1,178,217	59,250
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	42,584	-	42,584	-
	Total Deferred Inflows of Resources	-	42,584	-
<u>Net Position</u>				
Net investment in capital assets	15,308,731	2,039,103	17,347,834	2,241,259
Unrestricted	4,943,526	651,459	5,594,985	4,823,156
	Total Net Position	2,690,562	22,942,819	7,064,415
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			1,509,076	
Total Net Position per Government-Wide Financial Statements.			\$ 24,451,895	

See Notes to Financial Statements.

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CITY OF JERSEY VILLAGE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water and Sewer</u>	<u>Golf Course</u>	<u>Total Enterprise Funds</u>	
<u>Operating Revenues</u>				
Charges for sales and services	\$ 4,440,197	\$ 1,258,820	\$ 5,699,017	\$ 990,054
Insurance proceeds	-	-	-	18,275
Other revenues	78,510	22,463	100,973	190,007
Total Operating Revenues	<u>4,518,707</u>	<u>1,281,283</u>	<u>5,799,990</u>	<u>1,198,336</u>
<u>Operating Expenses</u>				
Costs of sales and services	2,333,049	645,944	2,978,993	131,095
Personnel	641,450	892,615	1,534,065	-
Depreciation	479,210	334,818	814,028	634,367
Total Operating Expenses	<u>3,453,709</u>	<u>1,873,377</u>	<u>5,327,086</u>	<u>765,462</u>
Operating Income (Loss)	<u>1,064,998</u>	<u>(592,094)</u>	<u>472,904</u>	<u>432,874</u>
<u>Nonoperating Revenues</u>				
Investment earnings	32,910	3,524	36,434	30,294
Total Nonoperating Revenues	<u>32,910</u>	<u>3,524</u>	<u>36,434</u>	<u>30,294</u>
Income (Loss) Before Transfers	1,097,908	(588,570)	509,338	463,168
Transfers in	-	346,171	346,171	-
Transfers (out)	(562,413)	-	(562,413)	-
Change in Net Position	535,495	(242,399)	293,096	463,168
Beginning net position	19,716,762	2,932,961		6,601,247
Ending Net Position	<u>\$ 20,252,257</u>	<u>\$ 2,690,562</u>		<u>\$ 7,064,415</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(59,052)	
Change in Net Position of Business-Type Activities			<u>\$ 234,044</u>	

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total Enterprise Funds	
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 4,477,944	\$ 1,284,363	\$ 5,762,307	\$ 1,163,329
Payments to suppliers	(2,351,452)	(647,300)	(2,998,752)	(114,446)
Payments to employees	(592,904)	(893,830)	(1,486,734)	-
Net Cash Provided (Used) by Operating Activities	1,533,588	(256,767)	1,276,821	1,048,883
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfer to other funds	(562,413)	346,171	(216,242)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(562,413)	346,171	(216,242)	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(468,415)	(64,176)	(532,591)	(1,283,947)
Net Cash (Used) by Capital and Related Financing Activities	(468,415)	(64,176)	(532,591)	(1,283,947)
<u>Cash Flows from Investing Activities</u>				
Interest received	32,910	3,524	36,434	30,294
Net Cash Provided by Investing Activities	32,910	3,524	36,434	30,294
Net Increase (Decrease) in Cash and Cash Equivalents	535,670	28,752	564,422	(204,770)
Beginning cash and cash equivalents	4,819,821	722,332	5,542,153	5,052,169
Ending Cash and Cash Equivalents	\$ 5,355,491	\$ 751,084	\$ 6,106,575	\$ 4,847,399

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Golf Course</u>	<u>Total Enterprise Funds</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,064,998	\$ (592,094)	\$ 472,904	\$ 432,874
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	479,210	334,818	814,028	634,367
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(40,763)	(939)	(41,702)	-
Deferred outflows - pensions	45,348	-	45,348	-
Due from component unit	-	-	-	(35,007)
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	(18,661)	(1,356)	(20,017)	16,649
Customer deposits	3,704	-	3,704	-
Compensated absences	3,630	(1,215)	2,415	-
Net pension liability	6,483	-	6,483	-
Deferred inflows - pensions	(10,619)	4,019	(6,600)	-
Due to other funds	258	-	258	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,533,588</u>	<u>\$ (256,767)</u>	<u>\$ 1,276,821</u>	<u>\$ 1,048,883</u>

See Notes to Financial Statements.

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CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Jersey Village, Texas (the “City”) was incorporated in 1956. The City has operated since 1986 under a “Home Rule Charter”, which provides for a Council-Manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services, municipal court, parks and recreation services, streets, drainage, water and sewer services, solid waste collection and disposal, community development, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The Jersey Village Crime Control and Prevention District, although legally separate, is considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

Discretely Presented Component Unit

Jersey Village Crime Control and Prevention District

The Jersey Village Crime Control and Prevention District (the “District”) has been included in the reporting entity as a discretely presented component unit. The District is a not-for-profit entity created to provide additional crime control and prevention to the City. The District’s Board of Directors is appointed by and serves at the discretion of City Council. The City has the ability to impose its will on the District because it may remove appointed members at will and it must approve the District’s budget and any necessary budget amendments. The District’s operations are reported in a single governmental fund. The District does not issue separate financial statements, as the financial activity reported at the government-wide level is the same as the fund level. A sales and use tax of one half of one percent is levied to fund the District’s budget.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. 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 to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, public health, and parks and recreation. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The nonmajor special revenue funds include the hotel occupancy tax, asset forfeiture, and court security and technology fees funds. The traffic safety fund is considered a nonmajor fund but is included as a major fund for reporting purposes due to its significant cash balance.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The *capital projects fund* is used to account for the expenditures of resources accumulated from the sale of bonds and related interests earnings for capital improvements. The capital projects fund is considered a major fund for reporting purposes.

The City reports the following enterprise funds:

The *utility enterprise fund* is used to account for the operations that provide water and wastewater collection, and wastewater treatment operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and sewer fund is considered a major fund for reporting purposes.

The *golf course fund* is used to account for the operations of the City's municipal golf course. This fund follows the same basis of accounting as the utility enterprise fund and is also considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The capital replacement fund is used to account for vehicle and equipment replacement.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools (TexPool), and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash and investments account. Each fund whose monies are deposited in the pooled cash and investment account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest-bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash and investments."

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Money market mutual funds that meet certain criteria
- Collateralized certificates of deposit and share certificates
- Statewide investment pools

3. Inventories and Prepaid Items

Inventories are valued at cost using the first in/first out (FIFO) method in the proprietary funds. 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.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 years
Improvements	20 years
Equipment	5 to 20 years
Water and sewer system	40 years
Infrastructure	75 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the City's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from ambulance fees and property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it when it matures or becomes due. The general fund, water and sewer fund, and golf course fund are used to liquidate the liability for compensated absences. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations. 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.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types 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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

In the fund financial statements, governmental fund types recognize 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.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund. Though a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements, as they are expected to be paid from debt service tax revenues instead of water system revenues.

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. 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 the employees who elect coverage under COBRA, and the City incurs no direct costs.

12. Estimates

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

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and internal service fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget as defined by the charter is the department level in the general fund and all others are the fund level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2017. An annual budget is adopted for the discretely presented component unit, the Jersey Village Crime Control and Prevention District. The hotel occupancy tax fund, court security and technology fee fund, and asset forfeiture fund are all special revenue funds that have adopted budgets.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 33,580,782	-
Total Fair Value	\$ 33,580,782	
Portfolio weighted average maturity		-

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. State law and the City's investment policy limit investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent. Further, commercial paper must be rated not less than "A-1" or "P-1" or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2017, the City's investments in TexPool were rated "AAAm" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

deposit at the depository bank to be collateralized by securities. As of September 30, 2017, the City's deposits were fully covered under the FDIC.

Custodial credit risk – investments. For an investment, 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. The City's investment policy requires that it will seek to keep safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within the investment pool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the TexPool's liquidity.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>
Ad valorem taxes	\$ 765,252	\$ 64,525	\$ -
Other taxes	135,473	-	-
Intergovernmental	1,447	-	-
Other	551,005	-	11,318
Less allowance	(354,634)	(1,290)	-
Total	\$ 1,098,543	\$ 63,235	\$ 11,318

	<u>Water and Sewer</u>	<u>Component Unit</u>
Other taxes	\$ -	\$ 235,142
Accounts	594,066	-
Less allowance	(152,657)	-
Total	\$ 441,409	\$ 235,142

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

C. Capital Assets

All capital assets constructed or paid for with funds of the component unit are titled in the City's name. Accordingly, component unit capital assets and construction in progress are recorded in the governmental activities totals.

A summary of changes in capital assets for governmental activities for the year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,293,046	\$ 174,836	\$ -	\$ 3,467,882
Construction in progress	3,408,662	-	(2,802,070)	606,592
Total capital assets not being depreciated	6,701,708	174,836	(2,802,070)	4,074,474
Other capital assets:				
Buildings and improvements	8,580,097	377,320	-	8,957,417
Machinery and equipment	10,244,569	1,477,905	-	11,722,474
Infrastructure	45,040,743	5,414,845	-	50,455,588
Total other capital assets	63,865,409	7,270,070	-	71,135,479
Less accumulated depreciation for:				
Buildings and improvements	(3,747,089)	(242,384)	-	(3,989,473)
Machinery and equipment	(8,436,116)	(744,299)	-	(9,180,415)
Infrastructure	(9,018,471)	(675,339)	-	(9,693,810)
Total accumulated depreciation	(21,201,676)	(1,662,022)	-	(22,863,698)
Other capital assets, net	42,663,733	5,608,048	-	48,271,781
Governmental Activities Capital Assets, Net	\$ 49,365,441	\$ 5,782,884	\$ (2,802,070)	52,346,255
			Plus deferred charge on refunding	556,333
			Plus unspent bond proceeds	3,669,948
			Less associated debt	(20,715,728)
			Net Investment in Capital Assets	\$ 35,856,808

Depreciation was charged to governmental functions as follows:

General government	\$ 51,514
Public safety	169,648
Public works	739,749
Parks and recreation	66,744
Capital assets held by the City's internal service fund are charged to various functions based on their usage of the assets	634,367
Total Governmental Activities Depreciation Expense	\$ 1,662,022

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Construction in progress and remaining commitments under related construction contracts for general government construction projects at year end were as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Stormwater Detention Basin	\$ 500,000	\$ 500,000	\$ -
290 Expansion	1,538,539	106,592	1,431,947
Elwood Drive Project	219,391	-	219,391
Total	\$ 2,257,930	\$ 606,592	\$ 1,651,338

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2017:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,360,240	\$ -	\$ -	\$ 1,360,240
Construction in progress	721,382	5,000	(546,140)	180,242
Total capital assets not being depreciated	2,081,622	5,000	(546,140)	1,540,482
Other capital assets:				
Buildings	6,859,777	225,825	-	7,085,602
Water and sewer system	19,684,254	546,140	-	20,230,394
Machinery and equipment	2,184,896	301,766	-	2,486,662
Total other capital assets	28,728,927	1,073,731	-	29,802,658
Less accumulated depreciation for:				
Buildings	(5,018,142)	(374,144)	-	(5,392,286)
Water and sewer system	(7,071,776)	(314,940)	-	(7,386,716)
Machinery and equipment	(1,091,360)	(124,944)	-	(1,216,304)
Total accumulated depreciation	(13,181,278)	(814,028)	-	(13,995,306)
Other capital assets, net	15,547,649	259,703	-	15,807,352
Business-Type Activities				
Capital Assets, Net	\$ 17,629,271	\$ 264,703	\$ (546,140)	\$ 17,347,834

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 479,210
Golf course	334,818
Total Business-Type Activities Depreciation Expense	\$ 814,028

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Construction in progress and remaining commitments under related construction contracts for enterprise fund projects at year end were as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Scada Project	\$ 187,570	\$ 180,242	\$ 7,328

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 14,440,000	\$ -	\$ 1,120,000	\$ 13,320,000	* \$ 1,145,000
Certificates of obligation	7,320,000	-	755,000	6,565,000	* 780,000
Premium on bonds	925,134	-	94,406	830,728	* -
	22,685,134	-	1,969,406	20,715,728	1,925,000
Other liabilities:					
Net pension liability	3,678,728	36,734	-	3,715,462	-
Compensated absences	327,402	119,906	40,454	406,854	366,169
	3,678,728	119,906	40,454	4,122,316	366,169
Total Governmental Activities	\$ 26,691,264	\$ 156,640	\$ 2,009,860	\$ 24,838,044	\$ 2,291,169

Long-term debt due in more than one year \$ 22,546,875

*Debt associated with governmental activity capital assets \$ 20,715,728

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Net pension liability	\$ 658,406	\$ 6,483	\$ -	\$ 664,889	\$ -
Compensated absences	87,080	10,302	8,370	89,012	80,545
	745,486	16,785	8,370	753,901	80,545
Total Business-Type Activities	\$ 745,486	\$ 16,785	\$ 8,370	\$ 753,901	\$ 80,545

Long-term debt due in more than one year \$ 673,356

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2007	4.25-6.25%	\$ 305,000
Series 2012	2.00-4.00%	6,305,000
Series 2016	2.00-3.00%	6,710,000
Total General Obligation Bonds		13,320,000
 Certificates of Obligation		
Series 2015	5.00-7.00%	6,565,000
Total Certificates of Obligation		6,565,000
Total Governmental Activities Long-Term Debt		\$ 19,885,000

The annual requirements to amortize bond and certificate debt issues outstanding at year end were as follows:

Year Ending Sep. 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,925,000	\$ 473,422	\$ 2,398,422
2019	1,970,000	432,420	2,402,420
2020	2,015,000	389,690	2,404,690
2021	2,060,000	341,410	2,401,410
2022	2,110,000	290,220	2,400,220
2023-2027	9,805,000	634,935	10,439,935
Total	\$ 19,885,000	\$ 2,562,097	\$ 22,447,097

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities (streets, drainage, public safety, water, and wastewater) and equipment for general government and enterprise fund activities. These instruments include general obligation bonds and certificates of obligation. Future ad valorem tax revenues, water and sewer system revenues, or liens on property and equipment secure these debt obligations.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds is from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the City. The City

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

E. Interfund Transactions

The composition of interfund balances as of year end was as follows:

Receivable Fund	Payable Fund	Amounts
General	Water and sewer	\$ 258
Debt service	General	1,585
Nonmajor	General	39,012
	Total	\$ 40,855

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

Transfers between the primary government funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General	Water and sewer	\$ 470,000
General	Nonmajor	16,500
Debt service	Water and sewer	92,413
Golf course	General	346,171
	Total	\$ 925,084

Transfers to the general fund from the water and sewer fund were subsidies for administrative expenditures. Transfers to the capital projects fund from the general fund were for capital projects. Other amounts transferred between funds related to amounts collected by the nonmajor governmental funds for various governmental expenditures.

F. Fund Equity

As of September 30, 2017, \$900,091 of the City’s total fund balance is restricted by enabling legislation.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League’s Intergovernmental Risk Pools (the “Pool”). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

B. Contingent Liabilities

Amounts received or receivable from granting 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. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

Texas Municipal Retirement System

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

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:

	2017	2016
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	49	
Inactive employees entitled to, but not yet receiving, benefits	76	
Active employees	94	
Total	219	

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.98 percent and 15.23 percent in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$754,213, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
Total	100.00%	

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 872,680	\$ -	\$ 872,680
Interest	1,410,647	-	1,410,647
Change in current period benefits	-	-	-
Difference between expected and actual experience	(59,041)	-	(59,041)
Changes in assumptions	-	-	-
Contributions - employer	-	730,340	(730,340)
Contributions - employee	-	343,575	(343,575)
Net investment income	-	1,120,508	(1,120,508)
Benefit payments, including refunds of employee contributions	(949,496)	(949,496)	-
Administrative expense	-	(12,670)	12,670
Other changes	-	(685)	685
Net Changes	1,274,790	1,231,573	43,217
Balance at December 31, 2015	20,936,882	16,599,748	4,337,134
Balance at December 31, 2016	\$ 22,211,672	\$ 17,831,321	\$ 4,380,351

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	<u>\$ 7,699,388</u>	<u>\$ 4,380,351</u>	<u>\$ 1,698,187</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$376,999.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 274,978
Changes in actuarial assumptions	106,795	-
Difference between projected and actual investment earnings	758,983	-
Contributions subsequent to the measurement date	564,599	-
Total	\$ 1,430,377	\$ 274,978

\$564,599 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Pension Expense
2017	\$ 182,388
2018	193,028
2019	219,888
2020	(4,504)
2021	-
Thereafter	-
Total	\$ 590,800

D. Other Post Employment Benefits

TMRS Supplemental Death Benefit Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. For the year ended September 30, 2017, the City offered the supplemental death benefit to both active and retired employees.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF, for the fiscal years ended September 30, 2017, 2016, and 2015 were \$1,485, \$1,349, and \$940, respectively. The City's contribution rates for the past three years are shown below:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.02%
Actual Contribution Made	0.03%	0.03%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Economic Agreement

Chapter 380 Economic Development Program Agreement

On June 2, 2015, the City entered into a chapter 380 economic development program agreement with Southwest Developers, LLC. (the "Developer"). Chapter 380 of the Texas Local Government Code provides statutory authority establishing and administering the Economic Development Program (the "Program"), including making loans and grants of money. The City administers a program of grants including to the Developer for a limited time in amounts equal to a portion of City sales tax relating to certain property that would promote local economic development and stimulate business and commercial activity within the City. The Developer will provide development services for the City including finding a suitable third party to locate a retail sales center (the "Retail Sales Center") in the City and assistance with identifying a location for the Retail Sales Center, and has applied to the City under its Program for financial assistance to locate such Retail Sales Center in the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Taxes:				
Ad valorem	\$ 5,927,843	\$ 5,927,843	\$ 5,761,307	\$ (166,536)
Sales	2,885,000	2,885,000	4,625,417	1,740,417
Franchise	600,000	600,000	615,525	15,525
Permits, licenses, and fees	103,700	103,700	180,908	77,208
Charges for services	368,950	368,950	259,218	(109,732)
Fines	837,700	837,700	961,513	123,813
Investment earnings	45,000	45,000	125,703	80,703
Intergovernmental	1,091,898	1,174,398	1,285,428	111,030
Other revenues	20,000	20,000	150,420	130,420
Total Revenues	11,880,091	11,962,591	13,965,439	2,002,848
<u>Expenditures</u>				
General government:				
Administration	645,950	725,900	535,090	190,810
Legal	248,300	2,058,300	1,741,485	316,815
Information technology	468,225	468,225	434,105	34,120
Purchasing	21,000	21,000	17,727	3,273
Finance	301,650	301,650	288,479	13,171
Customer service	143,200	143,200	129,256	13,944
Court	372,239	372,239	350,382	21,857
Total General Government	2,200,564	4,090,514	3,496,524	593,990
Public safety:				
Police	2,484,926	2,509,676	2,286,901	222,775
Dispatch	729,594	737,784	624,994	112,790
Fire	1,614,972	1,614,972	1,569,443	45,529
Total Public Safety	4,829,492	4,862,432	4,481,338	381,094
Public works:				
Public works administration	224,850	224,850	220,717	4,133
Community development	448,675	448,675	418,201	30,474
Streets	1,146,746	1,172,246	954,853	217,393
Building and grounds	363,650	363,650	357,472	6,178
Sanitation	426,061	426,061	398,573	27,488
Fleet services	380,860	400,860	376,086	24,774
Total Public Works	2,990,842	3,036,342	2,725,902	310,440
Parks and recreation	742,701	742,701	554,607	188,094
Total Expenditures	10,763,599	12,731,989	11,258,371	1,473,618
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,116,492	(769,398)	2,707,068	3,476,466

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2017

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 486,500	\$ 486,500	\$ 486,500	\$ -
Transfers (out)	(346,171)	(346,171)	(346,171)	-
Total Other Financing Sources	<u>140,329</u>	<u>140,329</u>	<u>140,329</u>	-
Net Change in Fund Balance	<u>\$ 1,256,821</u>	<u>\$ (629,069)</u>	2,847,397	<u>\$ 3,476,466</u>
Beginning fund balance			<u>14,507,448</u>	
Ending Fund Balance			<u>\$ 17,354,845</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC SAFETY FUND

For the Year Ended September 30, 2017

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines	\$ 4,525	\$ 1,125	\$ (3,400)
Total Revenues	4,525	1,125	(3,400)
<u>Expenditures</u>			
Public safety	292,091	265,170	26,921
Total Expenditures	292,091	265,170	26,921
Net Change in Fund Balance	\$ (287,566)	(264,045)	\$ 23,521
Beginning fund balance		1,395,089	
Ending Fund Balance		\$ 1,131,044	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2017

	Measurement Year*		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 872,680	\$ 850,095	\$ 812,970
Interest (on the total pension liability)	1,410,647	1,369,339	1,315,698
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(59,041)	(105,426)	(448,345)
Change of assumptions	-	198,859	-
Benefit payments, including refunds of employee contributions	(949,496)	(1,025,857)	(839,314)
Net Change in Total Pension Liability	<u>1,274,790</u>	<u>1,287,010</u>	<u>841,009</u>
Beginning total pension liability	<u>20,936,882</u>	<u>19,649,872</u>	<u>18,808,863</u>
Ending Total Pension Liability	<u>\$ 22,211,672</u>	<u>\$ 20,936,882</u>	<u>\$ 19,649,872</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 730,340	\$ 741,645	\$ 679,660
Contributions - employee	343,575	340,427	337,066
Net investment income	1,120,508	24,391	885,763
Benefit payments, including refunds of employee contributions	(949,496)	(1,025,857)	(839,314)
Administrative expense	(12,670)	(14,861)	(9,246)
Other	(684)	(734)	(760)
Net Change in Plan Fiduciary Net Position	<u>1,231,573</u>	<u>65,012</u>	<u>1,053,169</u>
Beginning plan fiduciary net position	<u>16,599,748</u>	<u>16,534,736</u>	<u>15,481,567</u>
Ending Plan Fiduciary Net Position	<u>\$ 17,831,321</u>	<u>\$ 16,599,748</u>	<u>\$ 16,534,736</u>
Net Pension Liability	<u>\$ 4,380,351</u>	<u>\$ 4,337,134</u>	<u>\$ 3,115,136</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.28%	79.28%	84.15%
Covered Employee Payroll	\$ 4,908,210	\$ 4,863,246	\$ 4,815,231
Net Pension Liability as a Percentage of Covered Employee Payroll	89.25%	89.18%	64.69%

*Only three of ten years of information is currently available. The City will build this schedule over the next seven-year period.

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CITY OF JERSEY VILLAGE, TEXAS

SCHEDULE OF CONTRIBUTIONS TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2017

	Fiscal Year*		
	2017	2016	2015
Actuarially determined contribution	\$ 754,213	\$ 737,720	\$ 704,979
Contributions in relation to the actuarially determined contribution	754,213	737,720	704,979
Contribution deficiency (excess)	\$ -	\$ -	\$ -
 Covered employee payroll	 \$ 4,952,460	 \$ 4,925,673	 \$ 4,700,957
 Contributions as a percentage of covered employee payroll	 15.23%	 14.98%	 15.00%

*Only three of ten years of information is currently available. The City will build this schedule over the next seven-year

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
 Mortality	 RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2017

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Ad valorem taxes	\$ 2,376,782	\$ 2,286,236	\$ (90,546)
Investment earnings	1,300	3,825	2,525
Total Revenues	2,378,082	2,290,061	(88,021)
<u>Expenditures</u>			
Debt service:			
Principal	1,875,000	1,875,000	-
Interest and fiscal agent fees	528,778	521,778	7,000
Total Expenditures	2,403,778	2,396,778	7,000
(Deficiency) of Revenues (Under) Expenditures	(25,696)	(106,717)	(81,021)
<u>Other Financing Sources (Uses)</u>			
Transfers in	92,413	92,413	-
Total Other Financing Sources	92,413	92,413	-
Net Change in Fund Balance	\$ 66,717	(14,304)	\$ (81,021)
Beginning fund balance		456,038	
Ending Fund Balance		\$ 441,734	

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CITY OF JERSEY VILLAGE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2017

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Hotel Occupancy Tax Fund

This fund is used to account for activities related to the collection of the City's hotel occupancy tax.

Court Security and Technology Fees Fund

This fund accounts for activities related to collection of security and technology fees collected in the court department.

Asset Forfeiture Fund

This fund is used to account for assets forfeited or seized by the police department.

CITY OF JERSEY VILLAGE, TEXAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

September 30, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Hotel Occupancy Tax	Court Security and Technology Fees	Asset Forfeiture	
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 670,144	\$ 109,154	\$ 68,258	\$ 847,556
Receivables, net	11,318	-	-	11,318
Prepaid items	248	-	2,221	2,469
Due from other funds	-	39,012	-	39,012
Total Assets	\$ 681,710	\$ 148,166	\$ 70,479	\$ 900,355
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 264	\$ -	\$ 264
Total Liabilities	-	264	-	264
<u>Fund Balances</u>				
Nonspendable	248	-	2,221	2,469
Restricted:				
Tourism	681,462	-	-	681,462
Public safety	-	-	68,258	68,258
Court technology	-	147,902	-	147,902
Total Fund Balances	681,710	147,902	70,479	900,091
Total Liabilities and Fund Balances	\$ 681,710	\$ 148,166	\$ 70,479	\$ 900,355

CITY OF JERSEY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Hotel Occupancy Tax</u>	<u>Court Security and Technology Fees</u>	<u>Asset Forfeiture</u>	
<u>Revenues</u>				
Occupancy tax	\$ 79,481	\$ -	\$ -	\$ 79,481
Fines	-	45,022	-	45,022
Investment earnings	3,945	-	475	4,420
Other revenue	-	-	6,204	6,204
Total Revenues	83,426	45,022	6,679	135,127
<u>Expenditures</u>				
Current:				
General government	56,856	-	-	56,856
Public safety	-	58,110	24,546	82,656
Total Expenditures	56,856	58,110	24,546	139,512
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,570	(13,088)	(17,867)	(4,385)
<u>Other Financing Sources (Uses)</u>				
Transfer (out)	(16,500)	-	-	(16,500)
Total Other Financing (Uses)	(16,500)	-	-	(16,500)
Net Change in Fund Balances	10,070	(13,088)	(17,867)	(20,885)
Beginning fund balances	671,640	160,990	88,346	920,976
Ending Fund Balances	\$ 681,710	\$ 147,902	\$ 70,479	\$ 900,091

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2017

		<u>Hotel Occupancy Tax</u>		
		<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
	Occupancy tax	\$ 74,154	\$ 79,481	\$ 5,327
	Investment earnings	1,561	3,945	2,384
	Total Revenues	<u>75,715</u>	<u>83,426</u>	<u>7,711</u>
<u>Expenditures</u>				
	General government	62,500	56,856	5,644
	Total Expenditures	<u>62,500</u>	<u>56,856</u>	<u>5,644</u>
	Excess of Revenues Over Expenditures	<u>13,215</u>	<u>26,570</u>	<u>13,355</u>
<u>Other Financing Sources (Uses)</u>				
	Transfers (out)	(16,500)	(16,500)	-
	Net Change in Fund Balance	<u>\$ (3,285)</u>	10,070	<u>\$ 13,355</u>
	Beginning fund balance		<u>671,640</u>	
	Ending Fund Balance		<u>\$ 681,710</u>	

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2017

	Court Security and Technology Fees		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines	\$ 41,300	\$ 45,022	\$ 3,722
<u>Expenditures</u>			
Public safety	65,200	58,110	7,090
Net Change in Fund Balance	\$ (23,900)	(13,088)	\$ 10,812
Beginning fund balance		160,990	
Ending Fund Balance		\$ 147,902	

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2017

	Original and Final Budget Amounts	Asset Forfeiture Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Investment earnings	\$ 207	\$ 475	\$ 268
Other revenue	636	6,204	5,568
Total Revenues	843	6,679	5,836
Expenditures			
Public safety	4,000	24,546	(20,546)
Total Expenditures	4,000	24,546	(20,546)
Net Change in Fund Balance	\$ (3,157)	(17,867)	\$ (14,710)
Beginning fund balance		88,346	
Ending Fund Balance		\$ 70,479	

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the City's overall financial health.

Contents	Page
Financial Trends	92
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	102
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	112
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	121
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	125
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF JERSEY VILLAGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 14,251,751	\$ 11,219,378	\$ 21,384,544	\$ 25,644,695
Restricted	1,359,131	7,455,122	6,751,632	1,706,438
Unrestricted	8,462,478	9,504,411	4,825,409	8,906,717
Total Governmental Activities Net Position	\$ 24,073,360	\$ 28,178,911	\$ 32,961,585	\$ 36,257,850
Business-Type Activities				
Net investment in capital assets	\$ 17,233,210	\$ 16,805,161	\$ 17,831,127	\$ 17,991,847
Restricted	742,993	715,000	-	-
Unrestricted	3,314,011	4,026,306	3,806,361	4,282,824
Total Business-Type Activities Net Position	\$ 21,290,214	\$ 21,546,467	\$ 21,637,488	\$ 22,274,671
Primary Government				
Net investment in capital assets	\$ 31,484,961	\$ 28,024,539	\$ 39,215,671	\$ 43,636,542
Restricted	2,102,124	8,170,122	6,751,632	1,706,438
Unrestricted	11,776,489	13,530,717	8,631,770	13,189,541
Total Primary Government Net Position	\$ 45,363,574	\$ 49,725,378	\$ 54,599,073	\$ 58,532,521

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 23,205,799	\$ 29,072,714	\$ 30,316,564	\$ 31,654,577	\$ 31,824,350	\$ 35,856,808
7,298,473	3,646,658	3,329,342	2,930,096	2,830,414	2,549,847
8,025,517	10,085,847	-	14,575,527	18,541,697	18,930,408
<u>\$ 38,529,789</u>	<u>\$ 42,805,219</u>	<u>\$ 33,645,906</u>	<u>\$ 49,160,200</u>	<u>\$ 53,196,461</u>	<u>\$ 57,337,063</u>
\$ 18,085,993	\$ 17,746,030	\$ 17,205,752	\$ 17,000,490	\$ 17,629,271	\$ 17,347,834
-	-	-	-	-	-
4,422,826	5,297,596	18,541,697	6,320,937	6,588,580	7,104,061
<u>\$ 22,508,819</u>	<u>\$ 23,043,626</u>	<u>\$ 35,747,449</u>	<u>\$ 23,321,427</u>	<u>\$ 24,217,851</u>	<u>\$ 24,451,895</u>
\$ 41,291,792	\$ 46,818,744	\$ 47,522,316	\$ 48,655,067	\$ 49,453,621	\$ 53,204,642
7,298,473	3,646,658	3,329,342	2,930,096	2,830,414	2,549,847
12,448,343	15,383,443	18,541,697	20,896,464	25,130,277	26,034,469
<u>\$ 61,038,608</u>	<u>\$ 65,848,845</u>	<u>\$ 69,393,355</u>	<u>\$ 72,481,627</u>	<u>\$ 77,414,312</u>	<u>\$ 81,788,958</u>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 1,864,463	\$ 2,211,902	\$ 2,046,283	\$ 1,852,750
Public safety	3,691,280	4,421,088	5,136,312	5,038,540
Public works	2,653,961	2,069,991	2,391,025	2,460,625
Parks and recreation	541,244	476,072	525,477	197,711
Interest and fiscal agent fees on long-term debt	1,344,921	1,283,271	1,220,035	1,025,458
Total Governmental Activities Expenses	<u>10,095,869</u>	<u>10,462,324</u>	<u>11,319,132</u>	<u>10,575,084</u>
Business-type activities				
Water and sewer	1,952,219	2,572,957	2,092,496	2,798,185
Golf course	1,558,274	1,563,335	1,628,516	1,740,698
Total Business-Type Activities Expenses	<u>3,510,493</u>	<u>4,136,292</u>	<u>3,721,012</u>	<u>4,538,883</u>
Total Primary Government Expenses	<u>\$ 13,606,362</u>	<u>\$ 14,598,616</u>	<u>\$ 15,040,144</u>	<u>\$ 15,113,967</u>
Program Revenues				
Governmental activities				
Charges for services				
Public safety	\$ 1,287,420	\$ 1,689,556	\$ 2,324,301	\$ 2,405,134
Public works	477,912	-	-	-
Parks and recreation	11,954	745,629	296,557	333,423
Operating grants and contributions	1,299,724	1,111,357	3,439,600	1,118,822
Total Governmental Activities Program Revenues	<u>3,077,010</u>	<u>3,546,542</u>	<u>6,060,458</u>	<u>3,857,379</u>
Business-type activities				
Charges for services				
Water and sewer	2,956,434	3,250,244	2,983,242	4,194,006
Golf course	1,477,667	1,528,458	1,243,653	1,414,004
Total Business-Type Activities Program Revenues	<u>4,434,101</u>	<u>4,778,702</u>	<u>4,226,895</u>	<u>5,608,010</u>
Total Primary Government Program Revenues	<u>\$ 7,511,111</u>	<u>\$ 8,325,244</u>	<u>\$ 10,287,353</u>	<u>\$ 9,465,389</u>
Net (Expense)/Revenue				
Governmental activities	\$ (7,018,859)	\$ (6,915,782)	\$ (5,258,674)	\$ (6,717,705)
Business-type activities	923,608	642,410	505,883	1,069,127
Total Primary Government Net Expense	<u>\$ (6,095,251)</u>	<u>\$ (6,273,372)</u>	<u>\$ (4,752,791)</u>	<u>\$ (5,648,578)</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,979,509	\$ 1,744,782	\$ 1,741,875	\$ 1,683,153	\$ 1,529,880	\$ 3,683,493
5,221,610	5,029,549	4,840,944	5,075,686	4,593,094	4,386,395
2,929,708	2,399,621	2,447,946	2,916,512	5,338,993	3,430,767
163,273	158,351	225,551	119,532	651,178	581,277
850,924	797,826	703,579	719,422	648,442	491,413
<u>11,145,024</u>	<u>10,130,129</u>	<u>9,959,895</u>	<u>10,514,305</u>	<u>12,761,587</u>	<u>12,573,345</u>
3,040,413	2,838,464	2,612,155	2,571,317	3,049,180	3,512,761
1,649,470	1,662,206	1,716,718	1,775,044	1,743,055	1,873,377
4,689,883	4,500,670	4,328,873	4,346,361	4,792,235	5,386,138
<u>\$ 15,834,907</u>	<u>\$ 14,630,799</u>	<u>\$ 14,288,768</u>	<u>\$ 14,860,666</u>	<u>\$ 17,553,822</u>	<u>\$ 17,959,483</u>
\$ 3,090,178	\$ 2,881,707	\$ 1,431,320	\$ 1,100,279	\$ 1,111,375	\$ 1,188,568
-	-	-	-	-	-
212,593	272,562	363,058	509,817	462,972	285,291
609,286	750,143	1,063,628	1,897,233	980,511	1,313,987
<u>3,912,057</u>	<u>3,904,412</u>	<u>2,858,006</u>	<u>3,507,329</u>	<u>2,554,858</u>	<u>2,787,846</u>
3,894,131	4,092,417	4,000,806	4,150,845	4,595,167	4,518,707
1,466,549	1,435,975	1,333,700	1,187,249	1,196,934	1,281,283
5,360,680	5,528,392	5,334,506	5,338,094	5,792,101	5,799,990
<u>\$ 9,272,737</u>	<u>\$ 9,432,804</u>	<u>\$ 8,192,512</u>	<u>\$ 8,845,423</u>	<u>\$ 8,346,959</u>	<u>\$ 8,587,836</u>
\$ (7,232,967)	\$ (6,225,717)	\$ (7,101,889)	\$ (7,006,976)	\$ (10,206,729)	\$ (9,785,499)
670,797	1,027,722	1,005,633	991,733	999,866	413,852
<u>\$ (6,562,170)</u>	<u>\$ (5,197,995)</u>	<u>\$ (6,096,256)</u>	<u>\$ (6,015,243)</u>	<u>\$ (9,206,863)</u>	<u>\$ (9,371,647)</u>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes				
Ad valorem	\$ 5,677,399	\$ 6,100,687	\$ 6,198,169	\$ 6,099,750
Sales taxes	2,449,404	2,532,587	2,411,159	2,565,651
Franchise and local taxes	589,850	845,980	699,172	667,970
Investment earnings	597,233	134,912	36,792	23,718
Other revenues	83,664	358,393	275,580	222,280
Transfers	379,913	1,048,773	420,476	434,601
Total Governmental Activities	<u>9,777,463</u>	<u>11,021,332</u>	<u>10,041,348</u>	<u>10,013,970</u>
Business-type activities				
Investment earnings	95,730	19,186	5,614	2,657
Transfers	(379,913)	(405,343)	(420,476)	(434,601)
Total Business-Type Activities	<u>(284,183)</u>	<u>(386,157)</u>	<u>(414,862)</u>	<u>(431,944)</u>
Total Primary Government	<u>\$ 9,493,280</u>	<u>\$ 10,635,175</u>	<u>\$ 9,626,486</u>	<u>\$ 9,582,026</u>
Change in Net Position				
Governmental activities	\$ 2,758,604	\$ 4,105,550	\$ 4,782,674	\$ 3,296,265
Business-type activities	639,425	256,253	91,021	637,183
Total Primary Government	<u>\$ 3,398,029</u>	<u>\$ 4,361,803</u>	<u>\$ 4,873,695</u>	<u>\$ 3,933,448</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 5,511,884	\$ 6,146,643	\$ 6,269,652	\$ 6,899,774	\$ 8,216,808	\$ 8,047,479
3,035,624	2,998,515	3,282,372	3,333,531	4,932,020	4,625,417
666,253	673,888	674,027	635,236	636,178	615,525
20,768	17,834	6,346	14,733	76,726	185,333
134,121	169,946	258,962	173,688	262,531	236,105
438,718	494,321	1,188,206	110,781	118,727	216,242
<u>9,807,368</u>	<u>10,501,147</u>	<u>11,679,565</u>	<u>11,167,743</u>	<u>14,242,990</u>	<u>13,926,101</u>
2,069	1,406	1,037	2,295	15,285	36,434
<u>(438,718)</u>	<u>(494,321)</u>	<u>(1,188,206)</u>	<u>(110,781)</u>	<u>(118,727)</u>	<u>(216,242)</u>
<u>(436,649)</u>	<u>(492,915)</u>	<u>(1,187,169)</u>	<u>(108,486)</u>	<u>(103,442)</u>	<u>(179,808)</u>
<u>\$ 9,370,719</u>	<u>\$ 10,008,232</u>	<u>\$ 10,492,396</u>	<u>\$ 11,059,257</u>	<u>\$ 14,139,548</u>	<u>\$ 13,746,293</u>
\$ 2,574,401	\$ 4,275,430	\$ 4,577,676	\$ 4,160,767	\$ 4,036,261	\$ 4,140,602
234,148	534,807	(181,536)	883,247	896,424	234,044
<u>\$ 2,808,549</u>	<u>\$ 4,810,237</u>	<u>\$ 4,396,140</u>	<u>\$ 5,044,014</u>	<u>\$ 4,932,685</u>	<u>\$ 4,374,646</u>

CITY OF JERSEY VILLAGE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	12,331	16,586	15,720	19,192
Unassigned	7,256,287	8,543,619	9,646,412	10,779,487
Total General Fund	\$ 7,268,618	\$ 8,560,205	\$ 9,662,132	\$ 10,798,679
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Capital project funds	6,499,379	5,039,980	6,732,339	4,918,996
Debt service funds	545,424	-	-	399,560
Special revenue funds	850,542	1,851,811	-	1,005,618
Assigned				
Capital projects	-	-	-	-
Total All Other Governmental Funds	\$ 7,895,345	\$ 6,891,791	\$ 6,732,339	\$ 6,324,174

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ 674	\$ -	\$ 4,853	\$ 259
24,297	24,875	31,012	39,109	61,587	79,447
5,770,244	7,886,398	10,018,365	12,697,557	14,441,008	17,275,139
<u>\$ 5,794,541</u>	<u>\$ 7,911,273</u>	<u>\$ 10,050,051</u>	<u>\$ 12,736,666</u>	<u>\$ 14,507,448</u>	<u>\$ 17,354,845</u>
\$ -	\$ -	\$ 2,221	\$ 2,221	\$ 3,276	\$ 2,469
4,204,651	5,001	-	7,549,019	4,521,659	3,669,948
450,332	474,716	500,482	463,977	456,038	441,734
2,579,531	3,141,766	2,793,875	2,554,137	2,312,789	2,028,666
-	-	1,116,824	840,778	3,008,415	966,776
<u>\$ 7,234,514</u>	<u>\$ 3,621,483</u>	<u>\$ 4,413,402</u>	<u>\$ 11,410,132</u>	<u>\$ 10,302,177</u>	<u>\$ 7,109,593</u>

CITY OF JERSEY VILLAGE, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 8,757,923	\$ 9,463,752	\$ 9,285,086	\$ 9,354,873
Permits, licenses, and fees	271,512	88,842	84,507	99,301
Charges for services	438,649	745,629	296,557	333,423
Fines and forfeitures	1,177,649	1,634,636	2,239,794	2,305,833
Investment earnings	554,243	122,740	32,674	20,454
Intergovernmental	1,293,711	1,111,357	3,439,600	1,118,822
Other revenues	94,028	358,393	275,580	172,696
Total Revenues	<u>12,587,715</u>	<u>13,525,349</u>	<u>15,653,798</u>	<u>13,405,402</u>
Expenditures				
General government	1,748,173	1,738,804	1,913,068	1,779,389
Public safety	3,586,666	4,823,774	4,931,600	5,202,586
Public works	2,313,402	2,069,319	2,400,831	2,888,384
Parks and recreation	510,991	476,072	570,739	534,455
Capital outlay	4,039,793	2,678,869	2,977,118	3,515,027
Debt service				
Principal	920,054	947,732	701,317	689,520
Interest and fiscal fees	1,617,322	1,503,400	1,637,126	1,538,227
Paid to escrow for current bond refunding	-	-	-	-
Total Expenditures	<u>14,736,401</u>	<u>14,237,970</u>	<u>15,131,799</u>	<u>16,147,588</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,148,686)	(712,621)	521,999	(2,742,186)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	379,913	1,837,602	1,477,311	721,956
Transfers out	-	(788,829)	(1,056,835)	(287,355)
Proceeds paid to escrow	-	-	-	-
Issuance of debt	-	-	-	-
Premium on debt issued	-	-	-	-
Total Other Financing Sources	<u>379,913</u>	<u>1,048,773</u>	<u>420,476</u>	<u>434,601</u>
Net Change in Fund Balances	<u>\$ (1,768,773)</u>	<u>\$ 336,152</u>	<u>\$ 942,475</u>	<u>\$ (2,307,585)</u>
Debt service as a percentage of noncapital expenditures	24.69%	22.00%	19.92%	20.75%

Fiscal Year

	2012	2013	2014	2015	2016	2017
\$	9,596,403	\$ 9,861,843	\$ 10,389,401	\$ 11,007,424	\$ 13,878,811	\$ 13,367,966
	131,129	133,471	131,473	172,065	203,454	180,908
	212,593	272,562	363,058	509,817	397,070	259,218
	2,959,049	2,748,236	1,299,847	928,214	907,921	1,007,660
	17,212	14,235	5,041	12,526	63,057	155,039
	609,286	750,143	1,063,628	1,897,233	980,511	1,313,987
	58,474	112,545	181,063	62,786	168,790	156,624
	<u>13,584,146</u>	<u>13,893,035</u>	<u>13,433,511</u>	<u>14,590,065</u>	<u>16,599,614</u>	<u>16,441,402</u>
	1,771,567	1,711,971	1,765,524	1,911,015	3,513,200	3,553,380
	4,975,131	5,270,514	4,876,359	4,856,290	4,560,262	4,829,164
	5,303,688	6,171,265	2,323,893	3,760,747	4,867,383	5,668,902
	530,295	552,260	556,575	587,791	623,509	554,607
	264,013	13,425	-	-	-	-
	1,235,000	1,405,000	1,495,000	1,050,000	1,765,000	1,875,000
	1,032,575	759,220	673,669	577,906	782,639	521,778
	135,000	-	-	-	-	-
	<u>15,247,269</u>	<u>15,883,655</u>	<u>11,691,020</u>	<u>12,743,749</u>	<u>16,111,993</u>	<u>17,002,831</u>
	(1,663,123)	(1,990,620)	1,742,491	1,846,316	487,621	(561,429)
	6,615	-	-	-	-	-
	7,353,718	560,397	2,025,025	625,341	2,029,632	578,913
	(6,915,000)	(66,076)	(836,819)	(514,560)	(1,910,905)	(362,671)
	(9,382,129)	-	-	-	(7,281,990)	-
	9,050,000	-	-	8,000,000	6,710,000	-
	492,088	-	-	-	628,469	-
	<u>605,292</u>	<u>494,321</u>	<u>1,188,206</u>	<u>8,110,781</u>	<u>175,206</u>	<u>216,242</u>
\$	<u>(1,057,831)</u>	<u>(1,496,299)</u>	<u>2,930,697</u>	<u>9,957,097</u>	<u>662,827</u>	<u>(345,187)</u>
	19.30%	21.94%	19.97%	14.87%	19.45%	19.39%

CITY OF JERSEY VILLAGE, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years
(modified accrual basis of accounting)

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Ad valorem	\$ 5,718,669	\$ 6,255,115	\$ 6,174,755	\$ 6,071,668
Sales	2,449,404	2,449,404	2,411,159	2,565,651
Franchise fee	589,850	759,233	632,605	667,970
Other	96,062	86,747	66,567	49,584
Totals	<u>\$ 8,232,278</u>	<u>\$ 8,853,985</u>	<u>\$ 9,550,499</u>	<u>\$ 9,285,086</u>

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 5,825,494	\$ 6,132,039	\$ 6,355,103	\$ 6,927,755	\$ 8,216,872	\$ 8,047,543
3,035,624	2,998,515	3,282,372	3,333,531	4,932,020	4,625,417
666,253	673,888	674,027	635,236	636,178	615,525
69,032	57,401	77,899	110,902	93,741	79,481
\$ 9,596,403	\$ 9,596,403	\$ 9,861,843	\$ 11,007,424	\$ 13,878,811	\$ 13,367,966

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

	Fiscal Year			
	2008	2009	2010	2011
Residential property	\$ 470,984,691	\$ 498,590,180	\$ 479,135,881	\$ 491,005,824
Commercial property	194,398,424	193,175,025	214,657,268	190,621,214
Other	236,256,520	275,272,631	277,213,850	307,527,234
Less: Tax exempt property	<u>(141,801,005)</u>	<u>(147,797,468)</u>	<u>(149,634,733)</u>	<u>(161,632,749)</u>
Total Taxable Assessed Value (1)	<u>\$ 759,838,630</u>	<u>\$ 819,240,368</u>	<u>\$ 821,372,266</u>	<u>\$ 827,521,523</u>
Total Direct Tax Rate	<u>\$ 0.67500</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>

Source: Harris County Certified / Uncertified Tax Roll

(1) Property is assessed at actual value, therefore, the assessed values are equal to actual value.
 Tax rates are per \$100 of assessed value.

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 491,833,349	\$ 496,740,074	\$ 520,849,850	\$ 556,078,428	\$ 609,105,279	\$ 657,487,846
195,666,311	204,473,889	224,196,999	242,011,499	254,969,262	268,838,386
254,734,037	252,948,984	284,337,338	279,381,642	436,409,458	378,991,944
<u>(161,049,212)</u>	<u>(138,212,692)</u>	<u>(176,397,106)</u>	<u>(149,483,522)</u>	<u>(187,496,940)</u>	<u>(202,797,027)</u>
<u>\$ 781,184,485</u>	<u>\$ 815,950,255</u>	<u>\$ 852,987,081</u>	<u>\$ 927,988,047</u>	<u>\$ 1,112,987,059</u>	<u>\$ 1,102,521,149</u>
<u>\$ 0.74250</u>	<u>\$ 0.74250</u>				

CITY OF JERSEY VILLAGE, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
City of Jersey Village by fund:				
General	\$ 0.45000	\$ 0.46810	\$ 0.46000	\$ 0.48160
Debt service	0.29250	0.27440	0.28250	0.26091
Total Direct Rates	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250
Cypress-Fairbanks Independent School District	\$ 1.32400	\$ 1.35000	\$ 1.43000	\$ 1.43000
Harris County	0.39239	0.38923	0.38805	0.39117
Harris County Flood Control District	0.03106	0.03086	0.02923	0.02809
Port of Houston Authority	0.01437	0.01773	0.02054	0.01856
Harris County Hospital District	0.19216	0.19216	0.19216	0.19216
Harris County Department of Education	0.00585	0.00584	0.00658	0.00658
Total Direct and Overlapping Rates (1)	\$ 2.70233	\$ 2.72832	\$ 2.80906	\$ 2.80906

Tax rates are per \$100 of assessed valuation

Source: Harris County Appraisal District

(1) Overlapping rates are those of local and county governments that apply within the City of Jersey Village.

Fiscal Year

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 0.46259	\$ 0.48566	\$ 0.49415	\$ 0.58252	\$ 0.52635	\$ 0.53148
0.27991	0.25684	0.24835	0.15998	0.21615	0.21102
<u>\$ 0.74250</u>					
\$ 1.43000	\$ 1.45000	\$ 1.45000	\$ 1.44000	\$ 1.44000	\$ 1.44000
0.40021	0.40021	0.41455	0.41731	0.41923	0.41656
0.02809	0.02809	0.02827	0.02736	0.02733	0.02829
0.01952	0.01952	0.01716	0.01531	0.01342	0.01334
0.18216	0.18216	0.17000	0.17000	0.17000	0.17179
0.00662	0.00662	0.00636	0.00600	0.00520	0.00520
<u>\$ 2.80910</u>	<u>\$ 2.82910</u>	<u>\$ 2.82884</u>	<u>\$ 2.81848</u>	<u>\$ 2.81768</u>	<u>\$ 2.81768</u>

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CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

Property Taxpayer	2017			2007		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Trails Corinthian Creek LTD	\$ 64,333,424	1	5.84%	\$ 15,231,404	6	2.3%
Prologis	62,758,659	2	5.69%	25,501,435	4	3.8%
Joe Myers Dealership*	53,914,417	3	4.89%	43,504,984	2	6.6%
AROP Promenade Jersey Vil LLC	45,449,284	4	4.12%	36,537,330	3	5.5%
Gordon NW Village LP	22,783,128	5	2.07%	N/A	-	N/A
Sonic-LS Chevrolet LP	19,297,094	6	1.75%	11,340,129	8	1.7%
Car Son LMC LP	13,324,082	7	1.21%	13,559,868	7	2.0%
Ean Holdings LLC ***	12,282,635	8	1.11%	N/A	-	N/A
G E T Enterprises LLC	10,348,681	9	0.94%	N/A	-	N/A
PS LPT Properties Investors	8,144,629	10	0.74%	N/A	-	N/A
Goodman Manufacturing Corp.	N/A	-	N/A	67,804,273	1	10.2%
Beeler Sanders V LTD**	N/A	-	N/A	18,687,103	5	2.8%
Baceline Value Fund I	N/A	-	N/A	11,000,000	9	1.7%
National Oilwell Varco	N/A	-	N/A	7,627,150	10	1.2%
Subtotal	<u>312,636,033</u>		<u>28.36%</u>	<u>250,793,676</u>		<u>37.8%</u>
Other Taxpayers	<u>789,885,116</u>		<u>71.64%</u>	<u>412,186,108</u>		<u>62.2%</u>
Total	<u><u>\$ 1,102,521,149</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 662,979,784</u></u>		<u><u>100.0%</u></u>

Source: Harris County Tax Assessor-Collector's records.

* Joe Myers Dealership includes Joe Myers Ford and Toyota

**Beeler Sanders V LTD sold part of their holdings to form Steeplechase LP/AROP Promenade

CITY OF JERSEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	Fiscal Year			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Tax levy	\$ 5,621,390	\$ 5,543,419	\$ 6,123,716	\$ 6,144,347
Current tax collected*	5,573,598	5,487,298	6,038,759	6,060,483
Percentage of current tax collections	99.15%	98.99%	98.61%	98.64%
Net collections and refunds in subsequent years**	<u>33,364</u>	<u>38,457</u>	<u>54,740</u>	<u>60,003</u>
Total Tax Collections	<u>\$ 5,606,962</u>	<u>\$ 5,525,755</u>	<u>\$ 6,093,499</u>	<u>\$ 6,120,486</u>
Total collections as a percentage of current levy	99.74%	99.68%	99.51%	99.61%

Source: Harris County Tax Assessor-Collector

* Collected within the year of the levy.

** Collected or refunded in subsequent years of the levy.

Fiscal Year						
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	
\$ 5,800,295	\$ 6,058,430	\$ 6,306,997	\$ 6,890,311	\$ 8,263,929	8,185,070	
5,746,879	6,014,066	6,288,377	6,837,787	7,792,590	7,731,341	
99.08%	99.27%	99.70%	99.24%	94.30%	94.46%	
38,280	29,923	-	23,621	(32,391)	(102,441)	
<u>\$ 5,785,159</u>	<u>\$ 6,043,989</u>	<u>\$ 6,288,377</u>	<u>\$ 6,861,408</u>	<u>\$ 7,760,199</u>	<u>7,628,900</u>	
99.74%	99.76%	99.70%	99.58%	93.90%	93.21%	

CITY OF JERSEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 16,684,496	\$ 16,126,764	\$ 15,657,447	\$ 15,280,000
Certificates of obligation	6,390,000	6,000,000	5,770,000	5,525,000
Capital leases	53,153	460,975	385,529	305,666
Premium on bonds	-	118,100	225,171	225,171
Subtotal	23,127,649	22,705,839	22,038,147	21,335,837
Business-Type Activities:				
Revenue bonds	800,000	700,000	-	-
Total Primary Government	\$ 23,927,649	\$ 23,405,839	\$ 22,038,147	\$ 21,335,837
 Personal Income	 \$ 365,365,000	 \$ 400,472,100	 \$ 368,768,400	 \$ 311,825,640
 Debt as a Percentage of Personal Income	 6.55%	 5.84%	 5.98%	 6.84%
 Population	 7,300	 7,350	 7,600	 7,620
 Debt Per Capita	 \$ 3,278	 \$ 3,184	 \$ 2,900	 \$ 2,800

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 18,900,000	\$ 17,770,000	\$ 16,570,000	\$ 15,830,000	\$ 14,440,000	\$ 13,320,000
880,000	605,000	310,000	8,000,000	7,320,000	6,565,000
229,511	777,534	396,073	-	-	-
634,591	586,559	538,527	490,495	925,134	830,728
<u>20,644,102</u>	<u>19,739,093</u>	<u>17,814,600</u>	<u>24,320,495</u>	<u>22,685,134</u>	<u>20,715,728</u>
-	-	-	-	-	-
<u>\$ 20,644,102</u>	<u>\$ 19,739,093</u>	<u>\$ 17,814,600</u>	<u>\$ 24,320,495</u>	<u>\$ 22,685,134</u>	<u>\$ 20,715,728</u>
\$ 346,330,800	\$ 346,330,800	\$ 347,500,000	\$ 348,000,000	\$ 349,000,000	\$ 378,195,480
5.96%	5.70%	5.13%	6.99%	6.50%	5.48%
7,650	7,650	7,675	7,720	7,900	7,995
\$ 2,699	\$ 2,580	\$ 2,321	\$ 3,150	\$ 2,872	\$ 2,591

CITY OF JERSEY VILLAGE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Net Taxable Assessed Value				
All property	\$ 759,838,630	\$ 819,240,368	\$ 821,372,266	\$ 827,521,523
Net Bonded Debt				
Gross bonded debt	\$ 23,127,649	\$ 22,587,739	\$ 21,812,976	\$ 21,110,666
Less debt service funds	(545,424)	(405,076)	(413,552)	(426,947)
Net Bonded Debt	\$ 22,582,225	\$ 22,182,663	\$ 21,399,424	\$ 20,683,719
Ratio of Net Bonded Debt To Assessed Value	2.97%	2.71%	2.61%	2.50%
Population	7,254	7,300	7,350	7,620
Net Bonded Debt Per Capita	\$ 3,113	\$ 3,039	\$ 2,911	\$ 2,714

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 781,184,485	\$ 815,950,255	\$ 852,987,081	\$ 927,988,047	\$ 1,112,987,059	\$ 1,102,521,149
\$ 20,009,511 (450,332)	\$ 19,152,534 (474,716)	\$ 17,276,073 (500,482)	\$ 23,830,000 (463,978)	\$ 22,685,134 (456,038)	\$ 20,715,728 (441,734)
\$ 19,559,179	\$ 18,677,818	\$ 16,775,591	\$ 23,366,022	\$ 22,229,096	\$ 20,273,994
2.50%	2.29%	1.97%	2.52%	2.00%	1.84%
7,650	7,650	7,675	7,720	7,900	7,995
\$ 2,557	\$ 2,442	\$ 2,186	\$ 3,027	\$ 2,814	\$ 2,536

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CITY OF JERSEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

For the Year Ended September 30, 2017

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Cypress-Fairbanks Independent School District	\$ 2,675,810,167	1.440%	\$ 38,799,247
Harris County	\$ 2,644,446,361	0.417%	10,962,552
Harris County Department of Education	\$ 23,795,042	0.006%	14,277
Lone Star College District	\$ 614,915,000	0.116%	713,301
Harris County Flood Control District	\$ 656,895,000	0.274%	289,410
Harris County Toll Road	\$ 1,991,614,000	0.300%	5,974,842
Port of Houston Authority	\$ 697,123,000	0.153%	1,196,263
Subtotal, overlapping debt			<u>57,949,893</u>
City Direct Debt	\$ 20,715,728	100.000%	<u>20,715,728</u>
Total Direct and Overlapping Debt			<u><u>\$ 78,665,621</u></u>

Source: Various governmental units mentioned above

(1) Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas.

CITY OF JERSEY VILLAGE, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Gross Revenues (1)	\$ 2,990,360	\$ 3,266,384	\$ 2,980,427	\$ 4,228,053
Operating Expenses (2)	\$ 2,044,401	\$ 2,310,652	\$ 1,844,384	\$ 2,630,168
Net Revenues Available for Debt Service	\$ 945,959	\$ 955,732	\$ 1,136,043	\$ 1,597,885
Debt Service Requirements (3)				
Principal	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Interest	43,750	37,625	37,625	-
Total	\$ 143,750	\$ 137,625	\$ 137,625	\$ -
Coverage	6.80	6.58	6.94	-

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 3,895,964	\$ 4,093,684	\$ 4,001,738	\$ 4,152,908	\$ 4,595,167	\$ 4,518,707	
\$ 2,750,154	\$ 2,608,672	\$ 2,356,645	\$ 2,728,013	\$ 2,655,492	\$ 2,974,499	
\$ 1,145,810	\$ 1,485,012	\$ 1,645,093	\$ 1,424,895	\$ 1,939,675	\$ 1,544,208	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	

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CITY OF JERSEY VILLAGE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended Sep. 30	Population (1)	Personal Income (4)	Per Capita Personal Income	Median Age	School Enrollment (2)	Unemployment Rate (3)
2008	7,300	\$ 365,365,000	\$ 50,505	39.0	4,100	5.1%
2009	7,350	\$ 400,472,100	\$ 54,486	38.0	3,865	8.2%
2010	7,600	\$ 368,768,400	\$ 48,259	37.8	4,177	8.2%
2011	7,620	\$ 311,825,640	\$ 40,922	37.8	4,232	8.1%
2012	7,650	\$ 346,330,800	\$ 45,272	32.7	4,300	6.9%
2013	7,650	\$ 346,330,800	\$ 45,272	37.8	4,400	6.2%
2014	7,675	\$ 347,500,000	\$ 45,277	37.8	4,500	5.0%
2015	7,720	\$ 348,000,000	\$ 45,078	39.0	4,500	4.9%
2016	7,900	\$ 349,000,000	\$ 46,000	43.6	4,600	4.9%
2017	7,995	\$ 378,195,480	\$ 47,304	44.7	4,700	4.1%

Data sources:

- (1) Bureau of the Census
- (2) The school enrollment reflects enrollment in schools located within the City limits.
- (3) Texas Workforce Commission
- (4) Personal income is available on www.clrsearch.com/Jersey-Village-Demographics/TX.

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CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Employer	2017			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Jersey Village High School	345	1	9.10%	310	1	10.19%
Joe Myers Toyota	219	2	6.60%	204	4	6.60%
Foundry Methodist	218	3	6.00%	142	6	4.50%
Sonic-LS Chevrolet	189	4	5.30%	180	5	5.93%
Joe Myers Ford	185	5	5.10%	223	2	7.20%
Sam's East, Inc.	174	6	4.90%	210	3	7.00%
City of Jersey Village	138	7	4.20%	123	7	3.90%
Post Elementary School	120	8	6.60%	108	8	3.56%
Jersey Village Baptist Church	68	9	3.50%	19	10	0.50%
Joe Myers Mazda	52	10	1.30%	67	9	2.00%
Total	1,708		52.60%	750		51.38%

Source: Personnel department of each employer above

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CITY OF JERSEY VILLAGE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>General Fund:</u>										
Administrative										
City Council *	6	6	6	6	6	6	6	6	6	6
Administration	3	3	3	3	3	3	3	3	3	2
Information Technology	2	2	2	2	2	2	2	2	2	2
Municipal Court	4	4	4	4	4	4	4	4	4	4
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police	26	30	30	30	28	30	30	30	30	28
Fire	4	4	4	4	6	6	6	6	6	6
Communications	7	8	8	8	7	7	7	7	7	7
Public Works										
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Streets	3	3	3	3	3	3	3	3	3	3
Community Development	4	4	4	4	4	4	4	4	4	5
Fleet Services	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Parks	7	8	8	8	7	8	8	8	8	8
General Fund Total	75	81	81	81	79	82	82	82	82	80
<u>Enterprise Fund:</u>										
Utilities	5	5	5	5	5	5	5	5	5	5
Golf Course	10	10	10	10	10	10	10	10	10	10
Enterprise Fund Total	15	15	15	15	15	15	15	15	15	15
<u>Special Revenue Fund:</u>										
Police	-	2	2	2	2	2	1	1	0	0
Special Revenue Fund Total	-	2	2	2	2	2	1	1	-	-
Total City Positions	90	98	98	98	96	99	98	98	97	95

NOTES:

* City Council members are not full-time employees.
 Around 20-35 temporary and seasonal employees are hired during the summer months as pool personnel and front desk personnel. This count is not reflected above.
 On-call firefighters (9) are not included.

CITY OF JERSEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police				
Physical arrests	758	768	684	272
Parking violations	136	70	13	67
Traffic violations	15,504	14,783	7,057	6,871
Fire				
Calls for service	1,042	1,055	1,065	1,138
Water				
Service calls	1,575	1,629	1,422	1,699
Water main breaks	2	5	1	31
Average daily consumption (thousands of gallons)	1134	1137	1136	1758
Total consumption (thousands of gallons)	335	385	415	642
Peak daily consumption (thousands of gallons)	1.7	1.7	2.4	3.3
Sewer				
Average daily sewage treatment (thousands of gallons)	0.2	0.2	0.2	0.2
Peak daily consumption (thousands of gallons)	0.6	0.7	0.6	0.4

Source: Various City departments

* Information is unavailable.

Fiscal Year

2012	2013	2014	2015	2016	2017
814	1153	778	849	1034	919
82	30	20	47	32	26
11,074	11,489	9,553	9,702	11,687	7,455
1,634	1,615	1,216	1,123	1,188	1,312
1,634	1,716	2,014	211	1,641	2,295
15	12	4	2	4	6
1368	1478	1285	1285	1265	1194
499	540	469	469	462	466
3.9	3.6	4.9	4.9	3.2	1.8
0.2	0.2	0.3	0.3	0.3	0.3
0.5	0.5	0.5	0.8	0.8	0.8

CITY OF JERSEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police				
Stations	1	1	1	1
Patrol units	17	16	16	16
Fire				
Stations	1	1	1	1
Volunteers	29	30	37	32
Other public works				
Streets (miles - centerlines)	28.8	28.8	28.8	29.6
Streetlights	47	47	47	47
Traffic signals	11	11	11	11
Parks and recreation				
Parks	4	4	4	4
Parks acreage	12.1	12.1	12.1	12.1
Swimming pools	1	1	1	1
Water				
Water wells	4	4	4	4
Water mains (miles)	35.8	35.8	35.8	36.6
Fire hydrants	455	455	455	466
Storage capacity (thousands of gallons)	2,550.0	2,550.0	2,550.0	2,550.0
Sewer				
Sanitary sewers (miles)	35.2	35.2	35.2	36.2
Storm sewers (miles)	20.7	20.7	20.7	21.7
Treatment capacity (thousands of gallons)	800.0	800.0	800.0	800.0

Source: Various City departments

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
16	16	27	27	27	27
1	1	1	1	1	1
33	33	40	43	34	31
29.6	29.6	29.6	29.6	29.6	29.6
47	47	47	47	47	47
11	11	11	11	11	11
4	4	4	4	4	4
12.1	12.1	12.1	12.1	12.1	12.1
1	1	1	1	1	1
4	4	4	4	4	4
36.6	36.6	36.6	36.6	35.8	35.8
468	468	468	468	455	455
2,550.0	2,550.0	2,550.0	2,550.0	2,550.0	2,550.0
36.2	36.2	36.2	36.2	35.2	35.2
21.7	21.7	21.7	21.7	20.7	20.7
800.0	800.0	800.0	800.0	800.0	800.0

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16501 Jersey Dr.
Jersey Village, Texas 77040
www.jerseyvillage.info