



Jersey Village **Comprehensive Annual** **Financial Report**



For the Fiscal Year Ending September 30, 2016

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF JERSEY VILLAGE, TEXAS

For the Year Ended
September 30, 2016

Officials Issuing Report:

**Mike Castro Ph.D.
City Manager**

**Isabel Kato
Finance Director**

Exhibit A

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INTRODUCTORY SECTION

Exhibit A

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City of Jersey Village

Incorporated 1956

A Texas Star Community

March 10, 2017

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, 2016.

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 certified 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, 2016 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, 2016 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 statements in the form of Management’s Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Strategic Direction

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

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

Mission. The City of Jersey Village is committed to working with citizens to preserve a sense of community and enhance the quality of life by providing friendly, personalized services for the safety and well-being of our City, its natural resources, and environment in a fiscally responsible manner.

To accomplish our mission, we will commit 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, 2016, 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 of Jersey Village has adopted a Council-Manager form of government. The Council is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term. Elections are staggered with the Mayor and two Council members elected together 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.

Exhibit A

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 rose from 4.6 percent in 2015 to 5.3 percent for 2016. The major source of job loss in the Houston area has been related to oil production, oil services, machinery and fabricated metals, wholesale trade, and some professional services.

	2016	2015	2014
United States	4.7%	5.0%	5.9%
Texas	4.6%	4.7%	5.2%
Jersey Village	5.3%	4.6%	5.0%

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

During fiscal year 2015-2016, the City of Jersey Village was impacted by a flooding event in April 2016. As a result, the City desired to investigate options and develop a strategic plan to lessen the impact of flooding in Jersey Village. In September 2016, the City of Jersey Village hired Dannenbaum Engineering Corporation to assist the City with the development of a Long-Term Flood Recovery Plan.

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jersey Village for its CAFR for the year ended September 30, 2015. 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 seventeenth 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 black ink that reads "Isabel Kato". The signature is written in a cursive, flowing style.

Isabel Kato
Director of Finance

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2016

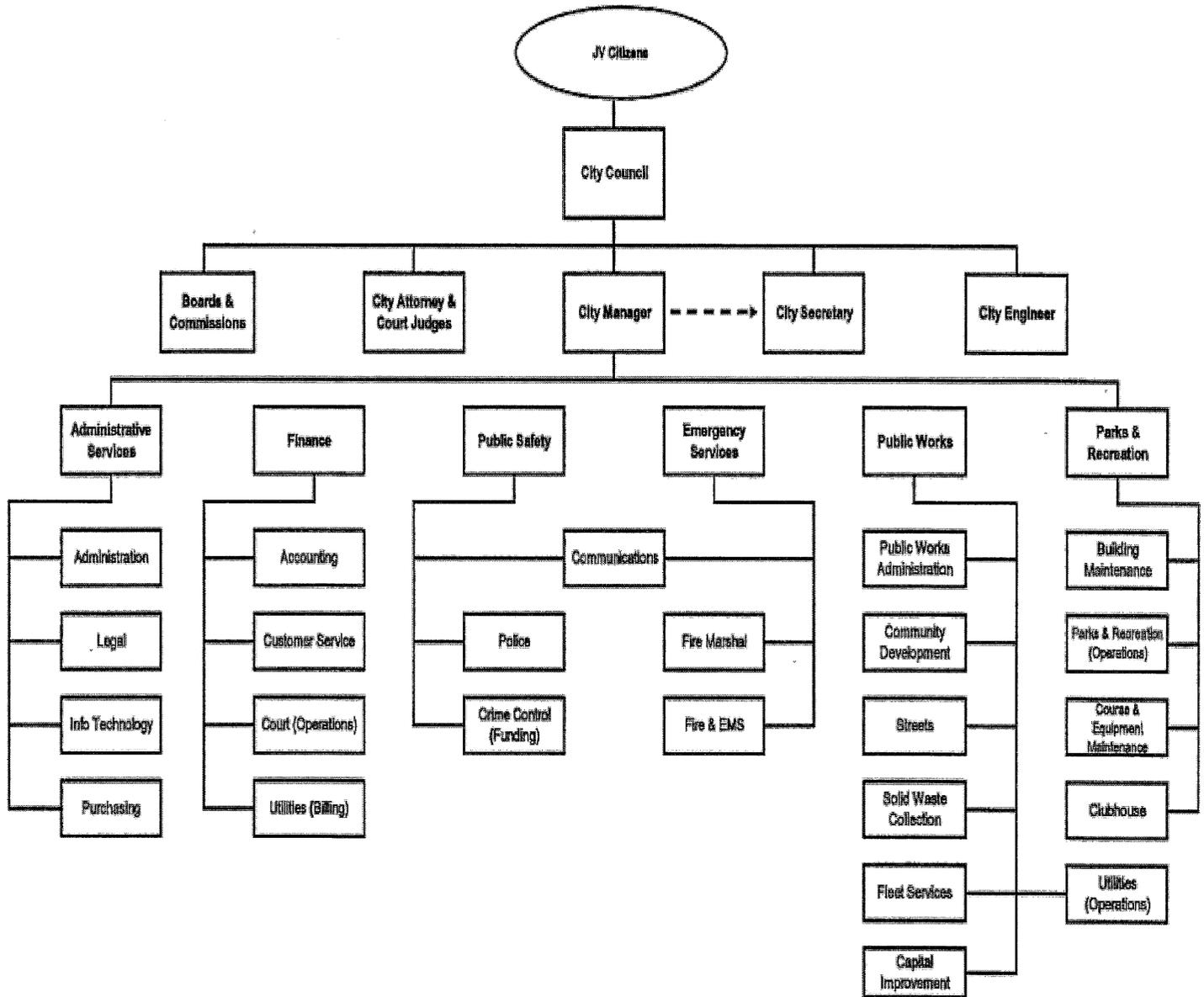
<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Justin Ray	Mayor	05/2017
Andrew Mitcham	Council Member	05/2018
C.J. Harper	Council Member	05/2017
Greg Holden	Council Member	05/2017
Sheri Sheppard	Council Member	05/2018
Gary Wubbenhorst	Council Member	05/2018

<u>Key Staff</u>	<u>Position</u>
Mike Castro, Ph.D.	City Manager
Lorri Coody	City Secretary
Leah Hayes	City Attorney
Kimberly Terrell	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, 2016





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, 2015

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emer', is written in a cursive style.

Executive Director/CEO

Exhibit A

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FINANCIAL SECTION

Exhibit A



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, 2016, 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, 2016, 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, schedule of changes in net pension liability and related ratios, and 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 10, 2017

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

Exhibit A

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CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

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 red light camera 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, 2016

City has elected to present the fund as a major fund due to its significant cash balance. 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 Meadows Municipal Golf Course. The proprietary fund financial statements provide separate information for the utility fund and the golf course. 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 red light camera fund, schedule of changes in net pension liability and related ratios, and 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 \$77,414,312 as of September 30, 2016. The largest portion of the City's net position, 64 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, 2016

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 29,943,909	\$ 28,888,989	\$ 7,558,680	\$ 7,315,054	\$ 37,502,589	\$ 36,204,043
Capital assets, net	49,365,441	47,905,185	17,629,271	17,000,490	66,994,712	64,905,675
Total Assets	79,309,350	76,794,174	25,187,951	24,315,544	104,497,301	101,109,718
Deferred outflows - pensions	1,454,296	597,766	264,458	106,316	1,718,754	704,082
Deferred charge on refunding	622,384	520,868	-	-	622,384	520,868
Total Deferred Outflows of Resources	2,076,680	1,118,634	264,458	106,316	2,341,138	1,224,950
Long-term liabilities	26,691,264	27,271,750	745,485	604,450	27,436,749	27,876,200
Other liabilities	1,205,735	1,178,148	435,870	442,145	1,641,605	1,620,293
Total Liabilities	27,896,999	28,449,898	1,181,355	1,046,595	29,078,354	29,496,493
Deferred inflows - pensions	292,570	302,710	53,203	53,838	345,773	356,548
Total Deferred Inflows of Resources	292,570	302,710	53,203	53,838	345,773	356,548
Net Position:						
Net investment in capital assets	31,824,350	31,654,577	17,629,271	17,000,490	49,453,621	48,655,067
Restricted	2,830,414	2,930,096	-	-	2,830,414	2,930,096
Unrestricted	18,541,697	14,575,527	6,588,580	6,320,937	25,130,277	20,896,464
Total Net Position	\$ 53,196,461	\$ 49,160,200	\$ 24,217,851	\$ 23,321,427	\$ 77,414,312	\$ 72,481,627

A portion of the City's net position, \$2,830,414 or four percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$25,130,277 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 \$4,932,685 during the current fiscal year, an increase of seven 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, 2016

Statement of Activities:

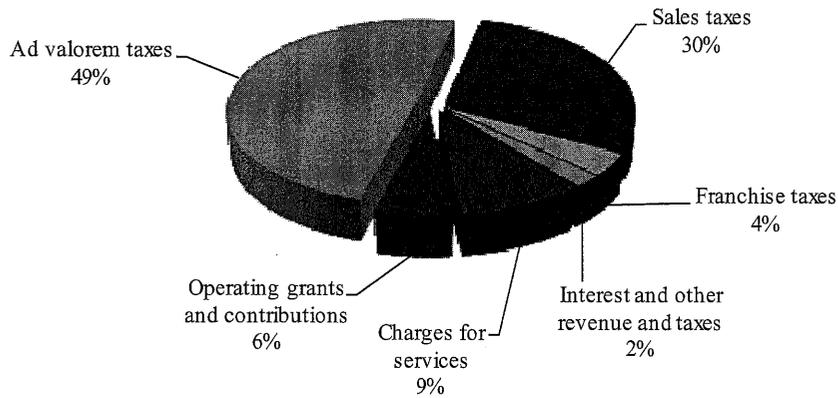
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 1,574,347	\$ 1,610,096	\$ 5,792,101	\$ 5,338,094	\$ 7,366,448	\$ 6,948,190
Operating grants and contributions	980,511	1,897,233	-	-	980,511	1,897,233
General revenues:						
Ad valorem taxes	8,216,808	6,899,774	-	-	8,216,808	6,899,774
Sales taxes	4,932,020	3,333,531	-	-	4,932,020	3,333,531
Franchise taxes	636,178	635,236	-	-	636,178	635,236
Other taxes	93,741	110,902	-	-	93,741	110,902
Investment earnings	76,726	14,733	15,285	2,295	92,011	17,028
Other revenues	168,790	62,786	-	-	168,790	62,786
Total Revenues	<u>16,679,121</u>	<u>14,564,291</u>	<u>5,807,386</u>	<u>5,340,389</u>	<u>22,486,507</u>	<u>19,904,680</u>
Expenses						
General government	1,529,880	1,683,153	-	-	1,529,880	1,683,153
Public safety	4,593,094	5,075,686	-	-	4,593,094	5,075,686
Public works	5,338,993	2,916,512	-	-	5,338,993	2,916,512
Parks and recreation	651,178	119,532	-	-	651,178	119,532
Interest and fiscal agent fees on long-term debt	648,442	719,422	-	-	648,442	719,422
Water and sewer systems	-	-	3,049,180	2,571,317	3,049,180	2,571,317
Golf course	-	-	1,743,055	1,775,044	1,743,055	1,775,044
Total Expenses	<u>12,761,587</u>	<u>10,514,305</u>	<u>4,792,235</u>	<u>4,346,361</u>	<u>17,553,822</u>	<u>14,860,666</u>
Increase in Net Position Before Transfers	3,917,534	4,049,986	1,015,151	994,028	4,932,685	5,044,014
Transfers	118,727	110,781	(118,727)	(110,781)	-	-
Change in Net Position	4,036,261	4,160,767	896,424	883,247	4,932,685	5,044,014
Beginning net position	49,160,200	44,999,433	23,321,427	22,438,180	72,481,627	67,437,613
Ending Net Position	<u>\$ 53,196,461</u>	<u>\$ 49,160,200</u>	<u>\$ 24,217,851</u>	<u>\$ 23,321,427</u>	<u>\$ 77,414,312</u>	<u>\$ 72,481,627</u>

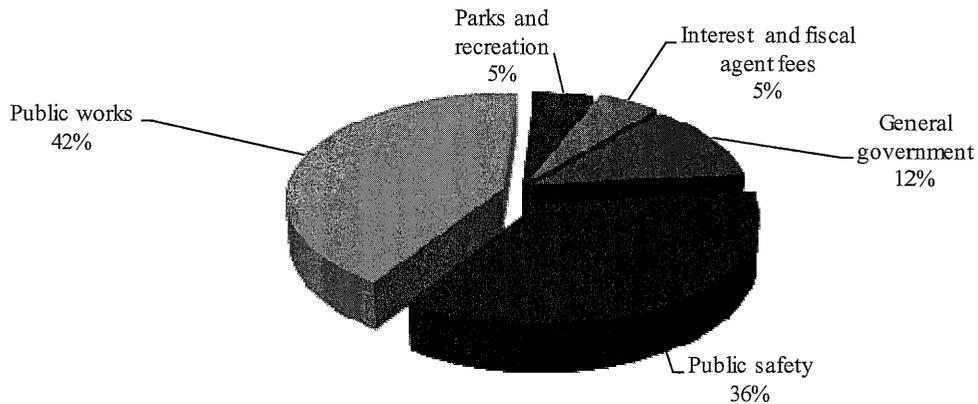
CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2016

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

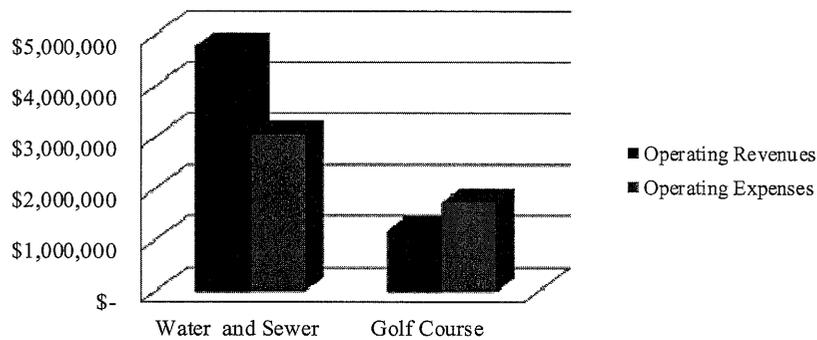
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

For the year ended September 30, 2016, revenues from governmental activities totaled \$16,679,121. Overall, governmental revenues increased from the prior year. The City's property tax revenue increased 19 percent due to higher appraised values. Operating grants and contributions decreased 48 percent largely due to the City receiving a reimbursement from Harris County for construction of flood control improvements in the prior year. Charges for services decreased two percent due to the removal of the red light cameras within the City for the Highway 290 construction.

For the year ended September 30, 2016, expenses for governmental activities totaled \$12,761,587, which is a slight increase from the prior year due primarily to an overall increase in construction-related expenses.

Operating revenues for business-type activities increased slightly from the prior year. Charges for services increased by \$454,007 from the prior year due to an increase in rates. Operating expenses for business-type activities were comparable to prior year and increased by \$445,874.

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 \$24,809,625. Of the total governmental fund balance, \$8,129 is nonspendable for prepaid items, \$7,352,073 is restricted for various purposes, \$3,008,415 is assigned by the City Council for capital projects, and \$14,441,008 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 \$14,441,008, while total fund balance reached \$14,507,448. 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 134.4 percent of total general fund expenditures, while total fund balance represents 135.0 percent of that same amount. The general fund demonstrated an overall increase of \$1,770,782. 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 \$456,038, all of which is restricted for the payment of debt service. After issuing a refunding bond, the net decrease in fund balance was \$7,939 due to slightly higher debt service payments than property tax revenues.

The capital projects fund balance decreased \$859,723 due to construction after a transfer from the general fund. Unspent bond proceeds are restricted for capital outlay for the City's infrastructure. The remaining fund balance of \$3,008,415 is assigned for future capital projects.

The red light camera fund experienced a decrease in fund balance of \$245,137 due to less revenue from fines.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$1,789,911 in the general fund. However, the net increase in fund balance was \$1,770,782, resulting in a positive variance of \$3,560,693 from the amended budget.

Actual general fund revenues exceeded original and amended revenues by \$2,438,034 during fiscal year 2016. This net positive variance includes the positive variances of \$46,784 for fine revenues, \$38,120 from charges for services, \$2,227,020 from sales tax revenue, and \$134,756 from other revenues.

Actual expenditures were less than budgeted amounts by \$1,122,159 for the fiscal year. The greatest positive variance was in public safety as a result of less payroll-related expenses than expected.

CAPITAL ASSETS

At the end of fiscal year 2016, the City's governmental activities funds had invested \$49,365,441 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$1,460,256.

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

- Easements and water line improvements of \$855,058
- Electric golf carts for a total of \$256,800

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 \$21,760,000. Of this amount, \$14,440,000 was general obligation bonds and \$7,320,000 was certificates of obligation.

During the year, the City had an overall decrease in long-term debt of \$1,635,361, which was primarily due to the City's issuance of its refunding bond series 2016 for \$6,710,000.

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, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Houston-Woodlands-Sugar Land Metro Area created 14,800 jobs in 2016, according to the Texas Workforce Commission. Job growth fell well below the pace of recent years; the same area added 23,500 the previous years. Given the extensive layoff announcements throughout the year, weaker job growth was to be expected.

Revenues for fiscal year 2016-2017 are projected to stay flat in comparison to the fiscal year 2015-2016, with the exception of property tax revenue. The property tax revenue is projected to increase as a result of the increase of the City's assessed values. Expenses are projected to slightly increase due to salary adjustments.

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.

Exhibit A

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BASIC FINANCIAL STATEMENTS

Exhibit A

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CITY OF JERSEY VILLAGE, TEXAS**STATEMENT OF NET POSITION**

September 30, 2016

	Primary Government			Component Unit Jersey Village Crime Control and Prevention District
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and equity in pooled cash and investments	\$ 30,142,751	\$ 5,542,153	\$ 35,684,904	\$ 2,321,749
Receivables, net of allowances	1,361,157	400,646	1,761,803	260,597
Internal balances	(1,568,128)	1,568,128	-	-
Inventory	-	47,753	47,753	-
Prepaid items	8,129	-	8,129	-
Capital assets:				
Nondepreciable capital assets	6,701,708	2,081,622	8,783,330	-
Depreciable capital assets, net	42,663,733	15,547,649	58,211,382	-
Total Assets	79,309,350	25,187,951	104,497,301	2,582,346
Deferred Outflows of Resources				
Deferred outflows - pensions	1,454,296	264,458	1,718,754	-
Deferred charge on refunding	622,384	-	622,384	-
Total Deferred Outflows of Resources	2,076,680	264,458	2,341,138	-
Liabilities				
Accounts payable and accrued liabilities	1,183,193	306,932	1,490,125	-
Customer deposits	-	124,011	124,011	-
Accrued bond interest	22,542	-	22,542	-
Unearned revenue	-	4,927	4,927	-
Noncurrent liabilities:				
Net pension liability	3,678,728	658,406	4,337,134	-
Due within one year	2,169,662	78,371	2,248,033	-
Due in more than one year	20,842,874	8,708	20,851,582	-
Total Liabilities	27,896,999	1,181,355	29,078,354	-
Deferred Inflows of Resources				
Deferred inflows - pensions	292,570	53,203	345,773	-
Net Position				
Net investment in capital assets	31,824,350	17,629,271	49,453,621	-
Restricted for:				
Public communications	48,791	-	48,791	-
Debt service	456,038	-	456,038	-
Park improvements	4,127	-	4,127	-
Tourism	670,585	-	670,585	-
Public safety	1,489,883	-	1,489,883	-
Court technology	160,990	-	160,990	-
Crime control	-	-	-	2,582,346
Unrestricted	18,541,697	6,588,580	25,130,277	-
Total Net Position	\$ 53,196,461	\$ 24,217,851	\$ 77,414,312	\$ 2,582,346

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 1,529,880	\$ -	\$ -
Public safety	4,593,094	1,111,375	980,511
Public works	5,338,993	-	-
Parks and recreation	651,178	462,972	-
Interest on long-term debt	648,442	-	-
Total Governmental Activities	12,761,587	1,574,347	980,511
Business-Type Activities			
Utility	3,049,180	4,595,167	-
Golf course	1,743,055	1,196,934	-
Total Business-Type Activities	4,792,235	5,792,101	-
Total Primary Government	\$ 17,553,822	\$ 7,366,448	\$ 980,511
Component Unit			
Jersey Village Crime Control and Prevention District	\$ 846,148	\$ -	\$ -

General Revenues:

- Ad valorem taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Investment earnings
- Other revenues
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Exhibit A

Net Revenue (Expense) and Changes in Net Position			Component Unit Jersey Village Crime Control and Prevention District
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (1,529,880)	\$ -	\$ (1,529,880)	\$ -
(2,501,208)	-	(2,501,208)	-
(5,338,993)	-	(5,338,993)	-
(188,206)	-	(188,206)	-
(648,442)	-	(648,442)	-
<u>(10,206,729)</u>	<u>-</u>	<u>(10,206,729)</u>	<u>-</u>
-	1,545,987	1,545,987	-
-	(546,121)	(546,121)	-
-	999,866	999,866	-
<u>(10,206,729)</u>	<u>999,866</u>	<u>(9,206,863)</u>	<u>-</u>
-	-	-	(846,148)
8,216,808	-	8,216,808	-
4,932,020	-	4,932,020	1,604,665
636,178	-	636,178	-
93,741	-	93,741	-
76,726	15,285	92,011	5,957
168,790	-	168,790	-
118,727	(118,727)	-	-
<u>14,242,990</u>	<u>(103,442)</u>	<u>14,139,548</u>	<u>1,610,622</u>
4,036,261	896,424	4,932,685	764,474
<u>49,160,200</u>	<u>23,321,427</u>	<u>72,481,627</u>	<u>1,817,872</u>
<u>\$ 53,196,461</u>	<u>\$ 24,217,851</u>	<u>\$ 77,414,312</u>	<u>\$ 2,582,346</u>

CITY OF JERSEY VILLAGE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Red Light Camera</u>
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 14,740,624	\$ 456,032	\$ 7,629,406	\$ 1,396,646
Receivables, net	1,292,705	57,134	-	-
Prepaid items	4,853	-	-	-
Due from other funds	-	7	-	-
Total Assets	<u>\$ 16,038,182</u>	<u>\$ 513,173</u>	<u>\$ 7,629,406</u>	<u>\$ 1,396,646</u>
<u>Liabilities:</u>				
Accounts payable and accrued liabilities	\$ 1,039,199	\$ -	\$ 18,583	\$ 1,557
Retainage payable	-	-	80,749	-
Due to other funds	39,019	-	-	-
Total Liabilities	<u>1,078,218</u>	<u>-</u>	<u>99,332</u>	<u>1,557</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - ambulance	339,654	-	-	-
Unavailable revenue - property taxes	112,862	57,135	-	-
Total Deferred Inflows of Resources	<u>452,516</u>	<u>57,135</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>				
Nonspendable	4,853	-	-	-
Restricted:				
Debt service	-	456,038	-	-
Public communications	48,791	-	-	-
Park improvements	4,127	-	-	-
Tourism	-	-	-	-
Public safety	8,669	-	-	1,395,089
Court technology and security	-	-	-	-
Capital projects	-	-	4,521,659	-
Assigned:				
Capital projects	-	-	3,008,415	-
Unassigned	14,441,008	-	-	-
Total Fund Balances	<u>14,507,448</u>	<u>456,038</u>	<u>7,530,074</u>	<u>1,395,089</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,038,182</u>	<u>\$ 513,173</u>	<u>\$ 7,629,406</u>	<u>\$ 1,396,646</u>

Exhibit A

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 867,874	\$ 25,090,582
11,318	1,361,157
3,276	8,129
39,012	39,019
<u>\$ 921,480</u>	<u>\$ 26,498,887</u>
\$ 504	\$ 1,059,843
-	80,749
-	39,019
<u>504</u>	<u>1,179,611</u>
-	339,654
-	169,997
<u>-</u>	<u>509,651</u>
3,276	8,129
-	456,038
-	48,791
-	4,127
670,585	670,585
86,125	1,489,883
160,990	160,990
-	4,521,659
-	3,008,415
-	14,441,008
<u>920,976</u>	<u>24,809,625</u>
<u>\$ 921,480</u>	<u>\$ 26,498,887</u>

CITY OF JERSEY VILLAGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2016

Total fund balances for governmental funds	\$ 24,809,625
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	6,701,708
Capital assets, net depreciable	41,072,054
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
	509,651
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	3,441,440
Capital assets, net depreciable	1,591,679
Deferred outflows and deferred inflows related to the net pension liability are not reported in the governmental funds.	
Deferred outflows	1,454,296
Deferred inflows	(292,570)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(22,542)
Net pension liability	(3,678,728)
Noncurrent liabilities due in one year	(2,169,662)
Noncurrent liabilities due in more than one year	(20,842,874)
Deferred charge on refunding	622,384
Net Position of Governmental Activities	\$ 53,196,461

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, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Red Light Camera</u>
Revenues				
Ad valorem taxes	\$ 5,828,657	\$ 2,388,215	\$ -	\$ -
Sales taxes	4,932,020	-	-	-
Franchise taxes	636,178	-	-	-
Other taxes	-	-	-	-
Permits, licenses, and fees	203,454	-	-	-
Fines and forfeitures	863,984	-	-	4,925
Charges for services	397,070	-	-	-
Intergovernmental	868,230	-	112,281	-
Investment earnings	49,016	1,374	10,769	-
Other revenue	154,756	-	-	-
Total Revenues	13,933,365	2,389,589	123,050	4,925
Expenditures				
Current:				
General government	3,451,830	-	-	-
Public safety	4,243,729	-	-	250,062
Public works	2,424,610	-	2,442,773	-
Parks and recreation	623,509	-	-	-
Debt Service:				
Principal	-	1,765,000	-	-
Interest and fiscal agent fees	-	652,679	-	-
Issuance costs	-	129,960	-	-
Total Expenditures	10,743,678	2,547,639	2,442,773	250,062
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,189,687	(158,050)	(2,319,723)	(245,137)
Other Financing Sources (Uses)				
Transfers in	476,000	93,632	1,460,000	-
Transfers (out)	(1,894,905)	-	-	-
General obligation bond issuance	-	6,710,000	-	-
Premium	-	628,469	-	-
Payment to refunded bond escrow agent	-	(7,281,990)	-	-
Total Other Financing Sources (Uses)	(1,418,905)	150,111	1,460,000	-
Net Change in Fund Balances	1,770,782	(7,939)	(859,723)	(245,137)
Beginning fund balances	12,736,666	463,977	8,389,797	1,640,226
Ending Fund Balances	\$ 14,507,448	\$ 456,038	\$ 7,530,074	\$ 1,395,089

See Notes to Financial Statements.

Exhibit A

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 8,216,872
-	4,932,020
-	636,178
93,741	93,741
-	203,454
39,012	907,921
-	397,070
-	980,511
1,898	63,057
14,034	168,790
<u>148,685</u>	<u>16,599,614</u>
61,370	3,513,200
66,471	4,560,262
-	4,867,383
-	623,509
-	1,765,000
-	652,679
-	129,960
<u>127,841</u>	<u>16,111,993</u>
<u>20,844</u>	<u>487,621</u>
-	2,029,632
(16,000)	(1,910,905)
-	6,710,000
-	628,469
-	(7,281,990)
<u>(16,000)</u>	<u>175,206</u>
4,844	662,827
<u>916,132</u>	<u>24,146,798</u>
<u>\$ 920,976</u>	<u>\$ 24,809,625</u>

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, 2016

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

Net changes in fund balances - total governmental funds	\$	662,827
<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		3,014,108
Depreciation expense		(1,553,852)
<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>		
Bond issuance		(6,710,000)
Bonds refunded		7,015,000
Principal payments		1,765,000
Amortization of premiums, discounts, and deferred charges		(333,123)
<p>Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.</p>		
		65,838
<p>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.</p>		
		111,211
<p>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.</p>		
Pension obligation		(1,033,974)
Deferred outflows - pensions		856,530
Deferred inflows - pensions		10,140
<p>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.</p>		
		166,556
Change in Net Position of Governmental Activities	\$	<u><u>4,036,261</u></u>

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2016

	<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>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 4,819,821	\$ 722,332	\$ 5,542,153	\$ 5,052,169
Accounts receivable, net	400,646	-	400,646	-
Inventory	-	47,753	47,753	-
Total Current Assets	<u>5,220,467</u>	<u>770,085</u>	<u>5,990,552</u>	<u>5,052,169</u>
Noncurrent assets:				
Capital assets:				
Land	445,240	915,000	1,360,240	-
Construction in process	721,382	-	721,382	-
Buildings and improvements	642,379	6,217,398	6,859,777	-
Furniture and equipment	1,512,853	672,043	2,184,896	7,923,581
Water and sewer system	19,684,254	-	19,684,254	-
Less: accumulated depreciation	<u>(7,686,582)</u>	<u>(5,494,696)</u>	<u>(13,181,278)</u>	<u>(6,331,902)</u>
Total Capital Assets (Net)	<u>15,319,526</u>	<u>2,309,745</u>	<u>17,629,271</u>	<u>1,591,679</u>
Total Noncurrent Assets	<u>15,319,526</u>	<u>2,309,745</u>	<u>17,629,271</u>	<u>1,591,679</u>
Total Assets	<u>\$ 20,539,993</u>	<u>\$ 3,079,830</u>	<u>\$ 23,619,823</u>	<u>\$ 6,643,848</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pensions	264,458	-	264,458	-
Total Deferred Outflows of Resources	<u>264,458</u>	<u>-</u>	<u>264,458</u>	<u>-</u>

CITY OF JERSEY VILLAGE, TEXAS**STATEMENT OF NET POSITION (Page 2 of 2)****PROPRIETARY FUNDS**

September 30, 2016

	<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</u>	
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 214,059	\$ 92,873	\$ 306,932	\$ 42,601
Customer deposits	123,642	369	124,011	-
Compensated absences	34,541	43,830	78,371	-
Unearned revenue	-	4,927	4,927	-
Total Current Liabilities	<u>372,242</u>	<u>141,999</u>	<u>514,241</u>	<u>42,601</u>
Noncurrent liabilities:				
Compensated absences	3,838	4,870	8,708	-
Net pension liability	658,406	-	658,406	-
Total Noncurrent Liabilities	<u>662,244</u>	<u>4,870</u>	<u>667,114</u>	<u>-</u>
Total Liabilities	<u>1,034,486</u>	<u>146,869</u>	<u>1,181,355</u>	<u>42,601</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	53,203	-	53,203	-
Total Deferred Inflows of Resources	<u>53,203</u>	<u>-</u>	<u>53,203</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	15,319,526	2,309,745	17,629,271	1,591,679
Unrestricted	4,397,236	623,216	5,020,452	5,009,568
Total Net Position	<u>\$ 19,716,762</u>	<u>\$ 2,932,961</u>	<u>22,649,723</u>	<u>\$ 6,601,247</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>1,568,128</u>	
Total Net Position per Government-Wide Financial Statements.			<u>\$ 24,217,851</u>	

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, 2016

	<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	\$ 4,175,460	\$ 1,196,736	\$ 5,372,196	\$ 786,278
Other revenues	419,707	198	419,905	-
Total Operating Revenues	<u>4,595,167</u>	<u>1,196,934</u>	<u>5,792,101</u>	<u>786,278</u>
<u>Operating Expenses</u>				
Costs of sales and services	2,258,577	580,567	2,839,144	10,764
Personnel	396,915	832,786	1,229,701	-
Depreciation	422,547	329,702	752,249	617,644
Total Operating Expenses	<u>3,078,039</u>	<u>1,743,055</u>	<u>4,821,094</u>	<u>628,408</u>
Operating Income (Loss)	<u>1,517,128</u>	<u>(546,121)</u>	<u>971,007</u>	<u>157,870</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	14,019	1,266	15,285	13,669
Total Nonoperating Revenues (Expenses)	<u>14,019</u>	<u>1,266</u>	<u>15,285</u>	<u>13,669</u>
Income (Loss) Before Transfers	1,531,147	(544,855)	986,292	171,539
Transfers in	-	434,905	434,905	-
Transfers (out)	(553,632)	-	(553,632)	-
Change in Net Position	977,515	(109,950)	867,565	171,539
Beginning net position	18,739,247	3,042,911		6,429,708
Ending Net Position	<u>\$ 19,716,762</u>	<u>\$ 2,932,961</u>		<u>\$ 6,601,247</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>28,859</u>	
Change in Net Position of Business-Type Activities			<u>\$ 896,424</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, 2016

	<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>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 4,631,205	\$ 1,204,786	\$ 5,835,991	\$ 786,278
Payments to suppliers	(2,585,365)	(500,558)	(3,085,923)	15,506
Payments to employees	(384,492)	(857,167)	(1,241,659)	-
Net Cash Provided (Used) by Operating Activities	<u>1,661,348</u>	<u>(152,939)</u>	<u>1,508,409</u>	<u>801,784</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfer to other funds	(553,632)	434,905	(118,727)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(553,632)</u>	<u>434,905</u>	<u>(118,727)</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(1,201,703)	(179,327)	(1,381,030)	(593,768)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,201,703)</u>	<u>(179,327)</u>	<u>(1,381,030)</u>	<u>(593,768)</u>
<u>Cash Flows from Investing Activities</u>				
Interest received	14,019	1,266	15,285	13,669
Net Cash Provided by Investing Activities	<u>14,019</u>	<u>1,266</u>	<u>15,285</u>	<u>13,669</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,968)	103,905	23,937	221,685
Beginning cash and cash equivalents	4,899,789	618,427	5,518,216	4,830,484
Ending Cash and Cash Equivalents	<u>\$ 4,819,821</u>	<u>\$ 722,332</u>	<u>\$ 5,542,153</u>	<u>\$ 5,052,169</u>

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, 2016

	<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)	\$ 1,517,128	\$ (546,121)	\$ 971,007	\$ 157,870
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	422,547	329,702	752,249	617,644
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	36,038	6,126	42,164	-
Deferred outflows - pensions	(158,142)	-	(158,142)	-
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	(26,976)	13,191	(13,785)	26,270
Customer deposits	5,784	-	5,784	-
Compensated absences	(22,608)	(24,381)	(46,989)	-
Net pension liability	188,024	-	188,024	-
Deferred inflows - pensions	(635)	1,726	1,091	-
Due to other funds	(299,812)	-	(299,812)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,661,348</u>	<u>\$ (152,939)</u>	<u>\$ 1,508,409</u>	<u>\$ 801,784</u>

See Notes to Financial Statements.

Exhibit A

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CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2016

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 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, 2016

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 red light camera fund accounts for activities related to red light camera fines and fees collected by the company contracted for the enforcement of such violations. The red light camera 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, 2016

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, 2016

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

The City reports all investments at fair value, except for investment pools. Investment positions in external investment pools that are operated in accordance with appropriate state laws and regulations, such as TexPool, are reported using amortized cost.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

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 estimated fair market 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, 2016**

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 one item that qualifies for reporting in this category. Deferred inflows of resources are recognized for the difference between expected and actual economic experience on the pension plan liability. These amounts are 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 property taxes. This amount is deferred and recognized as an inflow 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.

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

CITY OF JERSEY VILLAGE, TEXAS**NOTES TO FINANCIAL STATEMENTS (Continued)****For the Year Ended September 30, 2016**

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.

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

CITY OF JERSEY VILLAGE, TEXAS**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Year Ended September 30, 2016

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.

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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

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, 2016. 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, asset forfeiture fund, and red light camera 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, 2016, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	\$ 31,607,449	0.00
Total Fair Value	\$ 31,607,449	
Portfolio weighted average maturity		0.00

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, 2016, 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 deposit at the depository bank to be collateralized by securities. As of September 30, 2016, 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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

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.

The *TexPool* investment pool 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. The investment pool 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 5% 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. The investment pool'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 pool's liquidity.

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>
Ad valorem taxes	\$ 838,063	\$ 58,300	\$ -
Other taxes	115,165	-	-
Intergovernmental	2,106	-	-
Other	550,417	-	11,318
Less allowance	(213,046)	(1,166)	-
Total	<u>\$ 1,292,705</u>	<u>\$ 57,134</u>	<u>\$ 11,318</u>

	<u>Water and Sewer</u>	<u>Component Unit</u>
Other taxes	\$ -	\$ 260,597
Accounts	553,302	-
Less allowance	(152,656)	-
Total	<u>\$ 400,646</u>	<u>\$ 260,597</u>

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

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 the year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,437,988	\$ 855,058	\$ -	\$ 3,293,046
Construction in progress	2,068,053	1,340,609	-	3,408,662
Total capital assets not being depreciated	4,506,041	2,195,667	-	6,701,708
Other capital assets:				
Buildings and improvements	8,427,937	152,160	-	8,580,097
Machinery and equipment	9,578,288	666,281	-	10,244,569
Infrastructure	45,040,743	-	-	45,040,743
Total other capital assets	63,046,968	818,441	-	63,865,409
Less accumulated depreciation for:				
Buildings and improvements	(3,523,889)	(223,200)	-	(3,747,089)
Machinery and equipment	(7,728,170)	(707,946)	-	(8,436,116)
Infrastructure	(8,395,765)	(622,706)	-	(9,018,471)
Total accumulated depreciation	(19,647,824)	(1,553,852)	-	(21,201,676)
Other capital assets, net	43,399,144	(735,411)	-	42,663,733
Governmental Activities Capital Assets, Net	\$ 47,905,185	\$ 1,460,256	\$ -	49,365,441
				622,384
				4,521,659
				(22,685,134)
			Net Investment in Capital Assets	\$ 31,824,350

Depreciation was charged to governmental functions as follows:

General government	\$ 49,806
Public safety	168,320
Public works	653,731
Parks and recreation	64,351
Capital assets held by the City's internal service fund are charged to various functions based on their usage of the assets	617,644
Total Governmental Activities Depreciation Expense	\$ 1,553,852

CITY OF JERSEY VILLAGE, TEXAS**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Year Ended September 30, 2016

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	3,000,000	1,568,053	1,431,947
Elwood Drive Project	1,560,000	1,234,017	325,983
Total	\$ 5,060,000	\$ 3,302,070	\$ 1,757,930

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2016:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,360,240	\$ -	\$ -	\$ 1,360,240
Construction in progress	556,382	165,000	-	721,382
Total capital assets not being depreciated	1,916,622	165,000	-	2,081,622
Other capital assets:				
Buildings	6,636,563	223,214	-	6,859,777
Water and sewer system	19,203,265	480,989	-	19,684,254
Machinery and equipment	1,673,069	511,827	-	2,184,896
Total other capital assets	27,512,897	1,216,030	-	28,728,927
Less accumulated depreciation for:				
Buildings	(4,654,008)	(364,134)	-	(5,018,142)
Water and sewer system	(6,765,440)	(306,336)	-	(7,071,776)
Machinery and equipment	(1,009,581)	(81,779)	-	(1,091,360)
Total accumulated depreciation	(12,429,029)	(752,249)	-	(13,181,278)
Other capital assets, net	15,083,868	463,781	-	15,547,649
Business-Type Activities Capital Assets, Net	\$ 17,000,490	\$ 628,781	\$ -	\$ 17,629,271

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 405,346
Golf course	346,903
Total Business-Type Activities Depreciation Expense	\$ 752,249

CITY OF JERSEY VILLAGE, TEXAS**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Year Ended September 30, 2016

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Scada Project	\$ 187,570	\$ 175,242	\$ 12,328
290 Expansion	550,000	420,700	129,300
Elwood Drive Project	139,500	125,440	14,060
Total	\$ 877,070	\$ 721,382	\$ 155,688

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.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 15,830,000	\$ 6,710,000	\$ 8,100,000	\$ 14,440,000 *	\$ 1,120,000
Certificates of obligation	8,000,000	-	680,000	7,320,000 *	755,000
Premium on bonds	490,495	628,469	193,830	925,134 *	-
	<u>24,320,495</u>	<u>7,338,469</u>	<u>8,973,830</u>	<u>22,685,134</u>	<u>1,875,000</u>
Other liabilities:					
Net pension liability	2,644,754	1,033,974	-	3,678,728	-
Compensated absences	<u>306,501</u>	<u>87,756</u>	<u>66,855</u>	<u>327,402</u>	<u>294,662</u>
Total Governmental Activities	\$ 27,271,750	\$ 8,460,199	\$ 9,040,685	\$ 26,691,264	\$ 2,169,662

Long-term debt due in more than one year \$ 24,521,602

*Debt associated with governmental activity capital assets \$ 22,685,134

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Net pension liability	\$ 470,382	\$ 188,024	\$ -	\$ 658,406	\$ -
Compensated absences	<u>134,068</u>	<u>11,418</u>	<u>58,406</u>	<u>87,080</u>	<u>78,371</u>
Total Business-Type Activities	\$ 604,450	\$ 199,442	\$ 58,406	\$ 745,486	\$ 78,371

Long-term debt due in more than one year \$ 667,115

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, 2016

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%	\$ 600,000
Series 2012	2.00-4.00%	7,130,000
Series 2016	2.00-3.00%	6,710,000
Total General Obligation Bonds		14,440,000
Certificates of Obligation		
Series 2015	5.00-7.00%	7,320,000
Total Certificates of Obligation		7,320,000
Total Governmental Activities Long-Term Debt		\$ 21,760,000

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
2017	\$ 1,875,000	\$ 519,778	\$ 2,394,778
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
2022-2026	10,315,000	901,155	11,216,155
2027	1,600,000	24,000	1,624,000
Total	\$ 21,760,000	\$ 3,081,875	\$ 24,841,875

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.

Advanced Refunding of Debt

On April 5, 2016, the City issued \$6,710,000 of General Obligation Refunding Bonds, Series 2016 to provide resources to defease a portion of the General Obligation Bonds, Series 2007. With additional resources of City contributions, the City defeased \$7,015,000 of the General Obligation Bonds, Series 2007.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

As a result, the refunded portion of the bonds is considered to be defeased and the pro-rata portion of the liability has been removed from the applicable governmental column in the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$167,566. This amount is being netted against the new debt and amortized over the remaining life of the old debt issued. The advanced refunding resulted in an economic gain of \$1,003,847 and a reduction of \$1,127,825 in future debt payments. At September 30, 2016, \$7,015,000 was considered defeased relating to the 2016 refunding.

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 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
Debt service	General	\$ 7
Nonmajor	General	39,012
	Total	\$ 39,019

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	\$ 460,000
General	Nonmajor	16,000
Debt service	Water and sewer	93,632
Capital projects	General	1,460,000
Golf course	General	434,905
	Total	\$ 2,464,537

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, 2016, \$920,976 of the City’s total fund balance is restricted by enabling legislation.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

G. Restatement of Fund Balance

The beginning fund balance for the general fund has been restated to defer the net accounts receivable related to ambulance transportation services. The beginning fund balance was restated as follows:

	General Fund
Prior year ending fund balance	\$ 13,010,418
Deferral of ambulance billing receivable	(273,752)
Restated beginning fund balance	\$ 12,736,666

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.

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 866 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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

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.

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:

	2016	2015
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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43	
Inactive employees entitled to, but not yet receiving, benefits	59	
Active employees	94	
Total	196	

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 15.25 percent and 14.88 percent in calendar

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

years 2015 and 2016, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2016 were \$737,720, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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, 2015 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. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7.00 percent to 6.75 percent. 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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

CITY OF JERSEY VILLAGE, TEXAS**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Year Ended September 30, 2016

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%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 850,095	\$ -	\$ 850,095
Interest	1,369,339	-	1,369,339
Change of benefit terms	-	-	-
Difference between expected and actual experience	(105,426)	-	(105,426)
Changes of assumptions	198,859	-	198,859
Contributions - employer	-	741,645	(741,645)
Contributions - employee	-	340,427	(340,427)
Net investment income	-	24,391	(24,391)
Benefit payments, including refunds of employee contributions	(1,025,857)	(1,025,857)	-
Administrative expense	-	(14,861)	14,861
Other changes	-	(734)	734
Net Changes	1,287,010	65,012	1,221,998
Balance at December 31, 2014	19,649,872	16,534,736	3,115,136
Balance at December 31, 2015	\$ 20,936,882	\$ 16,599,748	\$ 4,337,134

CITY OF JERSEY VILLAGE, TEXAS**NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Year Ended September 30, 2016

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	\$ 7,491,332	\$ 4,337,134	\$ 1,786,451

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.

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

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$933,198.

At September 30, 2016, 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	\$ -	\$ (345,773)
Changes in actuarial assumptions	152,827	-
Difference between projected and actual investment earnings	1,025,200	-
Contributions subsequent to the measurement date	540,727	-
Total	\$ 1,718,754	\$ (345,773)

\$540,727 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Pension Expense
2017	\$ 196,029
2018	196,029
2019	196,029
2020	244,167
2021	-
Thereafter	-
Total	\$ 832,254

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2016

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. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2016, the City offered the supplemental death benefit to both active and retired employees.

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 2016, 2015, and 2014 were \$1,349, \$940, and \$849, respectively. The City's contribution rates for the past three years are shown below:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Req. Contrib. (Rate)	0.03%	0.02%	0.02%
Actual Contribution Made	0.03%	0.02%	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.

Exhibit A

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, 2016

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	\$ 5,923,760	\$ 5,923,760	\$ 5,828,657	\$ (95,103)
Sales	2,705,000	2,705,000	4,932,020	2,227,020
Franchise	605,000	605,000	636,178	31,178
Permits, licenses, and fees	101,700	101,700	203,454	101,754
Charges for services	358,950	358,950	397,070	38,120
Fines	817,200	817,200	863,984	46,784
Investment earnings	5,000	5,000	49,016	44,016
Intergovernmental	938,268	958,721	868,230	(90,491)
Other revenues	20,000	20,000	154,756	134,756
Total Revenues	11,474,878	11,495,331	13,933,365	2,438,034
Expenditures				
General government:				
Administration	600,502	664,090	615,560	48,530
Legal	708,205	1,748,205	1,675,551	72,654
Information technology	433,042	438,052	380,676	57,376
Purchasing	22,350	22,350	21,006	1,344
Finance	289,800	293,193	283,018	10,175
Customer service	134,800	138,923	132,923	6,000
Court	363,913	369,343	343,096	26,247
Total General Government	2,552,612	3,674,156	3,451,830	222,326
Public safety:				
Police	2,423,179	2,458,795	2,216,119	242,676
Dispatch	667,359	713,775	562,775	151,000
Fire	1,499,312	1,544,734	1,464,835	79,899
Total Public Safety	4,589,850	4,717,304	4,243,729	473,575
Public works:				
Public works administration	236,900	252,595	216,432	36,163
Community development	426,175	479,841	408,333	71,508
Streets	571,811	637,489	612,573	24,916
Building and grounds	283,450	343,992	275,451	68,541
Sanitation	394,358	592,577	573,586	18,991
Fleet services	438,500	439,533	338,235	101,298
Total Public Works	2,351,194	2,746,027	2,424,610	321,417
Parks and recreation	725,050	728,349	623,509	104,840
Total Expenditures	10,218,706	11,865,837	10,743,678	1,122,159
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,256,172	(370,506)	3,189,687	3,560,193

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, 2016

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 476,000	\$ 476,000	\$ 476,000	\$ -
Transfers (out)	(435,405)	(1,895,405)	(1,894,905)	500
Total Other Financing Sources (Uses)	<u>40,595</u>	<u>(1,419,405)</u>	<u>(1,418,905)</u>	<u>500</u>
Net Change in Fund Balance	<u>\$ 1,296,767</u>	<u>\$ (1,789,911)</u>	1,770,782	<u>\$ 3,560,693</u>
Beginning fund balance			<u>12,736,666</u>	
Ending Fund Balance			<u>\$ 14,507,448</u>	

Notes to Required Supplementary Information:

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

Exhibit A

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RED LIGHT CAMERA FUND
 For the Year Ended September 30, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines	\$ 4,925	\$ 4,925	\$ -
Total Revenues	4,925	4,925	-
<u>Expenditures</u>			
Public safety	251,000	250,062	938
Total Expenditures	251,000	250,062	938
Net Change in Fund Balance	\$ (246,075)	(245,137)	\$ 938
Beginning fund balance		1,640,226	
Ending Fund Balance		\$ 1,395,089	

Notes to Required Supplementary Information:

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

Exhibit A

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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, 2016

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

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

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2016

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

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

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	30 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.

Exhibit A

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***COMBINING STATEMENTS
AND SCHEDULES***

Exhibit A

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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, 2016

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Ad valorem taxes	\$ 2,455,117	\$ 2,388,215	\$ (66,902)
Investment earnings	500	1,374	874
Total Revenues	2,455,617	2,389,589	(66,028)
<u>Expenditures</u>			
Debt service:			
Principal	1,765,000	1,765,000	-
Interest and fiscal agent fees	743,043	652,679	90,364
Issuance costs	129,960	129,960	-
Total Expenditures	2,638,003	2,547,639	90,364
(Deficiency) of Revenues (Under) Expenditures	(182,386)	(158,050)	24,336
<u>Other Financing Sources (Uses)</u>			
Transfers in	93,632	93,632	-
Bond issuance	-	6,710,000	6,710,000
Premium	-	628,469	628,469
Payment to refunded bond escrow agent	-	(7,281,990)	(7,281,990)
Total Other Financing Sources	93,632	150,111	56,479
Net Change in Fund Balance	\$ (88,754)	(7,939)	\$ 80,815
Beginning fund balance		463,977	
Ending Fund Balance		\$ 456,038	

Exhibit A

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CITY OF JERSEY VILLAGE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2016

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, 2016

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel Occupancy Tax</u>	<u>Court Security and Technology Fees</u>	<u>Asset Forfeiture</u>	
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 659,571	\$ 122,178	\$ 86,125	\$ 867,874
Receivables, net	11,318	-	-	11,318
Prepaid items	1,055	-	2,221	3,276
Due from other funds	-	39,012	-	39,012
Total Assets	\$ 671,944	\$ 161,190	\$ 88,346	\$ 921,480
<u>Liabilities</u>				
Accounts payable	\$ 304	\$ 200	\$ -	\$ 504
Total Liabilities	304	200	-	504
<u>Fund Balances</u>				
Nonspendable	1,055	-	2,221	3,276
Restricted:				
Tourism	670,585	-	-	670,585
Public safety	-	-	86,125	86,125
Court technology	-	160,990	-	160,990
Total Fund Balances	671,640	160,990	88,346	920,976
Total Liabilities and Fund Balances	\$ 671,944	\$ 161,190	\$ 88,346	\$ 921,480

CITY OF JERSEY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel Occupancy Tax</u>	<u>Court Security and Technology Fees</u>	<u>Asset Forfeiture</u>	
<u>Revenues</u>				
Occupancy tax	\$ 93,741	\$ -	\$ -	\$ 93,741
Fines	-	39,012	-	39,012
Investment earnings	1,686	-	212	1,898
Other revenue	-	-	14,034	14,034
	<u>95,427</u>	<u>39,012</u>	<u>14,246</u>	<u>148,685</u>
Total Revenues				
<u>Expenditures</u>				
Current:				
General government	61,370	-	-	61,370
Public safety	-	62,351	4,120	66,471
	<u>61,370</u>	<u>62,351</u>	<u>4,120</u>	<u>127,841</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34,057</u>	<u>(23,339)</u>	<u>10,126</u>	<u>20,844</u>
<u>Other Financing Sources (Uses)</u>				
Transfer (out)	(16,000)	-	-	(16,000)
	<u>18,057</u>	<u>(23,339)</u>	<u>10,126</u>	<u>4,844</u>
Net Change in Fund Balances				
Beginning fund balances	653,583	184,329	78,220	916,132
Ending Fund Balances	<u>\$ 671,640</u>	<u>\$ 160,990</u>	<u>\$ 88,346</u>	<u>\$ 920,976</u>

Exhibit A

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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, 2016

	<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	\$ 70,000	\$ 93,741	\$ 23,741
Investment earnings	300	1,686	1,386
Total Revenues	<u>70,300</u>	<u>95,427</u>	<u>25,127</u>
<u>Expenditures</u>			
General government	62,500	61,370	1,130
Total Expenditures	<u>62,500</u>	<u>61,370</u>	<u>1,130</u>
Excess of Revenues Over Expenditures	<u>7,800</u>	<u>34,057</u>	<u>26,257</u>
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(16,000)	(16,000)	-
Net Change in Fund Balance	<u><u>\$ (8,200)</u></u>	<u>18,057</u>	<u><u>\$ 26,257</u></u>
Beginning fund balance		<u>653,583</u>	
Ending Fund Balance		<u><u>\$ 671,640</u></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, 2016

	Court Security and Technology Fees		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines	\$ 40,500	\$ 39,012	\$ (1,488)
<u>Expenditures</u>			
Public safety	63,900	62,351	1,549
Net Change in Fund Balance	\$ (23,400)	(23,339)	\$ 61
Beginning fund balance		184,329	
Ending Fund Balance		\$ 160,990	

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, 2016

	Original and Final Budget Amounts	Asset Forfeiture Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Investment earnings	\$ 5	\$ 212	\$ 207
Other revenue	-	14,034	14,034
Total Revenues	5	14,246	14,241
Expenditures			
Public safety	5,000	4,120	880
Total Expenditures	5,000	4,120	880
Net Change in Fund Balance	\$ (4,995)	10,126	\$ 15,121
Beginning fund balance		78,220	
Ending Fund Balance		\$ 88,346	

Exhibit A

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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			
	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	\$ 13,471,717	\$ 14,251,751	\$ 11,219,378	\$ 21,384,544
Restricted	1,481,067	1,359,131	7,455,122	6,751,632
Unrestricted	6,131,312	8,462,478	9,504,411	4,825,409
Total Governmental Activities Net Position	<u>\$ 21,084,096</u>	<u>\$ 24,073,360</u>	<u>\$ 28,178,911</u>	<u>\$ 32,961,585</u>
Business-Type Activities				
Net investment in capital assets	\$ 16,785,000	\$ 17,233,210	\$ 16,805,161	\$ 17,831,127
Restricted	693,817	742,993	715,000	-
Unrestricted	3,149,014	3,314,011	4,026,306	3,806,361
Total Business-Type Activities Net Position	<u>\$ 20,627,831</u>	<u>\$ 21,290,214</u>	<u>\$ 21,546,467</u>	<u>\$ 21,637,488</u>
Primary Government				
Net investment in capital assets	\$ 30,256,717	\$ 31,484,961	\$ 28,024,539	\$ 39,215,671
Restricted	2,174,884	2,102,124	8,170,122	6,751,632
Unrestricted	9,280,326	11,776,489	13,530,717	8,631,770
Total Primary Government Net Position	<u>\$ 41,711,927</u>	<u>\$ 45,363,574</u>	<u>\$ 49,725,378</u>	<u>\$ 54,599,073</u>

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 25,644,695	\$ 23,205,799	\$ 29,072,714	\$ 30,316,564	\$ 31,654,577	\$ 31,824,350
1,706,438	7,298,473	3,646,658	3,329,342	2,930,096	2,830,414
8,906,717	8,025,517	10,085,847	18,541,697	14,575,527	18,541,697
<u>\$ 36,257,850</u>	<u>\$ 38,529,789</u>	<u>\$ 42,805,219</u>	<u>\$ 52,187,603</u>	<u>\$ 49,160,200</u>	<u>\$ 53,196,461</u>
\$ 17,991,847	\$ 18,085,993	\$ 17,746,030	\$ 17,205,752	\$ 17,000,490	\$ 17,629,271
-	-	-	-	-	-
4,282,824	4,422,826	5,297,596	6,588,580	6,320,937	6,588,580
<u>\$ 22,274,671</u>	<u>\$ 22,508,819</u>	<u>\$ 23,043,626</u>	<u>\$ 23,794,332</u>	<u>\$ 23,321,427</u>	<u>\$ 24,217,851</u>
\$ 43,636,542	\$ 41,291,792	\$ 46,818,744	\$ 47,522,316	\$ 48,655,067	\$ 49,453,621
1,706,438	7,298,473	3,646,658	3,329,342	2,930,096	2,830,414
13,189,541	12,448,343	15,383,443	25,130,277	20,896,464	25,130,277
<u>\$ 58,532,521</u>	<u>\$ 61,038,608</u>	<u>\$ 65,848,845</u>	<u>\$ 75,981,935</u>	<u>\$ 72,481,627</u>	<u>\$ 77,414,312</u>

CITY OF JERSEY VILLAGE, TEXAS**CHANGES IN NET POSITION**

Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities				
General government	\$ 1,465,168	\$ 1,864,463	\$ 2,211,902	\$ 2,046,283
Public safety	3,336,615	3,691,280	4,421,088	5,136,312
Public works	2,138,804	2,653,961	2,069,991	2,391,025
Parks and recreation	424,043	541,244	476,072	525,477
Interest and fiscal agent fees on long-term debt	1,068,800	1,344,921	1,283,271	1,220,035
Total Governmental Activities Expenses	<u>8,433,430</u>	<u>10,095,869</u>	<u>10,462,324</u>	<u>11,319,132</u>
Business-type activities				
Water and sewer	1,650,015	1,952,219	2,572,957	2,092,496
Golf course	1,432,630	1,558,274	1,563,335	1,628,516
Total Business-Type Activities Expenses	<u>3,082,645</u>	<u>3,510,493</u>	<u>4,136,292</u>	<u>3,721,012</u>
Total Primary Government Expenses	<u>\$ 11,516,075</u>	<u>\$ 13,606,362</u>	<u>\$ 14,598,616</u>	<u>\$ 15,040,144</u>
Program Revenues				
Governmental activities				
Charges for services				
Public safety	\$ 1,591,587	\$ 1,287,420	\$ 1,689,556	\$ 2,324,301
Public works	305,375	477,912	-	-
Parks and recreation	12,818	11,954	745,629	296,557
Operating grants and contributions	537,281	1,299,724	1,111,357	3,439,600
Total Governmental Activities Program Revenues	<u>2,447,061</u>	<u>3,077,010</u>	<u>3,546,542</u>	<u>6,060,458</u>
Business-type activities				
Charges for services				
Water and sewer	2,476,398	2,956,434	3,250,244	2,983,242
Golf course	1,213,498	1,477,667	1,528,458	1,243,653
Total Business-Type Activities Program Revenues	<u>3,689,896</u>	<u>4,434,101</u>	<u>4,778,702</u>	<u>4,226,895</u>
Total Primary Government Program Revenues	<u>\$ 6,136,957</u>	<u>\$ 7,511,111</u>	<u>\$ 8,325,244</u>	<u>\$ 10,287,353</u>
Net (Expense)/Revenue				
Governmental activities	\$ (5,986,369)	\$ (7,018,859)	\$ (6,915,782)	\$ (5,258,674)
Business-type activities	607,251	923,608	642,410	505,883
Total Primary Government Net Expense	<u>\$ (5,379,118)</u>	<u>\$ (6,095,251)</u>	<u>\$ (6,273,372)</u>	<u>\$ (4,752,791)</u>

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,852,750	\$ 1,979,509	\$ 1,744,782	\$ 1,741,875	\$ 1,683,153	\$ 1,529,880
5,038,540	5,221,610	5,029,549	4,840,944	5,075,686	4,593,094
2,460,625	2,929,708	2,399,621	2,447,946	2,916,512	5,338,993
197,711	163,273	158,351	225,551	119,532	651,178
1,025,458	850,924	797,826	703,579	719,422	648,442
<u>10,575,084</u>	<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>
2,798,185	3,040,413	2,838,464	2,612,155	2,571,317	3,049,180
1,740,698	1,649,470	1,662,206	1,716,718	1,775,044	1,743,055
4,538,883	4,689,883	4,500,670	4,328,873	4,346,361	4,792,235
<u>\$ 15,113,967</u>	<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>
\$ 2,405,134	\$ 3,090,178	\$ 2,881,707	\$ 1,431,320	\$ 1,100,279	\$ 1,111,375
-	-	-	-	-	-
333,423	212,593	272,562	363,058	509,817	462,972
1,118,822	609,286	750,143	1,063,628	1,897,233	980,511
<u>3,857,379</u>	<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>
4,194,006	3,894,131	4,092,417	4,000,806	4,150,845	4,595,167
1,414,004	1,466,549	1,435,975	1,333,700	1,187,249	1,196,934
5,608,010	5,360,680	5,528,392	5,334,506	5,338,094	5,792,101
<u>\$ 9,465,389</u>	<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>
\$ (6,717,705)	\$ (7,232,967)	\$ (6,225,717)	\$ (7,101,889)	\$ (7,006,976)	\$ (10,206,729)
1,069,127	670,797	1,027,722	1,005,633	991,733	999,866
<u>\$ (5,648,578)</u>	<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>

CITY OF JERSEY VILLAGE, TEXAS**CHANGES IN NET POSITION (Continued)**

Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes				
Ad valorem	\$ 4,991,356	\$ 5,677,399	\$ 6,100,687	\$ 6,198,169
Sales taxes	2,601,786	2,449,404	2,532,587	2,411,159
Franchise and local taxes	553,692	589,850	845,980	699,172
Investment earnings	575,549	597,233	134,912	36,792
Other revenues	74,950	83,664	358,393	275,580
Transfers	315,000	379,913	1,048,773	420,476
Total Governmental Activities	<u>9,112,333</u>	<u>9,777,463</u>	<u>11,021,332</u>	<u>10,041,348</u>
Business-type activities				
Investment earnings	148,664	95,730	19,186	5,614
Transfers	(315,000)	(379,913)	(405,343)	(420,476)
Total Business-Type Activities	<u>(166,336)</u>	<u>(284,183)</u>	<u>(386,157)</u>	<u>(414,862)</u>
Total Primary Government	<u>\$ 8,945,997</u>	<u>\$ 9,493,280</u>	<u>\$ 10,635,175</u>	<u>\$ 9,626,486</u>
Change in Net Position				
Governmental activities	\$ 3,125,964	\$ 2,758,604	\$ 4,105,550	\$ 4,782,674
Business-type activities	440,915	639,425	256,253	91,021
Total Primary Government	<u>\$ 3,566,879</u>	<u>\$ 3,398,029</u>	<u>\$ 4,361,803</u>	<u>\$ 4,873,695</u>

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 6,099,750	\$ 5,511,884	\$ 6,146,643	\$ 6,269,652	\$ 6,899,774	\$ 8,216,808
2,565,651	3,035,624	2,998,515	3,282,372	3,333,531	4,932,020
667,970	666,253	673,888	674,027	635,236	636,178
23,718	20,768	17,834	6,346	14,733	76,726
222,280	134,121	169,946	258,962	173,688	262,531
434,601	438,718	494,321	1,188,206	110,781	118,727
<u>10,013,970</u>	<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>
2,657	2,069	1,406	1,037	2,295	15,285
<u>(434,601)</u>	<u>(438,718)</u>	<u>(494,321)</u>	<u>(1,188,206)</u>	<u>(110,781)</u>	<u>(118,727)</u>
<u>(431,944)</u>	<u>(436,649)</u>	<u>(492,915)</u>	<u>(1,187,169)</u>	<u>(108,486)</u>	<u>(103,442)</u>
<u>\$ 9,582,026</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>
\$ 3,296,265	\$ 2,574,401	\$ 4,275,430	\$ 4,577,676	\$ 4,160,767	\$ 4,036,261
637,183	234,148	534,807	(181,536)	883,247	896,424
<u>\$ 3,933,448</u>	<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>

CITY OF JERSEY VILLAGE, TEXAS**FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	12,331	12,331	16,586	15,720
Unassigned	5,132,634	7,256,287	8,543,619	9,646,412
Total General Fund	<u>\$ 5,144,965</u>	<u>\$ 7,268,618</u>	<u>\$ 8,560,205</u>	<u>\$ 9,662,132</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Capital project funds	10,290,458	6,499,379	5,039,980	6,732,339
Debt service funds	727,653	545,424	-	-
Special revenue funds	769,660	850,542	1,851,811	-
Assigned				
Capital projects	-	-	-	-
Total All Other Governmental Funds	<u>\$ 11,787,771</u>	<u>\$ 7,895,345</u>	<u>\$ 6,891,791</u>	<u>\$ 6,732,339</u>

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ 674	\$ -	\$ 4,853
19,192	24,297	24,875	31,012	39,109	61,587
10,779,487	5,770,244	7,886,398	10,018,365	12,697,557	14,441,008
<u>\$ 10,798,679</u>	<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>
\$ -	\$ -	\$ -	\$ 2,221	\$ 2,221	\$ 3,276
4,918,996	4,204,651	5,001	-	7,549,019	4,521,659
399,560	450,332	474,716	500,482	463,977	456,038
1,005,618	2,579,531	3,141,766	2,793,875	2,554,137	2,312,789
-	-	-	1,116,824	840,778	3,008,415
<u>\$ 6,324,174</u>	<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>

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$ 8,145,679	\$ 8,757,923	\$ 9,463,752	\$ 9,285,086
Permits, licenses, and fees	204,244	271,512	88,842	84,507
Charges for services	344,911	438,649	745,629	296,557
Fines and forfeitures	1,008,085	1,177,649	1,634,636	2,239,794
Investment earnings	505,793	554,243	122,740	32,674
Intergovernmental	499,322	1,293,711	1,111,357	3,439,600
Other revenues	153,192	94,028	358,393	275,580
Total Revenues	<u>10,861,226</u>	<u>12,587,715</u>	<u>13,525,349</u>	<u>15,653,798</u>
Expenditures				
General government	1,625,875	1,748,173	1,738,804	1,913,068
Public safety	3,327,650	3,586,666	4,823,774	4,931,600
Public works	1,650,040	2,313,402	2,069,319	2,400,831
Parks and recreation	498,124	510,991	476,072	570,739
Capital outlay	349,304	4,039,793	2,678,869	2,977,118
Debt service				
Principal	862,094	920,054	947,732	701,317
Interest and fiscal fees	1,324,588	1,617,322	1,503,400	1,637,126
Paid to escrow for current bond refunding	-	-	-	-
Total Expenditures	<u>9,637,675</u>	<u>14,736,401</u>	<u>14,237,970</u>	<u>15,131,799</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,223,551	(2,148,686)	(712,621)	521,999
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	315,000	379,913	1,837,602	1,477,311
Transfers out	-	-	(788,829)	(1,056,835)
Proceeds paid to escrow	-	-	-	-
Issuance of debt	8,500,000	-	-	-
Premium on debt issued	127,500	-	-	-
Total Other Financing Sources	<u>8,942,500</u>	<u>379,913</u>	<u>1,048,773</u>	<u>420,476</u>
Net Change in Fund Balances	<u>\$ 10,166,051</u>	<u>\$ (1,768,773)</u>	<u>\$ 336,152</u>	<u>\$ 942,475</u>
Debt service as a percentage of noncapital expenditures	23.64%	24.69%	22.00%	19.92%

Exhibit A

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	9,354,873	\$	9,596,403	\$	9,861,843	\$	10,389,401	\$	11,007,424	\$	13,878,811
	99,301		131,129		133,471		131,473		172,065		203,454
	333,423		212,593		272,562		363,058		509,817		397,070
	2,305,833		2,959,049		2,748,236		1,299,847		928,214		907,921
	20,454		17,212		14,235		5,041		12,526		63,057
	1,118,822		609,286		750,143		1,063,628		1,897,233		980,511
	172,696		58,474		112,545		181,063		62,786		168,790
	<u>13,405,402</u>		<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>
	1,779,389		1,771,567		1,711,971		1,765,524		1,911,015		3,513,200
	5,202,586		4,975,131		5,270,514		4,876,359		4,856,290		4,560,262
	2,888,384		5,303,688		6,171,265		2,323,893		3,760,747		4,867,383
	534,455		530,295		552,260		556,575		587,791		623,509
	3,515,027		264,013		13,425		-		-		-
	689,520		1,235,000		1,405,000		1,495,000		1,050,000		1,765,000
	1,538,227		1,032,575		759,220		673,669		577,906		782,639
	-		135,000		-		-		-		-
	<u>16,147,588</u>		<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>
	(2,742,186)		(1,663,123)		(1,990,620)		1,742,491		1,846,316		487,621
	-		6,615		-		-		-		-
	721,956		7,353,718		560,397		2,025,025		625,341		2,029,632
	(287,355)		(6,915,000)		(66,076)		(836,819)		(514,560)		(1,910,905)
	-		(9,382,129)		-		-		-		(7,281,990)
	-		9,050,000		-		-		8,000,000		6,710,000
	-		492,088		-		-		-		628,469
	<u>434,601</u>		<u>605,292</u>		<u>494,321</u>		<u>1,188,206</u>		<u>8,110,781</u>		<u>175,206</u>
\$	<u>(2,307,585)</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>
	20.75%		19.30%		21.94%		19.97%		14.87%		19.45%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Ad valorem	\$ 4,990,201	\$ 5,718,669	\$ 6,255,115	\$ 6,174,755
Sales	2,601,786	2,449,404	2,449,404	2,411,159
Franchise fee	553,692	589,850	759,233	632,605
Other	86,599	96,062	86,747	66,567
Totals	<u>\$ 8,232,278</u>	<u>\$ 8,853,985</u>	<u>\$ 9,550,499</u>	<u>\$ 9,285,086</u>

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 6,071,668	\$ 5,825,494	\$ 6,132,039	\$ 6,355,103	\$ 6,927,755	\$ 8,216,872
2,565,651	3,035,624	2,998,515	3,282,372	3,333,531	4,932,020
667,970	666,253	673,888	674,027	635,236	636,178
49,584	69,032	57,401	77,899	110,902	93,741
\$ 9,354,873	\$ 9,596,403	\$ 9,861,843	\$ 10,389,401	\$ 11,007,424	\$ 13,878,811
\$ 9,354,873	\$ 9,596,403	\$ 9,861,843	\$ 10,389,401	\$ 11,007,424	\$ 13,878,811

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

	Fiscal Year			
	2007	2008	2009	2010
Residential property	\$ 429,228,150	\$ 470,984,691	\$ 498,590,180	\$ 479,135,881
Commercial property	144,597,984	194,398,424	193,175,025	214,657,268
Other	223,098,917	236,256,520	275,272,631	277,213,850
Less: Tax exempt property	<u>(134,005,267)</u>	<u>(141,801,005)</u>	<u>(147,797,468)</u>	<u>(149,634,733)</u>
Total Taxable Assessed Value (1)	<u>\$ 662,919,784</u>	<u>\$ 759,838,630</u>	<u>\$ 819,240,368</u>	<u>\$ 821,372,266</u>
Total Direct Tax Rate	\$ 0.67500	\$ 0.67500	\$ 0.74250	\$ 0.74250

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.

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 491,005,824	\$ 491,833,349	\$ 496,740,074	\$ 520,849,850	\$ 556,078,428	\$ 609,105,279
190,621,214	195,666,311	204,473,889	224,196,999	242,011,499	254,969,262
307,527,234	254,734,037	252,948,984	284,337,338	279,381,642	436,409,458
<u>(161,632,749)</u>	<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>\$ 827,521,523</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>
\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250

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

Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
City of Jersey Village by fund:				
General	\$ 0.43264	\$ 0.45000	\$ 0.46810	\$ 0.46000
Debt service	0.30986	0.29250	0.27440	0.28250
Total Direct Rates	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>
Cypress-Fairbanks Independent School District	\$ 1.65400	\$ 1.32400	\$ 1.35000	\$ 1.43000
Harris County	0.40239	0.39239	0.38923	0.38805
Harris County Flood Control District	0.03106	0.03106	0.03086	0.02923
Port of Houston Authority	0.01437	0.01437	0.01773	0.02054
Harris County Hospital District	0.19216	0.19216	0.19216	0.19216
Harris County Department of Education	0.00585	0.00585	0.00584	0.00658
Total Direct and Overlapping Rates (1)	<u>\$ 3.04233</u>	<u>\$ 2.70233</u>	<u>\$ 2.72832</u>	<u>\$ 2.80906</u>

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.

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 0.48160	\$ 0.46259	\$ 0.48566	\$ 0.49415	\$ 0.58252	\$ 0.52635
0.26091	0.27991	0.25684	0.24835	0.15998	0.21615
<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>
\$ 1.43000	\$ 1.43000	\$ 1.45000	\$ 1.45000	\$ 1.44000	\$ 1.44000
0.39117	0.40021	0.40021	0.41455	0.41731	0.41923
0.02809	0.02809	0.02809	0.02827	0.02736	0.02733
0.01856	0.01952	0.01952	0.01716	0.01531	0.01342
0.19216	0.18216	0.18216	0.17000	0.17000	0.17000
0.00658	0.00662	0.00662	0.00636	0.00600	0.00520
<u>\$ 2.80906</u>	<u>\$ 2.80910</u>	<u>\$ 2.82910</u>	<u>\$ 2.82884</u>	<u>\$ 2.81848</u>	<u>\$ 2.81768</u>

Exhibit A

CITY OF JERSEY VILLAGE, TEXAS**PRINCIPAL PROPERTY TAXPAYERS**

Current Year and Nine Years Ago

Property Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Goodman Manufacturing Corp.	\$ 114,569,780	1	10.29%	\$ 67,804,273	1	10.2%
Prologis	65,116,531	2	5.85%	25,501,435	4	3.8%
Joe Myers Dealership*	56,125,056	3	5.04%	43,504,984	2	6.6%
Trails Corinthian Creek LTD	51,386,049	4	4.62%	15,231,404	6	2.3%
AROP Promenade Jersey Vil LLC	45,237,169	5	4.06%	36,537,330	3	5.5%
Sonic-LS Chevrolet LP	22,290,533	6	2.00%	11,340,129	8	1.7%
Gordon NW Village LP	21,217,574	7	1.91%	N/A	-	N/A
Car Son LMC LP	13,997,741	8	1.26%	13,559,868	7	2.0%
Ean Holdings LLC ***	9,435,897	9	0.85%	N/A	-	N/A
PS LPT Properties Investors	7,812,778	10	0.70%	N/A	-	N/A
Baceline Value Fund I	N/A	-	N/A	11,000,000	9	1.7%
Beeler Sanders V LTD**	N/A	-	N/A	18,687,103	5	2.8%
National Oilwell Varco	N/A	-	N/A	7,627,150	10	1.2%
Subtotal	407,189,108		36.59%	250,793,676		37.8%
Other Taxpayers	705,797,951		63.41%	412,126,108		62.2%
Total	\$ 1,112,987,059		100.0%	\$ 662,919,784		100.0%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Tax levy	\$ 4,922,625	\$ 5,621,390	\$ 5,543,419	\$ 6,123,716
Current tax collected*	4,865,891	5,573,598	5,487,298	6,038,759
Percentage of current tax collections	98.85%	99.15%	98.99%	98.61%
Net collections and refunds in subsequent years**	<u>51,736</u>	<u>33,364</u>	<u>38,457</u>	<u>54,740</u>
Total Tax Collections	<u><u>\$ 4,917,627</u></u>	<u><u>\$ 5,606,962</u></u>	<u><u>\$ 5,525,755</u></u>	<u><u>\$ 6,093,499</u></u>
Total collections as a percentage of current levy	99.90%	99.74%	99.68%	99.51%

Source: Harris County Tax Assessor-Collector

* Collected within the year of the levy.

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

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 6,144,347	\$ 5,800,295	\$ 6,058,430	\$ 6,306,997	\$ 6,890,311	\$ 8,265,028
6,060,483	5,746,879	6,014,066	6,288,377	6,837,787	8,225,760
98.64%	99.08%	99.27%	99.70%	99.24%	99.52%
60,003	38,280	29,923	-	23,621	35,841
<u>\$ 6,120,486</u>	<u>\$ 5,785,159</u>	<u>\$ 6,043,989</u>	<u>\$ 6,288,377</u>	<u>\$ 6,861,408</u>	<u>\$ 8,261,601</u>
99.61%	99.74%	99.76%	99.70%	99.58%	99.96%

CITY OF JERSEY VILLAGE, TEXAS**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 18,257,373	\$ 16,684,496	\$ 16,126,764	\$ 15,657,447
Certificates of obligation	6,770,000	6,390,000	6,000,000	5,770,000
Capital leases	66,696	53,153	460,975	385,529
Premium on bonds	-	-	118,100	225,171
Subtotal	<u>25,094,069</u>	<u>23,127,649</u>	<u>22,705,839</u>	<u>22,038,147</u>
Business-Type Activities:				
Revenue bonds	900,000	800,000	700,000	-
Total Primary Government	<u>\$ 25,994,069</u>	<u>\$ 23,927,649</u>	<u>\$ 23,405,839</u>	<u>\$ 22,038,147</u>
Personal Income	\$ 312,241,176	\$ 365,365,000	\$ 400,472,100	\$ 368,768,400
Debt as a Percentage of Personal Income	8.32%	6.55%	5.84%	5.98%
Population	7,254	7,300	7,350	7,600
Debt Per Capita	\$ 3,583	\$ 3,278	\$ 3,184	\$ 2,900

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

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 15,280,000	\$ 18,900,000	\$ 17,770,000	\$ 16,570,000	\$ 15,830,000	\$ 14,440,000
5,525,000	880,000	605,000	310,000	8,000,000	7,320,000
305,666	229,511	777,534	396,073	-	-
225,171	634,591	586,559	538,527	490,495	925,134
<u>21,335,837</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>\$ 21,335,837</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>
\$ 311,825,640	\$ 346,330,800	\$ 346,330,800	\$ 347,500,000	\$ 348,000,000	\$ 349,000,000
6.84%	5.96%	5.70%	5.13%	6.99%	6.50%
7,620	7,650	7,650	7,675	7,720	7,900
\$ 2,800	\$ 2,699	\$ 2,580	\$ 2,321	\$ 3,150	\$ 2,872

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

	Fiscal Year			
	2007	2008	2009	2010
Net Taxable Assessed Value				
All property	\$ 662,919,784	\$ 759,838,630	\$ 819,240,368	\$ 821,372,266
Net Bonded Debt				
Gross bonded debt	\$ 25,094,069	\$ 23,127,649	\$ 22,705,839	\$ 22,038,147
Less debt service funds	(727,653)	(545,424)	(405,076)	(413,552)
Net Bonded Debt	\$ 24,366,416	\$ 22,582,225	\$ 22,300,763	\$ 21,624,595
Ratio of Net Bonded Debt To Assessed Value	3.68%	2.97%	2.72%	2.63%
Population	7,143	7,254	7,300	7,350
Net Bonded Debt Per Capita	\$ 3,411	\$ 3,113	\$ 3,055	\$ 2,942

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 827,521,523	\$ 781,184,485	\$ 815,950,255	\$ 852,987,081	\$ 927,988,047	\$ 1,112,987,059
\$ 21,335,837 (426,947)	\$ 20,644,102 (450,332)	\$ 19,739,093 (474,716)	\$ 17,814,600 (500,482)	\$ 24,320,495 (463,978)	\$ 22,685,134 (456,038)
\$ 20,908,890	\$ 20,193,770	\$ 19,264,377	\$ 17,314,118	\$ 23,856,517	\$ 22,229,096
2.53%	2.59%	2.36%	2.03%	2.57%	2.00%
7,620	7,650	7,650	7,675	7,720	7,900
\$ 2,744	\$ 2,640	\$ 2,518	\$ 2,256	\$ 3,090	\$ 2,814

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

For the Year Ended September 30, 2016

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	\$ 2,069,310,767	1.440%	\$ 30,005,006
Harris County	\$ 2,577,960,528	0.417%	10,686,935
Harris County Department of Education	\$ 16,959,914	0.006%	10,176
Lone Star College District	\$ 596,904,247	0.116%	692,409
Harris County Flood Control District	\$ 647,930,000	0.274%	289,410
Harris County Toll Road	\$ 1,931,461,078	0.300%	5,794,383
Port of Houston Authority	\$ 736,745,000	0.153%	1,264,254
Subtotal, overlapping debt			<u>48,742,574</u>
City Direct Debt	\$ 24,320,495	100.000%	<u>22,685,134</u>
Total Direct and Overlapping Debt			<u><u>\$ 71,427,708</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			
	2007	2008	2009	2010
Gross Revenues (1)	\$ 2,722,373	\$ 2,990,360	\$ 3,266,384	\$ 2,980,427
Operating Expenses (2)	\$ 1,697,094	\$ 2,044,401	\$ 2,310,652	\$ 1,844,384
Net Revenues Available for Debt Service	\$ 1,025,280	\$ 945,959	\$ 955,732	\$ 1,136,043
Debt Service Requirements (3)				
Principal	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Interest	50,750	43,750	37,625	37,625
Total	<u>\$ 150,750</u>	<u>\$ 143,750</u>	<u>\$ 137,625</u>	<u>\$ 137,625</u>
Coverage	5.92	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

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 4,228,053	\$ 3,895,964	\$ 4,093,684	\$ 4,001,738	\$ 4,152,908	\$ 4,595,167
\$ 2,630,168	\$ 2,750,154	\$ 2,608,672	\$ 2,356,645	\$ 2,728,013	\$ 2,655,492
\$ 1,597,885	\$ 1,145,810	\$ 1,485,012	\$ 1,645,093	\$ 1,424,895	\$ 1,939,675
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-

Exhibit A

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CITY OF JERSEY VILLAGE, TEXAS**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Years

Fiscal Year Ended Sep. 30	Population (1)	Personal Income (4)	Per Capita Personal Income	Median Age	School Enrollment (2)	Unemployment Rate (3)
2007	7,254	\$ 312,241,176	\$ 43,044	39.0	4,087	4.2%
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%

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.

Exhibit A

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CITY OF JERSEY VILLAGE, TEXAS**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Jersey Village High School	331	1	9.05%	310	1	10.19%
Joe Myers Toyota	221	2	6.60%	204	4	6.60%
Foundry Methodist	218	3	5.90%	142	6	4.50%
Sonic-LS Chevrolet	204	4	5.40%	180	5	5.93%
Joe Myers Ford	187	5	5.20%	223	2	7.20%
Sam's East, Inc.	174	6	4.90%	210	3	7.00%
City of Jersey Village	143	7	4.30%	123	7	3.90%
Post Elementary School	113	8	3.38%	108	8	3.56%
Jersey Village Baptist Church	56	9	3.30%	19	10	0.50%
Joe Myers Mazda	55	10	1.50%	67	9	2.00%
Total	1,702		49.53%	750		51.38%

Source: Personnel department of each employer above

CITY OF JERSEY VILLAGE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Administrative										
City Council *	6	6	6	6	6	6	6	6	6	6
Administration	3	3	3	3	3	3	3	3	3	3
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	26	30	30	30	28	30	30	30	30
Fire	4	4	4	4	4	6	6	6	6	6
Communications	8	7	8	8	8	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	4
Fleet Services	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Parks	8	7	8	8	8	7	8	8	8	8
General Fund Total	77	75	81	81	81	79	82	82	82	82
Enterprise Fund:										
Utilities	5	5	5	5	5	5	5	5	5	5
Golf Course	4	4	4	4	4	4	4	4	4	4
Enterprise Fund Total	9	9	9	9	9	9	9	9	9	9
Special Revenue Fund:										
Police	-	-	2	2	2	2	2	1	1	-
Special Revenue Fund Total	-	-	2	2	2	2	2	1	1	-
Total City Positions	86	84	92	92	92	90	93	92	92	91

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			
	2007	2008	2009	2010
Police				
Physical arrests	565	758	768	684
Parking violations	136	136	70	13
Traffic violations	15,504	15,504	14,783	7,057
Fire				
Calls for service	1,028	1,042	1,055	1,065
Water				
Service calls	1,239	1,575	1,629	1,422
Water main breaks	3	2	5	1
Average daily consumption (thousands of gallons)	125	1134	1137	1136
Total consumption (thousands of gallons)	374.8	334.5	385.1	414.5
Peak daily consumption (thousands of gallons)	1.9	1.7	1.7	2.4
Sewer				
Average daily sewage treatment (thousands of gallons)	*	0.2	0.2	0.2
Peak daily consumption (thousands of gallons)	*	0.6	0.7	0.6

Source: Various City departments

* Information is unavailable.

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
272	814	1153	778	849	1034
67	82	30	20	47	32
6,871	11,074	11,489	9,553	9,702	11,687
1,138	1,634	1,615	1,216	1,123	1,188
1,699	1,634	1,716	2,014	211	1,641
31	15	12	4	2	4
1758	1368	1478	1285	1285	1265
641.5	499.5	539.6	469.2	469.2	461.8
3.3	3.9	3.6	4.9	4.9	3.2
0.2	0.2	0.2	0.3	0.3	0.3
0.4	0.5	0.5	0.5	0.8	0.8

CITY OF JERSEY VILLAGE, TEXAS***CAPITAL ASSET STATISTICS BY FUNCTION***

Last Ten Years

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police				
Stations	1	1	1	1
Patrol units	15	17	16	16
Fire				
Stations	1	1	1	1
Volunteers	29	29	30	37
Other public works				
Streets (miles - centerlines)	28.84	28.84	28.84	28.84
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	35.8
Fire hydrants	455	455	455	455
Storage capacity (thousands of gallons)	2,550	2,550	2,550	2,550
Sewer				
Sanitary sewers (miles)	35.2	35.2	35.2	35.2
Storm sewers (miles)	20.2	20.7	20.7	20.7
Treatment capacity (thousands of gallons)	800	800	800	800

Source: Various City departments

Exhibit A

Fiscal Year					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
16	16	16	27	27	27
1	1	1	1	1	1
32	33	33	40	43	34
29.60	29.60	29.60	29.60	29.60	29.60
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	36.6	36.6
466	468	468	468	468	468
2,550	2,550	2,550	2,550	2,550	2,550
36.2	36.2	36.2	36.2	36.2	36.2
21.7	21.7	21.7	21.7	21.7	21.7
800	800	800	800	800	800



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