

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF JERSEY VILLAGE, TEXAS

**For the Year Ended
September 30, 2015**

Officials Issuing Report:

**Mike Castro Ph.D
City Manager**

**Isabel Kato
Finance Director**

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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Exhibit A



City of Jersey Village

Incorporated 1956

A Texas Star Community

March 7, 2016

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, 2015.

This report consists of management’s representations concerning the finances of the City and deems the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of all City activities and funds. Therefore, management assumes full responsibility for the completeness and reliability of all information presented in this report. The City also acknowledges all disclosures necessary to enable the reader to gain an understanding of the City’s financial activities that have been included.

The City’s financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2015 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, 2015 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, 2015 the City had a land area of 3.58 square miles and an estimated population of approximately 7,720. 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.

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

The Texas unemployment rate at 4.7 percent is lower than the U.S. unemployment rate of 5.0 percent. The area of Houston-Galveston-Brazoria is also slightly lower than the State of Texas level at 4.6 percent. Unfortunately, the most important single factor currently shaping Houston’s economy is the collapse of oil prices and drilling. The time and pace of any drilling recovery is uncertain at this time.

	2015	2014	2013
United States	5.0%	5.9%	7.4%
Texas	4.7%	5.2%	6.1%
Jersey Village	4.6%	5.0%	5.8%

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.

Relevant Financial Policies – Accounting System and Budgetary Control

The City’s accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City’s utilities and other proprietary activities are maintained on an accrual basis.

In developing and maintaining the City’s accounting system, consideration is given to the adequacy of the internal controls. Internal accounting controls are designed to ensure reasonable, but not absolute, assurance that assets are protected against loss, misuse, or unauthorized disposition, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management.

Any internal control evaluation occurs within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The City charter provides that City management shall submit a proposed annual budget to the City Council. The City Council shall adopt the annual budget within the last month of the fiscal year. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. Any amendments providing for additional expenditures shall also provide, by ordinance, for reductions in other expenditures, for supplementary revenues to fund such amendments, or use of available fund balance.

Budgetary control has been established at the department level. Financial reports are produced showing budget and actual expenditures by line item and are distributed monthly to City departmental and divisional management and others upon request. Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled by position and capital expenditures (items over \$5,000 and having a useful life of one or more years) are monitored and controlled item by item. Revenue budgets are reviewed monthly.

Major Initiatives

During fiscal year 2014-2015, the City of Jersey Village continued with the preparation of a Comprehensive Plan and the update of the City's water and wastewater impact fees with the assistance of Freese and Nichols. The Comprehensive Plan is intended to promote growth, economic development, community goals, parks and recreation, City services, and community development by identifying new community goals and objectives by incorporating realistic recommendations.

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, 2014. 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 sixteenth 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,



Isabel Kato
Director of Finance

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015

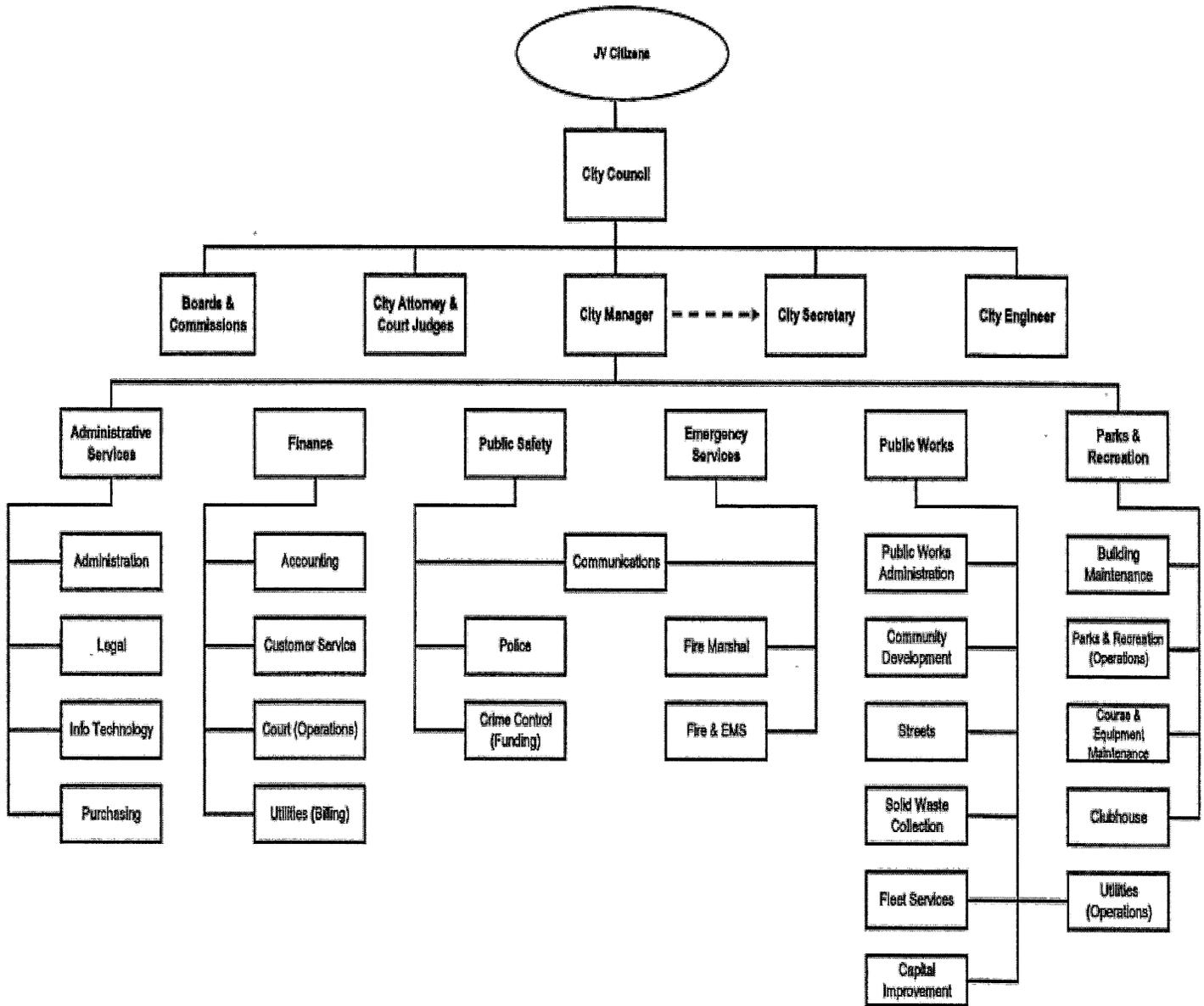
<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Tom Eustace	Council Member	05/2016
Justin Ray	Mayor	05/2016
Andrew Mitcham	Council Member	05/2017
C.J. Harper	Council Member	05/2017
Greg Holden	Council Member	05/2017
Sheri Sheppard	Council Member	05/2016

<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, 2015





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, 2014

Executive Director/CEO

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Exhibit A

FINANCIAL SECTION

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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, 2015, 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, 2015, 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.

Emphasis of Matter

Change in Accounting Principles

In 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, (*Accounting and Financial Reporting for Pensions*), and GASB Statement No. 71, (*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.) Our opinion is not modified with respect to this matter.

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 7, 2016

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Exhibit A

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

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Exhibit A

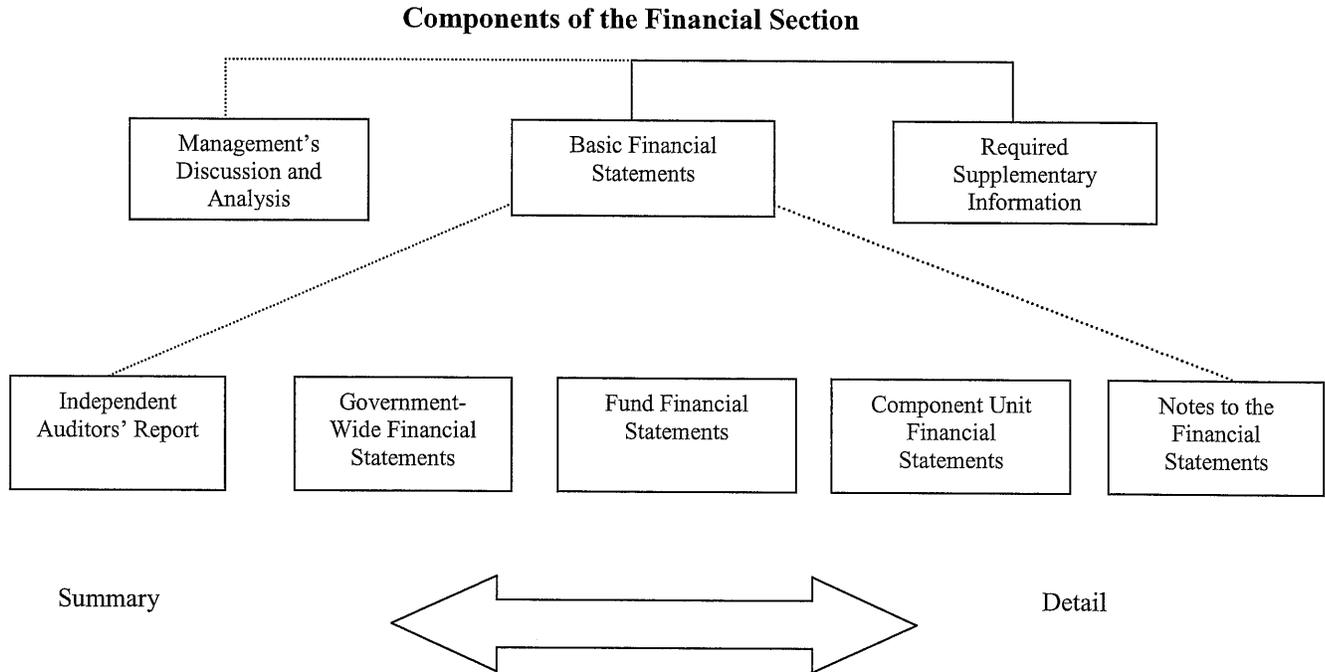
CITY OF JERSEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Jersey Village, Texas (the "City") for the year ending September 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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 eight 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, 2015

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 by \$72,481,627 as of September 30, 2015. The largest portion of the City's net position, 67 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, 2015

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 28,888,989	\$ 18,371,516	\$ 7,315,054	\$ 6,139,062	\$ 36,204,043	\$ 24,510,578
Capital assets, net	47,905,185	47,558,209	17,000,490	17,205,752	64,905,675	64,763,961
Total Assets	76,794,174	65,929,725	24,315,544	23,344,814	101,109,718	89,274,539
Deferred outflows - pensions	597,766	441,416	106,316	78,508	704,082	519,924
Deferred charge on refunding	520,868	572,955	-	-	520,868	572,955
Total Deferred Outflows of Resources	1,118,634	1,014,371	106,316	78,508	1,224,950	1,092,879
Long-term liabilities	27,271,750	21,000,203	604,450	623,825	27,876,200	21,624,028
Other liabilities	1,178,148	944,460	442,145	361,317	1,620,293	1,305,777
Total Liabilities	28,449,898	21,944,663	1,046,595	985,142	29,496,493	22,929,805
Deferred inflows - pensions	302,710	-	53,838	-	356,548	-
Total Deferred Inflows of Resources	302,710	-	53,838	-	356,548	-
Net Position:						
Net investment in capital assets	31,654,577	30,316,564	17,000,490	17,205,752	48,655,067	47,522,316
Restricted	2,930,096	3,329,342	-	-	2,930,096	3,329,342
Unrestricted	14,575,527	11,353,527	6,320,937	5,232,428	20,896,464	16,585,955
Total Net Position	\$ 49,160,200	\$ 44,999,433	\$ 23,321,427	\$ 22,438,180	\$ 72,481,627	\$ 67,437,613

A portion of the City's net position, \$2,930,096 or four percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$20,896,464 or 29 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$5,044,014 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.

There was a decrease in the beginning net position of \$2,383,462 for governmental activities and \$423,910 for business-type activities due to the implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. More detailed information about this restatement is presented in note III.G to the financial statements.

In the current fiscal year, GASB Statement Nos. 68 and 71 require the City to recognize a net pension liability and deferred outflows/inflows of resources as discussed in note IV.C. to the financial statements. The net pension liability decreased by \$180,124 for governmental activities and \$32,036 for business-type activities. The net change in deferred outflows/inflows decreased the net position by \$146,360 for governmental activities and \$26,030 for business-type activities.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Activities:

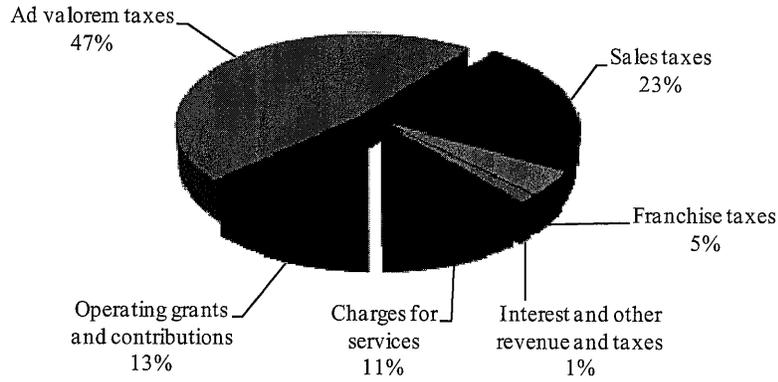
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 1,610,096	\$ 1,794,378	\$ 5,338,094	\$ 5,334,506	\$ 6,948,190	\$ 7,128,884
Operating grants and contributions	1,897,233	1,063,628	-	-	1,897,233	1,063,628
General revenues:						
Ad valorem taxes	6,899,774	6,269,652	-	-	6,899,774	6,269,652
Sales taxes	3,333,531	3,282,372	-	-	3,333,531	3,282,372
Franchise taxes	635,236	674,027	-	-	635,236	674,027
Other taxes	110,902	77,899	-	-	110,902	77,899
Investment earnings	14,733	6,346	2,295	1,037	17,028	7,383
Other revenues	62,786	181,063	-	-	62,786	181,063
Total Revenues	14,564,291	13,349,365	5,340,389	5,335,543	19,904,680	18,684,908
Expenses						
General government	1,683,153	1,741,875	-	-	1,683,153	1,741,875
Public safety	5,075,686	4,840,944	-	-	5,075,686	4,840,944
Public works	2,916,512	2,447,946	-	-	2,916,512	2,447,946
Parks and recreation	119,532	225,551	-	-	119,532	225,551
Interest and fiscal agent fees on long-term debt	719,422	703,579	-	-	719,422	703,579
Water and sewer systems	-	-	2,571,317	2,612,155	2,571,317	2,612,155
Golf course	-	-	1,775,044	1,716,718	1,775,044	1,716,718
Total Expenses	10,514,305	9,959,895	4,346,361	4,328,873	14,860,666	14,288,768
Increase in Net Position Before Transfers	4,049,986	3,389,470	994,028	1,006,670	5,044,014	4,396,140
Transfers	110,781	1,188,206	(110,781)	(1,188,206)	-	-
Change in Net Position	4,160,767	4,577,676	883,247	(181,536)	5,044,014	4,396,140
Beginning net position	44,999,433	40,421,757	22,438,180	22,619,716	67,437,613	63,041,473
Ending Net Position	\$ 49,160,200	\$ 44,999,433	\$ 23,321,427	\$ 22,438,180	\$ 72,481,627	\$ 67,437,613

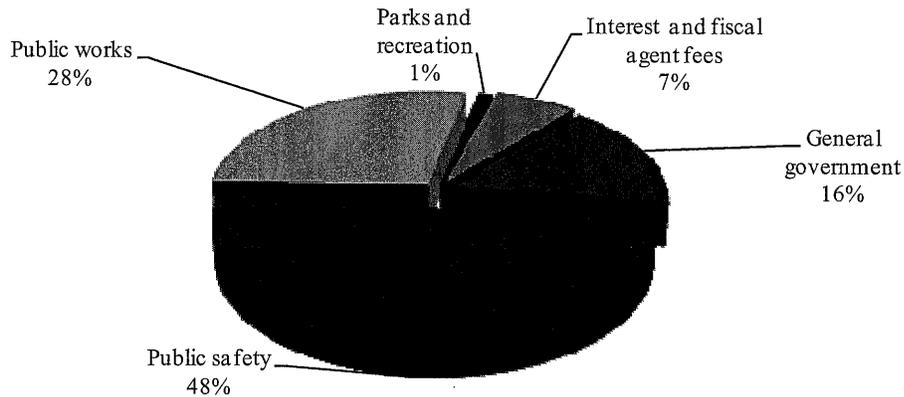
CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2015

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

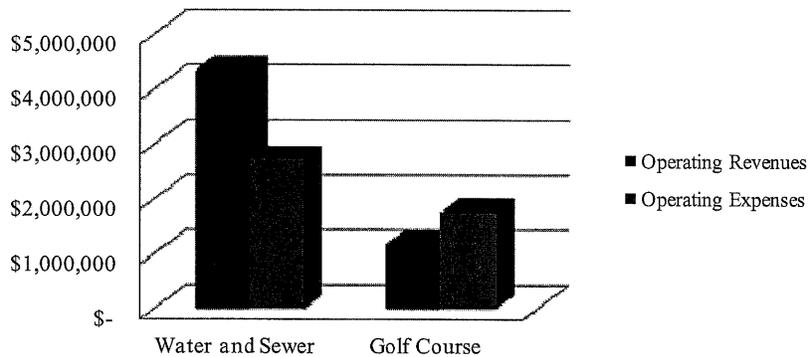
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

For the year ended September 30, 2015, revenues from governmental activities totaled \$14,564,291. Overall, governmental revenues increased from the prior year. The City's property tax revenue increased ten percent due to higher appraised values. Operating grants and contributions increased 78 percent largely due to receiving a reimbursement from Harris County for construction of flood control improvements. Charges for services decreased ten percent due to the removal of the red light cameras within the City for the Highway 290 construction.

For the year ended September 30, 2015, expenses for governmental activities totaled \$10,514,305, which is a slight increase from the prior year due primarily to an overall increase in payroll related expenses.

Operating revenues for business-type activities increased slightly from the prior year. Charges for services increased by only \$3,588 from the prior year despite an increase in rates due to less water consumption. Operating expenses for business-type activities was comparable to prior year and only increased by \$17,488.

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 \$24,420,550. Of the total governmental fund balance, \$2,221 is nonspendable for prepaid items, \$10,606,242 is restricted for various purposes, \$840,778 is assigned by the City Council for capital projects, and \$12,971,309 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 \$12,971,309, while total fund balance reached \$13,010,418. 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 144.7 percent of total general fund expenditures, while total fund balance represents 145.2 percent of that same amount. The general fund demonstrated an overall increase of \$2,960,367. 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 \$463,977, all of which is restricted for the payment of debt service. After receiving a transfer of money from the water and sewer fund, the net decrease in fund balance was \$36,505 due to slightly higher debt service payments than property tax revenues.

The capital projects fund balance increased to \$7,272,973 after a bond issuance of \$8,000,000. Unspent bond proceeds are restricted for capital outlay for the City's infrastructure. The remaining fund balance of \$840,778 is assigned for future capital projects.

The red light camera fund experienced a decrease in fund balance of \$253,024 due to less revenue from fines.

The water and sewer fund has a total net position of \$18,739,247 as a result of an increase in net position of \$885,912. This increase can largely be attributed to less expenses for water purchased.

The City's golf course experienced a decrease in net position of \$159,361 due to less revenue for usage of the golf course and higher operational expenses.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned increase in budgeted fund balance in the amount of \$1,141,231 in the general fund. However, the net increase in fund balance was \$2,960,367, resulting in a positive variance of \$1,819,136 from the amended budget.

Actual general fund revenues exceeded original and amended revenues by \$835,368 during fiscal year 2015. This net positive variance includes the positive variances of \$44,564 for fine revenues, \$150,867 from charges for services, \$628,531 from sales tax revenue, and \$39,909 from miscellaneous revenues.

Actual expenditures were less than budgeted amounts by \$983,768 for the fiscal year. The greatest positive variance was in public works as a result of less payroll related expenses than expected.

CAPITAL ASSETS

At the end of fiscal year 2015, the City's governmental activities funds had invested \$47,905,185 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$346,978.

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

- Easements and water line improvements of \$702,162
- Vehicles for public works and public safety of \$194,642

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 \$23,830,000. Of this amount, \$15,830,000 was general obligation bonds and \$8,000,000 was certificates of obligation.

During the year, the City had an overall increase in long-term debt of \$6,505,895, which was primarily due to the City's issuance of its bond series 2015 for \$8,000,000.

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

In August 2015, Standard & Poor's Rating Services raised its rating on Jersey Village, Texas' General Obligation debt one notch to 'AA+' from 'AA'. Please see below.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Houston-Woodlands-Sugar Land Metro Area created 23,200 jobs in 2015, according to the Texas Workforce Commission. Job growth fell well below the pace of recent years: Houston added 491,500 the previous years. Given the flood of layoff announcements throughout the year, weaker job growth was to be expected.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Revenues for fiscal year 2015-2016 are projected to stay flat in comparison to the fiscal year 2014-2015 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.ci.jersey-village.tx.us.

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Exhibit A

BASIC FINANCIAL STATEMENTS

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Jersey Village Crime Control and Prevention District
Assets				
Cash and equity in pooled cash and investments	\$ 29,009,369	\$ 5,518,216	\$ 34,527,585	\$ 1,794,969
Receivables, net of allowances	1,035,277	436,684	1,471,961	171,300
Internal balances	(1,306,275)	1,306,275	-	-
Due from component unit	148,397	-	148,397	-
Inventory	-	53,879	53,879	-
Prepaid items	2,221	-	2,221	-
Capital assets:				
Non-depreciable capital assets	4,506,041	1,916,622	6,422,663	-
Depreciable capital assets, net	43,399,144	15,083,868	58,483,012	-
Total Assets	76,794,174	24,315,544	101,109,718	1,966,269
Deferred Outflows of Resources				
Deferred pensions - outflows	597,766	106,316	704,082	-
Deferred charge on refunding	520,868	-	520,868	-
Total Deferred Outflows of Resources	1,118,634	106,316	1,224,950	-
Liabilities				
Accounts payable and accrued liabilities	1,023,494	320,717	1,344,211	-
Customer deposits	-	118,227	118,227	-
Due to primary government	-	-	-	148,397
Accrued bond interest	154,654	-	154,654	-
Unearned revenue	-	3,201	3,201	-
Noncurrent liabilities:				
Net pension liability	2,644,754	470,382	3,115,136	-
Due within one year	2,040,851	120,661	2,161,512	-
Due in more than one year	22,586,145	13,407	22,599,552	-
Total Liabilities	28,449,898	1,046,595	29,496,493	148,397
Deferred Inflows of Resources				
Deferred pensions - inflows	302,710	53,838	356,548	-
Net Position				
Net investment in capital assets	31,654,577	17,000,490	48,655,067	-
Restricted for:				
Public communications	37,211	-	37,211	-
Debt service	336,850	-	336,850	-
Park improvements	1,898	-	1,898	-
Tourism	653,583	-	653,583	-
Public safety	1,716,225	-	1,716,225	-
Court technology	184,329	-	184,329	-
Crime control	-	-	-	1,817,872
Unrestricted	14,575,527	6,320,937	20,896,464	-
Total Net Position	\$ 49,160,200	\$ 23,321,427	\$ 72,481,627	\$ 1,817,872

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 1,683,153	\$ -	\$ -
Public safety	5,075,686	1,100,279	1,897,233
Public works	2,916,512	-	-
Parks and recreation	119,532	509,817	-
Interest on long-term debt	719,422	-	-
Total Governmental Activities	10,514,305	1,610,096	1,897,233
Business-Type Activities			
Utility	2,571,317	4,150,845	-
Golf course	1,775,044	1,187,249	-
Total Business-Type Activities	4,346,361	5,338,094	-
Total Primary Government	\$ 14,860,666	\$ 6,948,190	\$ 1,897,233
Component Unit			
Jersey Village Crime Control and Prevention District	\$ 1,050,432	\$ -	\$ -

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.

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	
\$ (1,683,153)	\$ -	\$ (1,683,153)	\$ -
(2,078,174)	-	(2,078,174)	-
(2,916,512)	-	(2,916,512)	-
390,285	-	390,285	-
(719,422)	-	(719,422)	-
<u>(7,006,976)</u>	<u>-</u>	<u>(7,006,976)</u>	<u>-</u>
-	1,579,528	1,579,528	-
-	(587,795)	(587,795)	-
-	991,733	991,733	-
<u>(7,006,976)</u>	<u>991,733</u>	<u>(6,015,243)</u>	<u>-</u>
-	-	-	(1,050,432)
6,899,774	-	6,899,774	-
3,333,531	-	3,333,531	1,187,147
635,236	-	635,236	-
110,902	-	110,902	-
14,733	2,295	17,028	981
62,786	-	62,786	-
110,781	(110,781)	-	-
<u>11,167,743</u>	<u>(108,486)</u>	<u>11,059,257</u>	<u>1,188,128</u>
4,160,767	883,247	5,044,014	137,696
<u>44,999,433</u>	<u>22,438,180</u>	<u>67,437,613</u>	<u>1,680,176</u>
<u>\$ 49,160,200</u>	<u>\$ 23,321,427</u>	<u>\$ 72,481,627</u>	<u>\$ 1,817,872</u>

CITY OF JERSEY VILLAGE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	Debt Service	Capital Projects	Red Light Camera
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 12,699,778	\$ 457,799	\$ 8,668,654	\$ 1,571,825
Receivables, net	963,792	60,167	-	-
Prepaid items	-	-	-	-
Due from other funds	299,812	6,179	-	70,908
Total Assets	\$ 14,111,779	\$ 524,145	\$ 8,668,654	\$ 1,642,733
<u>Liabilities:</u>				
Accounts payable and accrued liabilities	\$ 717,236	\$ -	\$ 114,887	\$ 2,507
Retainage payable	-	-	163,970	-
Due to other funds	274,232	-	-	-
Total Liabilities	991,468	-	278,857	2,507
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	109,893	60,168	-	-
<u>Fund Balances:</u>				
Nonspendable	-	-	-	-
Restricted:				
Debt service	-	463,977	-	-
Public communications	37,211	-	-	-
Park improvements	1,898	-	-	-
Tourism	-	-	-	-
Public safety	-	-	-	1,640,226
Court technology and security	-	-	-	-
Capital projects	-	-	7,549,019	-
Assigned:				
Capital projects	-	-	840,778	-
Unassigned	12,971,309	-	-	-
Total Fund Balances	13,010,418	463,977	8,389,797	1,640,226
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,111,779	\$ 524,145	\$ 8,668,654	\$ 1,642,733

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 780,829	\$ 24,178,885
11,318	1,035,277
2,221	2,221
130,327	507,226
<u>\$ 924,695</u>	<u>\$ 25,872,006</u>
\$ 8,563	\$ 843,193
-	163,970
-	274,232
<u>8,563</u>	<u>1,281,395</u>
-	170,061
2,221	2,221
-	463,977
-	37,211
-	1,898
653,583	653,583
75,999	1,716,225
184,329	184,329
-	7,549,019
-	840,778
-	12,971,309
<u>916,132</u>	<u>24,420,550</u>
<u>\$ 924,695</u>	<u>\$ 25,872,006</u>

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2015

Total fund balances for governmental funds	\$ 24,420,550
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, non-depreciable	4,506,041
Capital assets, net depreciable	41,783,589
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
	170,061
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 capital leases	3,274,884
Capital assets, net depreciable	1,615,555
Deferred outflows and deferred inflows related to the net pension liability are not reported in the governmental funds.	
Deferred outflows	597,766
Deferred inflows	(302,710)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(154,654)
Net pension liability	(2,644,754)
Non-current liabilities due in one year	(2,040,851)
Non-current liabilities due in more than one year	(22,586,145)
Deferred charge on refunding	520,868
Net Position of Governmental Activities	\$ <u>49,160,200</u>

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Red Light Camera</u>
Revenues				
Ad valorem taxes	\$ 5,430,698	\$ 1,497,057	\$ -	\$ -
Sales taxes	3,333,531	-	-	-
Franchise taxes	635,236	-	-	-
Other taxes	-	-	-	-
Permits, licenses, and fees	172,065	-	-	-
Fines and forfeitures	861,764	-	-	26,565
Charges for services	509,817	-	-	-
Intergovernmental	951,276	-	945,957	-
Investment earnings	7,723	361	4,099	-
Other revenue	59,909	-	-	-
Total Revenues	<u>11,962,019</u>	<u>1,497,418</u>	<u>950,056</u>	<u>26,565</u>
Expenditures				
Current:				
General government	1,856,674	-	-	-
Public safety	4,434,863	-	-	350,497
Public works	2,083,664	-	1,677,083	-
Parks and recreation	587,791	-	-	-
Debt service:				
Principal	-	1,050,000	-	-
Interest and fiscal agent fees	-	577,906	-	-
Total Expenditures	<u>8,962,992</u>	<u>1,627,906</u>	<u>1,677,083</u>	<u>350,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,999,027</u>	<u>(130,488)</u>	<u>(727,027)</u>	<u>(323,932)</u>
Other Financing Sources (Uses)				
Transfers in	460,450	93,983	-	70,908
Transfers (out)	(499,110)	-	-	-
Certificates of obligations	-	-	8,000,000	-
Total Other Financing Sources (Uses)	<u>(38,660)</u>	<u>93,983</u>	<u>8,000,000</u>	<u>70,908</u>
Net Change in Fund Balances	<u>2,960,367</u>	<u>(36,505)</u>	<u>7,272,973</u>	<u>(253,024)</u>
Beginning fund balances	10,050,051	500,482	1,116,824	1,893,250
Ending Fund Balances	<u>\$ 13,010,418</u>	<u>\$ 463,977</u>	<u>\$ 8,389,797</u>	<u>\$ 1,640,226</u>

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 6,927,755
-	3,333,531
-	635,236
110,902	110,902
-	172,065
39,885	928,214
-	509,817
-	1,897,233
343	12,526
2,877	62,786
154,007	14,590,065
54,341	1,911,015
70,930	4,856,290
-	3,760,747
-	587,791
-	1,050,000
-	577,906
125,271	12,743,749
28,736	1,846,316
-	625,341
(15,450)	(514,560)
-	8,000,000
(15,450)	8,110,781
13,286	9,957,097
902,846	14,463,453
\$ 916,132	\$ 24,420,550

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Exhibit A

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, 2015

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

Net changes in fund balances - total governmental funds	\$	9,957,097
<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		1,798,083
Depreciation expense		(1,451,107)
<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		(8,000,000)
Capital lease payments		396,073
Principal payments		1,050,000
Amortization of premiums, discounts, and deferred charges		(4,055)
<p>Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.</p>		
		(27,981)
<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>		
		(72,903)
<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		180,124
Deferred outflow - pension		156,350
Deferred inflow - pension		(302,710)
<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>		
		481,796
Change in Net Position of Governmental Activities	\$	4,160,767

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total Enterprise Funds	
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 4,899,789	\$ 618,427	\$ 5,518,216	\$ 4,830,484
Accounts receivable, net	436,684	-	436,684	-
Inventory	-	53,879	53,879	-
Due from other funds	-	66,818	66,818	-
Total Current Assets	5,336,473	739,124	6,075,597	4,830,484
Noncurrent assets:				
Capital assets:				
Land	445,240	915,000	1,360,240	-
Construction in process	556,382	-	556,382	-
Buildings and improvements	598,492	6,038,071	6,636,563	-
Furniture and equipment	1,001,026	672,043	1,673,069	7,329,814
Water and sewer system	19,203,265	-	19,203,265	-
Less: accumulated depreciation	(7,264,035)	(5,164,994)	(12,429,029)	(5,714,259)
Total Capital Assets (Net)	14,540,370	2,460,120	17,000,490	1,615,555
Total Noncurrent Assets	14,540,370	2,460,120	17,000,490	1,615,555
Total Assets	\$ 19,876,843	\$ 3,199,244	\$ 23,076,087	\$ 6,446,039
Deferred Outflows of Resources				
Deferred outflows - pensions	106,316	-	106,316	-
Total Deferred Outflows of Resources	106,316	-	106,316	-

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 241,035	\$ 79,682	\$ 320,717	\$ 16,331
Customer deposits	117,858	369	118,227	-
Compensated absences	54,888	65,773	120,661	-
Unearned revenue	-	3,201	3,201	-
Due to other funds	299,812	-	299,812	-
Total Current Liabilities	713,593	149,025	862,618	16,331
Noncurrent liabilities:				
Compensated absences	6,099	7,308	13,407	-
Net pension liability	470,382	-	470,382	-
Total Noncurrent Liabilities	476,481	7,308	483,789	-
Total Liabilities	1,190,074	156,333	1,346,407	16,331
Deferred Inflows of Resources				
Deferred inflows - pensions	53,838	-	53,838	-
Total Deferred Inflows of Resources	53,838	-	53,838	-
Net Position				
Net investment in capital assets	14,069,988	2,460,120	16,530,108	1,615,555
Unrestricted	4,669,259	582,791	5,252,050	4,814,153
Total Net Position	\$ 18,739,247	\$ 3,042,911	21,782,158	\$ 6,429,708
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			1,539,269	
Total Net Position per Government-Wide Financial Statements.			\$ 23,321,427	

See Notes to Financial Statements.

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Exhibit A

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

For the Year Ended September 30, 2015

	<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>	
<u>Operating Revenues</u>				
Charges for sales and services	\$ 3,979,130	\$ 1,187,249	\$ 5,166,379	\$ 1,465,302
Other revenues	171,715	-	171,715	-
Total Operating Revenues	<u>4,150,845</u>	<u>1,187,249</u>	<u>5,338,094</u>	<u>1,465,302</u>
<u>Operating Expenses</u>				
Costs of sales and services	2,006,636	635,568	2,642,204	9,124
Personnel	349,993	822,075	1,172,068	-
Depreciation	371,384	317,401	688,785	598,977
Total Operating Expenses	<u>2,728,013</u>	<u>1,775,044</u>	<u>4,503,057</u>	<u>608,101</u>
Operating Income (Loss)	<u>1,422,832</u>	<u>(587,795)</u>	<u>835,037</u>	<u>857,201</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	2,063	232	2,295	2,207
Interest expense	-	-	-	(10,334)
Total Nonoperating Revenues (Expenses)	<u>2,063</u>	<u>232</u>	<u>2,295</u>	<u>(8,127)</u>
Income (Loss) Before Transfers	1,424,895	(587,563)	837,332	849,074
Transfers in	-	428,202	428,202	-
Transfers (out)	(538,983)	-	(538,983)	-
Change in Net Position	885,912	(159,361)	726,551	849,074
Beginning net position	17,853,335	3,202,272		5,580,634
Ending Net Position	<u>\$ 18,739,247</u>	<u>\$ 3,042,911</u>		<u>\$ 6,429,708</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

156,696

Change in Net Position of Business-Type Activities

\$ 883,247

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, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total Enterprise Funds	
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 4,143,900	\$ 1,176,422	\$ 5,320,322	\$ 1,465,302
Payments to suppliers	(1,949,069)	(618,191)	(2,567,260)	6,210
Payments to employees	(346,005)	(812,732)	(1,158,737)	-
Net Cash Provided (Used) by Operating Activities	1,848,826	(254,501)	1,594,325	1,471,512
<u>Cash Flows from Noncapital</u>				
<u>Financing Activities</u>				
Transfer to other funds	(538,983)	428,202	(110,781)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(538,983)	428,202	(110,781)	-
<u>Cash Flows from Capital and Related</u>				
<u>Financing Activities</u>				
Acquisition and construction of capital assets	(284,167)	(199,356)	(483,523)	(413,486)
Principal paid on capital lease	-	-	-	(396,073)
Interest paid on capital debt	-	-	-	(10,334)
Net Cash (Used) by Capital and Related Financing Activities	(284,167)	(199,356)	(483,523)	(819,893)
<u>Cash Flows from Investing Activities</u>				
Interest received	2,063	232	2,295	2,207
Net Cash Provided by Investing Activities	2,063	232	2,295	2,207
Net Increase (Decrease) in Cash and Cash Equivalents	1,027,739	(25,423)	1,002,316	653,826
Beginning cash and cash equivalents	3,872,050	643,850	4,515,900	4,176,658
Ending Cash and Cash Equivalents	\$ 4,899,789	\$ 618,427	\$ 5,518,216	\$ 4,830,484

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, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,422,832	\$ (587,795)	\$ 835,037	\$ 857,201
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	371,384	317,401	688,785	598,977
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(6,945)	(10,042)	(16,987)	-
Deferred outflows - pensions	(27,808)	-	(27,808)	-
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	57,560	17,377	74,937	15,334
Customer deposits	6,676	-	6,676	-
Compensated absences	3,318	9,343	12,661	-
Net pension liability	(32,036)	-	(32,036)	-
Deferred inflows - pensions	53,838	(785)	53,053	-
Due to other funds	7	-	7	-
Net Cash Provided (Used) by Operating Activities	\$ 1,848,826	\$ (254,501)	\$ 1,594,325	\$ 1,471,512

See Notes to Financial Statements.

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

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. 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, 2015

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 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, 2015

The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of bonds and related interests earnings for capital improvements. The capital projects funds include the capital projects fund and Jones Road extension fund. The capital projects fund is included as a major fund and the Jones Road extension fund is included as a nonmajor fund.

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 utility enterprise 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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 TexSTAR), 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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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 three items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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 for the difference between projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. 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. 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.

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 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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Post Employment Healthcare Benefits

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

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and 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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

the enterprise fund and internal service fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt 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, 2015. 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, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 27,592,616	0.00
Total Fair Value	<u>\$ 27,592,616</u>	
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, 2015, 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, 2015, the City's deposits were fully covered under the FDIC.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to keep safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexPool

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

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

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>
Ad valorem taxes	\$ 577,554	\$ 62,546	\$ -
Other taxes	113,213	-	-
Intergovernmental	2,573	-	-
Other	473,448	-	11,318
Less allowance	(202,996)	(2,378)	-
Total	<u>\$ 963,792</u>	<u>\$ 60,168</u>	<u>\$ 11,318</u>

	<u>Water and Sewer</u>	<u>Component Unit</u>
Other taxes	\$ -	\$ 171,300
Accounts	589,340	-
Less allowance	(152,656)	-
Total	<u>\$ 436,684</u>	<u>\$ 171,300</u>

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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	\$ 1,956,455	\$ 481,533	\$ -	\$ 2,437,988
Construction in progress	2,131,961	-	(63,908)	2,068,053
Total capital assets not being depreciated	4,088,416	481,533	(63,908)	4,506,041
Other capital assets:				
Buildings and improvements	8,356,639	71,298	-	8,427,937
Machinery and equipment	9,035,196	543,092	-	9,578,288
Infrastructure	44,274,673	766,070	-	45,040,743
Total other capital assets	61,666,508	1,380,460	-	63,046,968
Less accumulated depreciation for:				
Buildings and improvements	(3,301,905)	(221,984)	-	(3,523,889)
Machinery and equipment	(7,020,203)	(707,967)	-	(7,728,170)
Infrastructure	(7,874,609)	(521,156)	-	(8,395,765)
Total accumulated depreciation	(18,196,717)	(1,451,107)	-	(19,647,824)
Other capital assets, net	43,469,791	(70,647)	-	43,399,144
Governmental Activities Capital Assets, Net	\$ 47,558,207	\$ 410,886	\$ (63,908)	47,905,185
			Plus deferred charge on refunding	520,868
			Plus unspent bond proceeds	7,549,019
			Less associated debt	(24,320,495)
			Net Investment in Capital Assets	\$ 31,654,577

Depreciation was charged to governmental functions as follows:

General government	\$ 42,850
Public safety	190,666
Public works	554,547
Parks and recreation	66,846
Capital assets held by the City's internal service fund are charged to various functions based on their usage of the assets	596,198
Total Governmental Activities Depreciation Expense	\$ 1,451,107

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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 Basin	\$ 500,000	\$ 500,000	\$ -
Phase III Street Project	1,379,552	712,280	667,272
290 Expansion	3,000,000	855,773	2,144,227
Total	\$ 4,879,552	\$ 2,068,053	\$ 2,811,499

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2015:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,360,240	\$ -	\$ -	\$ 1,360,240
Construction in progress	317,942	238,440	-	556,382
Total capital assets not being depreciated	1,678,182	238,440	-	1,916,622
Other capital assets:				
Buildings	6,397,216	239,347	-	6,636,563
Water and sewer system	19,203,265	-	-	19,203,265
Machinery and equipment	1,667,333	5,736	-	1,673,069
Total other capital assets	27,267,814	245,083	-	27,512,897
Less accumulated depreciation for:				
Buildings	(4,313,709)	(340,299)	-	(4,654,008)
Water and sewer system	(6,464,448)	(300,992)	-	(6,765,440)
Machinery and equipment	(962,087)	(47,494)	-	(1,009,581)
Total accumulated depreciation	(11,740,244)	(688,785)	-	(12,429,029)
Other capital assets, net	15,527,570	(443,702)	-	15,083,868
Business-Type Activities				
Capital Assets, Net	\$ 17,205,752	\$ (205,262)	\$ -	\$ 17,000,490

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 371,149
Golf course	317,636
Total Business-Type Activities Depreciation Expense	\$ 688,785

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Scada Project	\$ 17,570	\$ 10,242	\$ 7,328
290 Expansion	550,000	546,140	3,860
Total	\$ 567,570	\$ 556,382	\$ 11,188

D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 16,570,000	\$ -	\$ 740,000	\$ 15,830,000	* \$ 1,085,000
Premium on bonds	538,527	-	48,032	490,495	*
Certificates of obligation	310,000	8,000,000	310,000	8,000,000	*
Capital leases	396,073	-	396,073	-	*
	<u>17,814,600</u>	<u>8,000,000</u>	<u>1,494,105</u>	<u>24,320,495</u>	<u>1,765,000</u>
Other liabilities:					
Net pension liability	2,824,878	-	180,124	2,644,754	-
Compensated absences	360,725	77,611	131,835	306,501	275,851
	<u>2,185,603</u>	<u>77,611</u>	<u>311,959</u>	<u>2,951,255</u>	<u>275,851</u>
Total Governmental Activities	\$ 21,000,203	\$ 8,077,611	\$ 1,806,064	\$ 27,271,750	\$ 2,040,851
				<u>25,230,899</u>	
				<u>24,320,495</u>	

Long-term debt due in more than one year

\$ 24,320,495

*Debt associated with governmental activity capital assets

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Net pension liability	\$ 502,418	\$ -	\$ 32,036	\$ 470,382	\$ -
Compensated absences	121,407	13,491	830	134,068	120,661
	<u>623,825</u>	<u>13,491</u>	<u>32,866</u>	<u>604,450</u>	<u>120,661</u>
Total Business-Type Activities	\$ 623,825	\$ 13,491	\$ 32,866	\$ 604,450	\$ 120,661
				<u>483,789</u>	

Long-term debt due in more than one year

\$ 483,789

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, 2015

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

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
General Obligation Bonds		
Series 2007	4.25-6.25%	\$ 7,900,000
Series 2012	2.00-4.00%	7,930,000
Total General Obligation Bonds		15,830,000
 Certificates of Obligation		
Series 2015	5.00-7.00%	8,000,000
Total Certificates of Obligation		8,000,000
 Total Governmental Activities Long-Term Debt		 \$ 23,830,000

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

Year	Governmental Activities		
Ending Sep. 30	Principal	Interest	Total
2016	\$ 1,765,000	\$ 734,043	\$ 2,499,043
2017	1,875,000	626,353	2,501,353
2018	1,925,000	579,997	2,504,997
2019	1,970,000	535,314	2,505,314
2020	2,020,000	485,253	2,505,253
2021-2025	10,975,000	1,535,834	12,510,834
2026-2030	3,300,000	141,951	3,441,951
Total	\$ 23,830,000	\$ 4,638,745	\$ 28,468,745

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

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

Federal Arbitrage

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

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General	Water and sewer	\$ 299,812
Golf course	General	66,818
Debt service	General	6,179
Nonmajor	General	130,327
Red light camera	General	70,908
		<u>\$ 574,044</u>

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:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
General	Water and sewer	\$ 445,000
General	Nonmajor	15,450
Debt service	Water and sewer	93,983
Red light camera	General	70,908
Golf course	General	428,202
		<u>\$ 1,053,543</u>

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, 2015, \$837,912 of the City’s total fund balance is restricted by enabling legislation.

G. Restatement of Net Position

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions and GASB Statement and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for a net pension liability as of the measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year September 30, 2014.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

The beginning net position was restated as follows:

	Governmental Activities	Business-Type Activities and Enterprise Fund
Prior year ending net position/fund balance as reported	\$ 47,382,895	\$ 22,862,090
Restatement - deferred outflows	441,416	78,508
Restatement - net pension liability	(2,824,878)	(502,418)
Restated beginning net position	\$ 44,999,433	22,438,180

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 which 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 860 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. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.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:

	2015	2014
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, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits		40
Inactive employees entitled to but not yet receiving benefits		55
Active employees		88
	Total	183

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.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.28 percent and 15.43 percent in calendar years 2014 and 2015, respectively. The City's contributions paid were at the phase-in rate during 2014 and at the annual required contribution rate in 2015. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$704,979, which was less than the required contribution since the City paid the phase-in rate provided by TMRS.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, 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 Table, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. 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.

The long-term expected rate of return on pension plan investments is seven percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

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

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 812,970	\$ -	\$ 812,970
Interest	1,315,698	-	1,315,698
Change of benefit terms	-	-	-
Difference between expected and actual experience	(448,345)	-	(448,345)
Changes of assumptions	-	-	-
Contributions - employer	-	679,660	(679,660)
Contributions - employee	-	337,066	(337,066)
Net investment income	-	885,763	(885,763)
Benefit payments, including refunds of employee contributions	(839,314)	(839,314)	-
Administrative expense	-	(9,246)	9,246
Other changes	-	(760)	760
Net Changes	841,009	1,053,169	(212,160)
Balance at December 31, 2013	18,808,863	15,481,567	3,327,296
Balance at December 31, 2014	\$ 19,649,872	\$ 16,534,736	\$ 3,115,136

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of seven 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 (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate (7.0%)	1% Increase in Discount Rate
City's Net Pension Liability	\$ 6,065,389	\$ 3,115,136	\$ 726,321

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, 2015, the City recognized pension expense of \$665,690.

At September 30, 2015, 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	\$ -	\$ (356,548)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	158,358	-
Contributions subsequent to the measurement date	545,724	-
Total	\$ 704,082	\$ (356,548)

\$545,724 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, 2015. 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
2016	\$ (52,208)
2017	(52,208)
2018	(52,208)
2019	(41,566)
Total	\$ (198,190)

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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, 2015, 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 2015, 2014, and 2013 were \$940, \$849, and \$464, respectively. The City's contribution rates for the past three years are shown below:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Req. Contrib. (Rate)	0.02%	0.02%	0.01%
Actual Contribution Made	0.02%	0.02%	0.01%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

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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, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Taxes:				
Ad valorem	\$ 5,455,000	\$ 5,455,000	\$ 5,430,698	\$ (24,302)
Sales	2,705,000	2,705,000	3,333,531	628,531
Franchise	635,000	635,000	635,236	236
Permits, licenses, and fees	87,700	87,700	172,065	84,365
Charges for services	358,950	358,950	509,817	150,867
Fines	817,200	817,200	861,764	44,564
Investment earnings	5,000	5,000	7,723	2,723
Intergovernmental	977,967	1,042,801	951,276	(91,525)
Other revenues	20,000	20,000	59,909	39,909
Total Revenues	<u>11,061,817</u>	<u>11,126,651</u>	<u>11,962,019</u>	<u>835,368</u>
<u>Expenditures</u>				
General government:				
Administration	546,970	594,372	553,845	40,527
Legal	231,800	231,273	208,677	22,596
Information technology	377,766	406,670	375,210	31,460
Purchasing	20,350	22,877	22,877	-
Finance	287,250	288,627	275,367	13,260
Customer service	130,600	131,598	121,981	9,617
Court	314,700	324,700	298,717	25,983
Total General Government	<u>1,909,436</u>	<u>2,000,117</u>	<u>1,856,674</u>	<u>143,443</u>
Public safety:				
Police	2,408,074	2,473,408	2,221,463	251,945
Dispatch	670,504	673,704	617,060	56,644
Fire	1,603,149	1,676,408	1,596,340	80,068
Total Public Safety	<u>4,681,727</u>	<u>4,823,520</u>	<u>4,434,863</u>	<u>388,657</u>
Public works:				
Public works administration	277,000	482,000	399,930	82,070
Community development	337,150	362,150	324,424	37,726
Streets	506,988	543,323	482,991	60,332
Building and grounds	214,600	307,902	254,058	53,844
Sanitation	352,000	382,930	341,028	41,902
Fleet services	422,920	436,820	281,233	155,587
Total Public Works	<u>2,110,658</u>	<u>2,515,125</u>	<u>2,083,664</u>	<u>431,461</u>
Parks and recreation				
Parks and recreation	601,498	607,998	587,791	20,207
Total Expenditures	<u>9,303,319</u>	<u>9,946,760</u>	<u>8,962,992</u>	<u>983,768</u>
Excess of Revenues Over Expenditures	<u>1,758,498</u>	<u>1,179,891</u>	<u>2,999,027</u>	<u>1,819,136</u>

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, 2015

	<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	\$ 460,450	\$ 460,450	\$ 460,450	\$ -
Transfers (out)	(76,358)	(499,110)	(499,110)	-
Total Other Financing Sources (Uses)	<u>384,092</u>	<u>(38,660)</u>	<u>(38,660)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 2,142,590</u>	<u>\$ 1,141,231</u>	2,960,367	<u>\$ 1,819,136</u>
Beginning fund balance			<u>10,050,051</u>	
Ending Fund Balance			<u>\$ 13,010,418</u>	

Notes to Required Supplementary Information:

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

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Exhibit A

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, 2015

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines	\$ 100,000	\$ 26,565	\$ (73,435)
Total Revenues	100,000	26,565	(73,435)
<u>Expenditures</u>			
Public safety	616,109	350,497	265,612
Total Expenditures	616,109	350,497	265,612
(Deficiency) of Revenues (Under) Expenditures	(516,109)	(323,932)	192,177
<u>Other Financing Sources (Uses)</u>			
Transfers (in)	70,908	70,908	-
Net Change in Fund Balance	\$ (445,201)	(253,024)	\$ 192,177
Beginning fund balance		1,893,250	
Ending Fund Balance		\$ 1,640,226	

Notes to Required Supplementary Information:

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

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Exhibit A

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, 2015

	Measurement
	Year*
	2015
Total Pension Liability	
Service cost	\$ 812,970
Interest (on the total pension liability)	1,315,698
Difference between expected and actual experience	(448,345)
Benefit payments, including refunds of employee contributions	(839,314)
Net Change in Total Pension Liability	841,009
Beginning total pension liability	18,808,863
Ending Total Pension Liability	\$ 19,649,872
Plan Fiduciary Net Position	
Contributions - employer	\$ 679,660
Contributions - employee	337,066
Net investment income	885,763
Benefit payments, including refunds of employee contributions	(839,314)
Administrative expense	(9,246)
Other	(760)
Net Change in Plan Fiduciary Net Position	1,053,169
Beginning plan fiduciary net position	15,481,567
Ending Plan Fiduciary Net Position	\$ 16,534,736
Net Pension Liability	\$ 3,115,136
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.15%
Covered Employee Payroll	\$ 4,815,231
Net Pension Liability as a Percentage of Covered Employee Payroll	64.69%

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

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2015

	Fiscal Year
	2015*
Actuarially determined contribution	\$ 704,979
Contributions in relation to the actuarially determined contribution	704,979
Contribution deficiency (excess)	\$ -
 Covered employee payroll	 \$ 4,815,231
 Contributions as a percentage of covered employee payroll	 14.64%

*Only one year of information is currently available. The City will build this schedule over the next nine 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	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary increases	3.50% to 12.00% including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
 Mortality	 RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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Exhibit A

***COMBINING STATEMENTS
AND SCHEDULES***

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Exhibit A

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, 2015

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Ad valorem taxes	\$ 1,525,000	\$ 1,497,057	\$ (27,943)
Investment earnings	500	361	(139)
Total Revenues	1,525,500	1,497,418	(28,082)
<u>Expenditures</u>			
Debt service:			
Principal	1,050,000	1,050,000	-
Interest and fiscal agent fees	585,656	577,906	7,750
Total Expenditures	1,635,656	1,627,906	7,750
(Deficiency) of Revenues (Under) Expenditures	(110,156)	(130,488)	(20,332)
<u>Other Financing Sources (Uses)</u>			
Transfers in	93,983	93,983	-
Net Change in Fund Balance	\$ (16,173)	(36,505)	\$ (20,332)
Beginning fund balance		500,482	
Ending Fund Balance		\$ 463,977	

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

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.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

CITY OF JERSEY VILLAGE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Hotel Occupancy Tax	Court Security and Technology Fees	Asset Forfeiture	
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 649,830	\$ 55,000	\$ 75,999	\$ 780,829
Accounts	11,318	-	-	11,318
Prepaid items	-	-	2,221	2,221
Due from other funds	-	130,327	-	130,327
	Total Assets	\$ 185,327	\$ 78,220	\$ 924,695
<u>Liabilities</u>				
Accounts payable	\$ 7,565	\$ 998	\$ -	\$ 8,563
	Total Liabilities	998	-	8,563
<u>Fund Balances</u>				
Nonspendable	-	-	2,221	2,221
Restricted:				
Public safety	-	-	75,999	75,999
Tourism	653,583	-	-	653,583
Court technology	-	184,329	-	184,329
	Total Fund Balances	184,329	78,220	916,132
	Total Liabilities and Fund Balances	\$ 185,327	\$ 78,220	\$ 924,695

CITY OF JERSEY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	<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	\$ 110,902	\$ -	\$ -	\$ 110,902
Fines	-	39,885	-	39,885
Investment earnings	309	-	34	343
Other revenue	-	-	2,877	2,877
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	111,211	39,885	2,911	154,007
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>				
Current:				
General government	54,341	-	-	54,341
Public safety	-	59,011	11,919	70,930
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	54,341	59,011	11,919	125,271
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	56,870	(19,126)	(9,008)	28,736
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other Financing Sources (Uses)</u>				
Transfer (out)	(15,450)	-	-	(15,450)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	41,420	(19,126)	(9,008)	13,286
	<hr/>	<hr/>	<hr/>	<hr/>
Beginning fund balances	612,163	203,455	87,228	902,846
	<hr/>	<hr/>	<hr/>	<hr/>
Ending Fund Balances	<u>\$ 653,583</u>	<u>\$ 184,329</u>	<u>\$ 78,220</u>	<u>\$ 916,132</u>

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Exhibit A

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, 2015

		Hotel Occupancy Tax		
		Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
	Occupancy tax	\$ 50,000	\$ 110,902	\$ 60,902
	Investment earnings	300	309	9
	Total Revenues	50,300	111,211	60,911
Expenditures				
	General government	57,500	54,341	3,159
	Total Expenditures	57,500	54,341	3,159
	Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,200)	56,870	64,070
Other Financing Sources (Uses)				
	Transfers (out)	(15,450)	(15,450)	-
	Net Change in Fund Balance	\$ (22,650)	41,420	\$ 64,070
	Beginning fund balance		612,163	
	Ending Fund Balance		\$ 653,583	

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, 2015

Court Security and Technology Fees			
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines	\$ 40,500	\$ 39,885	\$ (615)
<u>Expenditures</u>			
Public safety	67,100	59,011	8,089
Net Change in Fund Balance	\$ (26,600)	(19,126)	\$ 7,474
Beginning fund balance		203,455	
Ending Fund Balance		\$ 184,329	

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, 2015

	Asset Forfeiture		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Investment earnings	\$ 5	\$ 34	\$ 29
Other revenue	-	2,877	2,877
Total Revenues	<u>5</u>	<u>2,911</u>	<u>2,906</u>
Expenditures			
Public safety	12,037	11,919	118
Total Expenditures	<u>12,037</u>	<u>11,919</u>	<u>118</u>
Net Change in Fund Balance	<u>\$ (12,032)</u>	<u>(9,008)</u>	<u>\$ 3,024</u>
Beginning fund balance		<u>90,765</u>	
Ending Fund Balance		<u>\$ 81,757</u>	

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Exhibit A

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	94
<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	106
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	114
<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	123
<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	127
<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			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 12,656,907	\$ 13,471,717	\$ 14,251,751	\$ 11,219,378
Restricted	1,352,105	1,481,067	1,359,131	7,455,122
Unrestricted	3,949,120	6,131,312	8,462,478	9,504,411
Total Governmental Activities Net Position	\$ 17,958,132	\$ 21,084,096	\$ 24,073,360	\$ 28,178,911
 Business-Type Activities				
Net investment in capital assets	\$ 16,673,112	\$ 16,785,000	\$ 17,233,210	\$ 16,805,161
Restricted	803,354	693,817	742,993	715,000
Unrestricted	2,710,449	3,149,014	3,314,011	4,026,306
Total Business-Type Activities Net Position	\$ 20,186,915	\$ 20,627,831	\$ 21,290,214	\$ 21,546,467
 Primary Government				
Net investment in capital assets	\$ 29,330,019	\$ 30,256,717	\$ 31,484,961	\$ 28,024,539
Restricted	2,155,459	2,174,884	2,102,124	8,170,122
Unrestricted	6,659,569	9,280,326	11,776,489	13,530,717
Total Primary Government Net Position	\$ 38,145,047	\$ 41,711,927	\$ 45,363,574	\$ 49,725,378

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 21,384,544	\$ 25,644,695	\$ 23,205,799	\$ 29,072,714	\$ 30,316,564	\$ 31,654,577
6,751,632	1,706,438	7,298,473	3,646,658	3,329,342	2,930,096
4,825,409	8,906,717	8,025,517	10,085,847	11,353,527	14,575,527
<u>\$ 32,961,585</u>	<u>\$ 36,257,850</u>	<u>\$ 38,529,789</u>	<u>\$ 42,805,219</u>	<u>\$ 44,999,433</u>	<u>\$ 49,160,200</u>
\$ 17,831,127	\$ 17,991,847	\$ 18,085,993	\$ 17,746,030	\$ 17,205,752	\$ 17,000,490
-	-	-	-	-	-
3,806,361	4,282,824	4,422,826	5,297,596	5,232,428	6,320,937
<u>\$ 21,637,488</u>	<u>\$ 22,274,671</u>	<u>\$ 22,508,819</u>	<u>\$ 23,043,626</u>	<u>\$ 22,438,180</u>	<u>\$ 23,321,427</u>
\$ 39,215,671	\$ 43,636,542	\$ 41,291,792	\$ 46,818,744	\$ 47,522,316	\$ 48,655,067
6,751,632	1,706,438	7,298,473	3,646,658	3,329,342	2,930,096
8,631,770	13,189,541	12,448,343	15,383,443	16,585,955	20,896,464
<u>\$ 54,599,073</u>	<u>\$ 58,532,521</u>	<u>\$ 61,038,608</u>	<u>\$ 65,848,845</u>	<u>\$ 67,437,613</u>	<u>\$ 72,481,627</u>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities				
General government	\$ 1,477,941	\$ 1,465,168	\$ 1,864,463	\$ 2,211,902
Public safety	3,138,036	3,336,615	3,691,280	4,421,088
Public works	1,929,475	2,138,804	2,653,961	2,069,991
Parks and recreation	504,496	424,043	541,244	476,072
Interest and fiscal agent fees on long-term debt	1,069,897	1,068,800	1,344,921	1,283,271
Total Governmental Activities Expenses	<u>8,119,845</u>	<u>8,433,430</u>	<u>10,095,869</u>	<u>10,462,324</u>
Business-type activities				
Water and sewer	1,898,491	1,650,015	1,952,219	2,572,957
Golf course	1,325,256	1,432,630	1,558,274	1,563,335
Total Business-Type Activities Expenses	<u>3,223,747</u>	<u>3,082,645</u>	<u>3,510,493</u>	<u>4,136,292</u>
Total Primary Government Expenses	<u>\$ 11,343,592</u>	<u>\$ 11,516,075</u>	<u>\$ 13,606,362</u>	<u>\$ 14,598,616</u>
Program Revenues				
Governmental activities				
Charges for services				
Public safety	\$ 970,346	\$ 1,591,587	\$ 1,287,420	\$ 1,689,556
Public works	387,003	305,375	477,912	-
Parks and recreation	12,008	12,818	11,954	745,629
Operating grants and contributions	796,947	537,281	1,299,724	1,111,357
Total Governmental Activities Program Revenues	<u>2,166,304</u>	<u>2,447,061</u>	<u>3,077,010</u>	<u>3,546,542</u>
Business-type activities				
Charges for services				
Water and sewer	2,840,707	2,476,398	2,956,434	3,250,244
Golf course	1,217,798	1,213,498	1,477,667	1,528,458
Total Business-Type Activities Program Revenues	<u>4,058,505</u>	<u>3,689,896</u>	<u>4,434,101</u>	<u>4,778,702</u>
Total Primary Government Program Revenues	<u>\$ 6,224,809</u>	<u>\$ 6,136,957</u>	<u>\$ 7,511,111</u>	<u>\$ 8,325,244</u>
Net (Expense)/Revenue				
Governmental activities	\$ (5,953,541)	\$ (5,986,369)	\$ (7,018,859)	\$ (6,915,782)
Business-type activities	834,758	607,251	923,608	642,410
Total Primary Government Net Expense	<u>\$ (5,118,783)</u>	<u>\$ (5,379,118)</u>	<u>\$ (6,095,251)</u>	<u>\$ (6,273,372)</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,046,283	\$ 1,852,750	\$ 1,979,509	\$ 1,744,782	\$ 1,741,875	\$ 1,683,153
5,136,312	5,038,540	5,221,610	5,029,549	4,840,944	5,075,686
2,391,025	2,460,625	2,929,708	2,399,621	2,447,946	2,916,512
525,477	197,711	163,273	158,351	225,551	119,532
1,220,035	1,025,458	850,924	797,826	703,579	719,422
<u>11,319,132</u>	<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>
2,092,496	2,798,185	3,040,413	2,838,464	2,612,155	2,571,317
1,628,516	1,740,698	1,649,470	1,662,206	1,716,718	1,775,044
<u>3,721,012</u>	<u>4,538,883</u>	<u>4,689,883</u>	<u>4,500,670</u>	<u>4,328,873</u>	<u>4,346,361</u>
<u>\$ 15,040,144</u>	<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>
\$ 2,324,301	\$ 2,405,134	\$ 3,090,178	\$ 2,881,707	\$ 1,431,320	\$ 1,100,279
-	-	-	-	-	-
296,557	333,423	212,593	272,562	363,058	509,817
<u>3,439,600</u>	<u>1,118,822</u>	<u>609,286</u>	<u>750,143</u>	<u>1,063,628</u>	<u>1,897,233</u>
<u>6,060,458</u>	<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>
2,983,242	4,194,006	3,894,131	4,092,417	4,000,806	4,150,845
1,243,653	1,414,004	1,466,549	1,435,975	1,333,700	1,187,249
<u>4,226,895</u>	<u>5,608,010</u>	<u>5,360,680</u>	<u>5,528,392</u>	<u>5,334,506</u>	<u>5,338,094</u>
<u>\$ 10,287,353</u>	<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>
\$ (5,258,674)	\$ (6,717,705)	\$ (7,232,967)	\$ (6,225,717)	\$ (7,101,889)	\$ (7,006,976)
505,883	1,069,127	670,797	1,027,722	1,005,633	991,733
<u>\$ (4,752,791)</u>	<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>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Ad valorem	\$ 4,091,728	\$ 4,991,356	\$ 5,677,399	\$ 6,100,687
Sales taxes	1,877,187	2,601,786	2,449,404	2,532,587
Franchise and local taxes	569,016	553,692	589,850	845,980
Investment earnings	377,156	575,549	597,233	134,912
Other revenues	99,861	74,950	83,664	358,393
Transfers	300,000	315,000	379,913	1,048,773
Total Governmental Activities	<u>7,314,948</u>	<u>9,112,333</u>	<u>9,777,463</u>	<u>11,021,332</u>
Business-type activities				
Investment earnings	111,719	148,664	95,730	19,186
Transfers	(300,000)	(315,000)	(379,913)	(405,343)
Total Business-Type Activities	<u>(188,281)</u>	<u>(166,336)</u>	<u>(284,183)</u>	<u>(386,157)</u>
Total Primary Government	<u>\$ 7,126,667</u>	<u>\$ 8,945,997</u>	<u>\$ 9,493,280</u>	<u>\$ 10,635,175</u>
Change in Net Position				
Governmental activities	\$ 1,361,407	\$ 3,125,964	\$ 2,758,604	\$ 4,105,550
Business-type activities	646,477	440,915	639,425	256,253
Total Primary Government	<u>\$ 2,007,884</u>	<u>\$ 3,566,879</u>	<u>\$ 3,398,029</u>	<u>\$ 4,361,803</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 6,198,169	\$ 6,099,750	\$ 5,511,884	\$ 6,146,643	\$ 6,269,652	\$ 6,899,774
2,411,159	2,565,651	3,035,624	2,998,515	3,282,372	3,333,531
699,172	667,970	666,253	673,888	674,027	635,236
36,792	23,718	20,768	17,834	6,346	14,733
275,580	222,280	134,121	169,946	258,962	173,688
420,476	434,601	438,718	494,321	1,188,206	110,781
<u>10,041,348</u>	<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>
5,614	2,657	2,069	1,406	1,037	2,295
(420,476)	(434,601)	(438,718)	(494,321)	(1,188,206)	(110,781)
<u>(414,862)</u>	<u>(431,944)</u>	<u>(436,649)</u>	<u>(492,915)</u>	<u>(1,187,169)</u>	<u>(108,486)</u>
<u>\$ 9,626,486</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>
\$ 4,782,674	\$ 3,296,265	\$ 2,574,401	\$ 4,275,430	\$ 4,577,676	\$ 4,160,767
91,021	637,183	234,148	534,807	(181,536)	883,247
<u>\$ 4,873,695</u>	<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>

CITY OF JERSEY VILLAGE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	12,331	12,331	12,331	16,586
Unassigned	3,407,207	5,132,634	7,256,287	8,543,619
Total General Fund	\$ 3,419,538	\$ 5,144,965	\$ 7,268,618	\$ 8,560,205
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Capital project funds	1,982,613	10,290,458	6,499,379	5,039,980
Debt service funds	658,646	727,653	545,424	-
Special revenue funds	718,219	769,660	850,542	1,851,811
Assigned				
Capital projects	-	-	-	-
Total All Other Governmental Funds	\$ 3,359,478	\$ 11,787,771	\$ 7,895,345	\$ 6,891,791

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ 674	\$ -
15,720	19,192	24,297	24,875	31,012	39,109
9,646,412	10,779,487	5,770,244	7,886,398	10,018,365	12,971,309
<u>\$ 9,662,132</u>	<u>\$ 10,798,679</u>	<u>\$ 5,794,541</u>	<u>\$ 7,911,273</u>	<u>\$ 10,050,051</u>	<u>\$ 13,010,418</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,221	\$ 2,221
6,732,339	4,918,996	4,204,651	5,001	-	7,549,019
-	399,560	450,332	474,716	500,482	463,977
-	1,005,618	2,579,531	3,141,766	2,793,875	2,554,137
-	-	-	-	1,116,824	840,778
<u>\$ 6,732,339</u>	<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>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 6,496,795	\$ 8,145,679	\$ 8,757,923	\$ 9,463,752
Permits, licenses, and fees	224,160	204,244	271,512	88,842
Charges for services	341,956	344,911	438,649	745,629
Fines and forfeitures	801,103	1,008,085	1,177,649	1,634,636
Investment earnings	320,418	505,793	554,243	122,740
Intergovernmental	788,292	499,322	1,293,711	1,111,357
Other revenues	110,654	153,192	94,028	358,393
Total Revenues	<u>9,083,378</u>	<u>10,861,226</u>	<u>12,587,715</u>	<u>13,525,349</u>
Expenditures				
General government	1,437,939	1,625,875	1,748,173	1,738,804
Public safety	3,107,644	3,327,650	3,586,666	4,823,774
Public works	1,637,561	1,650,040	2,313,402	2,069,319
Parks and recreation	473,937	498,124	510,991	476,072
Capital outlay	146,249	349,304	4,039,793	2,678,869
Debt service				
Principal	840,729	862,094	920,054	947,732
Interest and fiscal fees	1,278,233	1,324,588	1,617,322	1,503,400
Paid to escrow for current bond refunding	-	-	-	-
Total Expenditures	<u>8,922,292</u>	<u>9,637,675</u>	<u>14,736,401</u>	<u>14,237,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	161,086	1,223,551	(2,148,686)	(712,621)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	300,000	315,000	379,913	1,837,602
Transfers out	-	-	-	(788,829)
Proceeds paid to escrow	-	-	-	-
Issuance of debt	-	8,500,000	-	-
Premium on debt issued	-	127,500	-	-
Total Other Financing Sources	<u>300,000</u>	<u>8,942,500</u>	<u>379,913</u>	<u>1,048,773</u>
Net Change in Fund Balances	<u>\$ 461,086</u>	<u>\$ 10,166,051</u>	<u>\$ (1,768,773)</u>	<u>\$ 336,152</u>
Debt service as a percentage of noncapital expenditures	24.14%	23.64%	24.69%	22.00%

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 9,285,086	\$ 9,354,873	\$ 9,596,403	\$ 9,861,843	\$ 10,389,401	\$ 11,007,424	
84,507	99,301	131,129	133,471	131,473	172,065	
296,557	333,423	212,593	272,562	363,058	509,817	
2,239,794	2,305,833	2,959,049	2,748,236	1,299,847	928,214	
32,674	20,454	17,212	14,235	5,041	12,526	
3,439,600	1,118,822	609,286	750,143	1,063,628	1,897,233	
275,580	172,696	58,474	112,545	181,063	62,786	
<u>15,653,798</u>	<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>	
1,913,068	1,779,389	1,771,567	1,711,971	1,765,524	1,911,015	
4,931,600	5,202,586	4,975,131	5,270,514	4,876,359	4,856,290	
2,400,831	2,888,384	5,303,688	6,171,265	2,323,893	3,760,747	
570,739	534,455	530,295	552,260	556,575	587,791	
2,977,118	3,515,027	264,013	13,425	-	-	
701,317	689,520	1,235,000	1,405,000	1,495,000	1,050,000	
1,637,126	1,538,227	1,032,575	759,220	673,669	577,906	
-	-	135,000	-	-	-	
<u>15,131,799</u>	<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>	
521,999	(2,742,186)	(1,663,123)	(1,990,620)	1,742,491	1,846,316	
-	-	6,615	-	-	-	
1,477,311	721,956	7,353,718	560,397	2,025,025	625,341	
(1,056,835)	(287,355)	(6,915,000)	(66,076)	(836,819)	(514,560)	
-	-	(9,382,129)	-	-	-	
-	-	9,050,000	-	-	8,000,000	
-	-	492,088	-	-	-	
<u>420,476</u>	<u>434,601</u>	<u>605,292</u>	<u>494,321</u>	<u>1,188,206</u>	<u>8,110,781</u>	
<u>\$ 942,475</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>	
19.92%	20.75%	19.30%	21.94%	19.97%	14.87%	

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Ad valorem	\$ 4,050,597	\$ 4,990,201	\$ 5,718,669	\$ 6,255,115
Sales	1,877,182	2,601,786	2,449,404	2,449,404
Franchise fee	569,016	553,692	589,850	759,233
Other	78,695	86,599	96,062	86,747
Totals	<u>\$ 6,575,490</u>	<u>\$ 8,232,278</u>	<u>\$ 8,853,985</u>	<u>\$ 9,550,499</u>

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 6,174,755	\$ 6,071,668	\$ 5,825,494	\$ 6,132,039	\$ 6,355,103	\$ 6,927,755
2,411,159	2,565,651	3,035,624	2,998,515	3,282,372	3,333,531
632,605	667,970	666,253	673,888	674,027	635,236
66,567	49,584	69,032	57,401	77,899	110,902
<u>\$ 9,285,086</u>	<u>\$ 9,354,873</u>	<u>\$ 9,596,403</u>	<u>\$ 9,861,843</u>	<u>\$ 10,389,401</u>	<u>\$ 11,007,424</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Residential property	\$ 345,838,390	\$ 429,228,150	\$ 470,984,691	\$ 498,590,180
Commercial property	104,484,208	144,597,984	194,398,424	193,175,025
Other	280,588,903	223,098,917	236,256,520	275,272,631
Less: Tax exempt property	<u>(130,703,740)</u>	<u>(134,005,267)</u>	<u>(141,801,005)</u>	<u>(147,797,468)</u>
Total Taxable Assessed Value (1)	<u>\$ 600,207,761</u>	<u>\$ 662,919,784</u>	<u>\$ 759,838,630</u>	<u>\$ 819,240,368</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.

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 479,135,881	\$ 491,005,824	\$ 491,833,349	\$ 496,740,074	\$ 520,849,850	\$ 556,078,428
214,657,268	190,621,214	195,666,311	204,473,889	224,196,999	242,011,499
277,213,850	307,527,234	254,734,037	252,948,984	284,337,338	279,381,642
<u>(149,634,733)</u>	<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>\$ 821,372,266</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>
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			
	2006	2007	2008	2009
City of Jersey Village by fund:				
General	\$ 0.33943	\$ 0.43264	\$ 0.45000	\$ 0.46810
Debt service	0.33557	0.30986	0.29250	0.27440
Total Direct Rates	\$ 0.67500	\$ 0.74250	\$ 0.74250	\$ 0.74250
Cypress-Fairbanks Independent School District	\$ 1.80000	\$ 1.65400	\$ 1.32400	\$ 1.35000
Harris County	0.39990	0.40239	0.39239	0.38923
Harris County Flood Control District	0.03241	0.03106	0.03106	0.03086
Port of Houston Authority	0.01302	0.01437	0.01437	0.01773
Harris County Hospital District	0.19216	0.19216	0.19216	0.19216
Harris County Department of Education	0.00629	0.00585	0.00585	0.00584
Total Direct and Overlapping Rates (1)	\$ 3.11878	\$ 3.04233	\$ 2.70233	\$ 2.72832

Tax rates are per \$100 of assessed valuation
Source: Harris County Appraisal District

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 0.46000	\$ 0.48160	\$ 0.46259	\$ 0.48566	\$ 0.49415	\$ 0.58252
<u>0.28250</u>	<u>0.26091</u>	<u>0.27991</u>	<u>0.25684</u>	<u>0.24835</u>	<u>0.15998</u>
<u>\$ 0.74250</u>					
\$ 1.43000	\$ 1.43000	\$ 1.43000	\$ 1.45000	\$ 1.45000	\$ 1.44000
0.38805	0.39117	0.40021	0.40021	0.41455	0.41731
0.02923	0.02809	0.02809	0.02809	0.02827	0.02736
0.02054	0.01856	0.01952	0.01952	0.01716	0.01531
0.19216	0.19216	0.18216	0.18216	0.17000	0.17000
<u>0.00658</u>	<u>0.00658</u>	<u>0.00662</u>	<u>0.00662</u>	<u>0.00636</u>	<u>0.00600</u>
<u>\$ 2.80906</u>	<u>\$ 2.80906</u>	<u>\$ 2.80910</u>	<u>\$ 2.82910</u>	<u>\$ 2.82884</u>	<u>\$ 2.81848</u>

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Goodman Manufacturing Corp.	\$ 167,451,190	1	18.04%	\$ 14,783,680	3	2.2%
Prologis	57,873,494	2	6.24%	N/A		N/A
Joe Myers Dealership*	53,189,263	3	5.73%	N/A		N/A
Trails Corinthian Creek LTD	48,698,538	4	5.25%	N/A		N/A
AROP Promenade Jersey Vil LLC	41,809,876	5	4.51%	15,234,680	2	2.3%
Sonic-LS Chevrolet LP	21,890,451	6	2.36%	N/A		N/A
Gordon NW Village LP	20,044,965	7	2.16%	N/A		N/A
Car Son LMC LP	14,490,147	8	1.56%	11,540,280	6	1.7%
National Oilwell, Inc.	13,006,450	9	1.40%	N/A		N/A
Sam's/Walmart	8,788,346	10	0.95%	12,863,160	5	1.9%
Beeler Sanders V LTD**	N/A		N/A	60,105,260	1	9.1%
Baceline Value Fund I	N/A		N/A	13,133,000	4	2.0%
Joe Myers Ford II LP	N/A		N/A	11,204,890	7	1.7%
FMC Corp-Welhead EQ	N/A		N/A	9,834,690	8	1.5%
Enterprise Leasing	N/A		N/A	8,296,450	9	1.3%
Joe Myers Toyota, Inc.	N/A		N/A	8,174,240	10	1.2%
Subtotal	447,242,720		48.19%	165,170,330		24.9%
Other Taxpayers	480,745,327		51.81%	497,749,454		75.1%
Total	\$ 927,988,047		100.00%	\$ 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Tax levy	\$ 4,056,968	\$ 4,922,625	\$ 5,621,390	\$ 5,543,419
Current tax collected*	3,992,477	4,865,891	5,573,598	5,487,298
Percent of current tax collections	98.41%	98.85%	99.15%	98.99%
Net collections and refunds in subsequent years**	<u>61,351</u>	<u>51,736</u>	<u>33,364</u>	<u>38,457</u>
Total Tax Collections	<u>\$ 4,053,828</u>	<u>\$ 4,917,627</u>	<u>\$ 5,606,962</u>	<u>\$ 5,525,755</u>
Total collections as a percentage of current levy	99.92%	99.90%	99.74%	99.68%

Source: Harris County Tax Assessor-Collector

* Collected within the year of the levy.

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 6,123,716	\$ 6,144,347	\$ 5,800,295	\$ 6,058,430	\$ 6,306,997	\$ 6,890,311
6,038,759	6,060,483	5,746,879	6,014,066	6,288,377	6,837,787
98.61%	98.64%	99.08%	99.27%	99.70%	99.24%
54,740	60,003	38,280	29,923	-	23,621
<u>\$ 6,093,499</u>	<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>
99.51%	99.61%	99.74%	99.76%	99.70%	99.58%

CITY OF JERSEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 9,246,644	\$ 18,257,373	\$ 16,684,496	\$ 16,126,764
Certificates of obligation	7,110,000	6,770,000	6,390,000	6,000,000
Capital leases	67,416	66,696	53,153	460,975
Premium on bonds	-	-	-	118,100
Subtotal	16,424,060	25,094,069	23,127,649	22,705,839
Business-Type Activities:				
Revenue bonds	1,000,000	900,000	800,000	700,000
Total Primary Government	\$ 17,424,060	\$ 25,994,069	\$ 23,927,649	\$ 23,287,739
 Personal Income	 \$ 279,019,866	 \$ 312,241,176	 \$ 365,365,000	 \$ 400,472,100
 Debt as a Percentage of Personal Income	 6.24%	 8.32%	 6.55%	 5.82%
 Population	 7,143	 7,254	 7,300	 7,350
 Debt Per Capita	 \$ 2,439	 \$ 3,583	 \$ 3,278	 \$ 3,168

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 15,657,447	\$ 15,280,000	\$ 18,900,000	\$ 17,770,000	\$ 16,570,000	\$ 15,830,000
5,770,000	5,525,000	880,000	605,000	310,000	8,000,000
385,529	305,666	229,511	777,534	396,073	-
225,171	225,171	634,591	586,559	538,527	490,495
<u>22,038,147</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>\$ 21,812,976</u>	<u>\$ 21,110,666</u>	<u>\$ 20,644,102</u>	<u>\$ 19,739,093</u>	<u>\$ 17,814,600</u>	<u>\$ 24,320,495</u>
\$ 368,768,400	\$ 311,825,640	\$ 346,330,800	\$ 346,330,800	\$ 347,500,000	\$ 348,000,000
5.92%	6.77%	5.96%	5.70%	5.13%	6.99%
7,600	7,620	7,650	7,650	7,675	7,720
\$ 2,870	\$ 2,770	\$ 2,699	\$ 2,580	\$ 2,321	\$ 3,150

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

	Fiscal Year			
	2006	2007	2008	2009
Net Taxable Assessed Value				
All property	\$ 600,207,761	\$ 662,979,784	\$ 759,838,630	\$ 819,240,368
Net Bonded Debt				
Gross bonded debt	\$ 16,424,060	\$ 25,094,069	\$ 23,127,649	\$ 22,587,739
Less debt service funds	(658,646)	(727,653)	(545,424)	(405,076)
Net Bonded Debt	\$ 15,697,998	\$ 24,299,720	\$ 22,529,072	\$ 21,721,688
Ratio of Net Bonded Debt To Assessed Value	2.62%	3.67%	2.96%	2.65%
Population	7,143	7,254	7,300	7,350
Net Bonded Debt Per Capita	\$ 2,198	\$ 3,350	\$ 3,086	\$ 2,955

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>\$ 821,372,266</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>\$ 21,812,976</u> <u>(413,552)</u>	<u>\$ 21,110,666</u> <u>(426,947)</u>	<u>\$ 20,009,511</u> <u>(450,332)</u>	<u>\$ 19,152,534</u> <u>(474,716)</u>	<u>\$ 17,276,073</u> <u>(500,482)</u>	<u>\$ 23,830,000</u> <u>(463,978)</u>
<u>\$ 21,013,895</u>	<u>\$ 20,683,719</u>	<u>\$ 19,559,179</u>	<u>\$ 18,486,843</u>	<u>\$ 16,775,591</u>	<u>\$ 23,366,022</u>
2.56%	2.50%	2.50%	2.27%	1.97%	2.52%
7,600	7,620	7,650	7,650	7,675	7,720
\$ 2,765	\$ 2,714	\$ 2,557	\$ 2,417	\$ 2,186	\$ 3,027

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
For the Year Ended September 30, 2015

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>24,320,495</u>
Total Direct and Overlapping Debt			<u><u>\$ 73,063,069</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			
	2006	2007	2008	2009
Gross Revenues (1)	\$ 2,838,470	\$ 2,722,373	\$ 2,990,360	\$ 3,266,384
Operating Expenses (2)	\$ 1,904,382	\$ 1,697,094	\$ 2,044,401	\$ 2,310,652
Net Revenues Available for Debt Service	\$ 934,087	\$ 1,025,280	\$ 945,959	\$ 955,732
Debt Service Requirements (3)				
Principal	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Interest	57,750	50,750	43,750	37,625
Total	\$ 157,750	\$ 150,750	\$ 143,750	\$ 137,625
Coverage	5.42	5.92	6.80	6.58

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,980,427	\$ 4,228,053	\$ 3,895,964	\$ 4,093,684	\$ 4,001,738	\$ 4,152,908
\$ 1,844,384	\$ 2,630,168	\$ 2,750,154	\$ 2,608,672	\$ 2,356,645	\$ 2,728,013
\$ 1,136,043	\$ 1,597,885	\$ 1,145,810	\$ 1,485,012	\$ 1,645,093	\$ 1,424,895
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>					
6.94	0.00	0.00	0.00	0.00	0.00

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended Sep. 30	Population (1)	Personal Income (4)	Per Capita Personal Income	Median Age	School Enrollment (2)	Unemployment Rate (3)
2006	7,143	\$ 279,019,866	\$ 39,062	37.8	4,091	4.0%
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%

Data sources:

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

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Jersey Village High School	330	1	9.05%	310	1	10.19%
Joe Myers Toyota	241	2	6.70%	204	4	6.60%
Sonic-LS Chevrolet	225	3	6.64%	180	5	5.93%
Joe Myers Ford	185	4	5.50%	223	2	7.20%
Foundry Methodist	181	5	4.50%	142	6	4.50%
Sam's East, Inc.	165	6	5.30%	210	3	7.00%
City of Jersey Village	141	7	4.30%	123	7	3.90%
Post Elementary School	108	8	3.38%	108	8	3.56%
Joe Myers Mazda	53	9	3.20%	67	9	2.00%
Jersey Village Baptist Church	54	10	1.50%	19	10	0.50%
Total	887		50.07%	892		51.38%

Source: Personnel department of each employer above

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Exhibit A

CITY OF JERSEY VILLAGE, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	1	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	26	30	30	30	28	30	30	30
Fire	3	4	4	4	4	4	6	6	6	6
Communications	7	8	7	8	8	8	7	7	7	7
Public Works										
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Streets	2	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	8	7	8	8	8	7	8	8	8
General Fund Total	73	77	75	81	81	81	79	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	82	86	84	92	92	92	90	93	92	92

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			
	2006	2007	2008	2009
Police				
Physical arrests	475	565	758	768
Parking violations	246	136	136	70
Traffic violations	16,831	15,504	15,504	14,783
Fire				
Calls for service	915	1,028	1,042	1,055
Water				
Service calls	1,050	1,239	1,575	1,629
Water main breaks	-	3	2	5
Average daily consumption (thousands of gallons)	125	125	1134	1137
Total consumption (thousands of gallons)	417.9	374.8	334.5	385.1
Peak daily consumption (thousands of gallons)	1.864	1.9	1.7	1.7
Sewer				
Average daily sewage treatment (thousands of gallons)	*	*	0.2	0.2
Peak daily consumption (thousands of gallons)	*	*	0.6	0.7

Source: Various City departments

* Information is unavailable.

Fiscal Year					
2010	2011	2012	2013	2014	2015
684	272	814	1153	778	849
13	67	82	30	20	47
7,057	6,871	11,074	11,489	9,553	9,702
1,065	1,138	1,634	1,615	1,216	1,123
1,422	1,699	1,634	1,716	2,014	211
1	31	15	12	4	2
1136	1758	1368	1478	1285	1285
414.5	641.5	499.5	539.6	469.2	469.2
2.4	3.3	3.9	3.6	4.9	4.9
0.2	0.2	0.2	0.2	0.3	0.3
0.6	0.4	0.5	0.5	0.5	0.8

CITY OF JERSEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Stations	1	1	1	1
Patrol units	15	15	17	16
Fire				
Stations	1	1	1	1
Volunteers	37	29	29	30
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	445	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	20.2	20.7	20.7
Treatment capacity (thousands of gallons)	800	800	800	800

Source: Various City departments

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
16	16	16	16	27	27
1	1	1	1	1	1
37	32	33	33	40	43
28.84	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
35.8	36.6	36.6	36.6	36.6	36.6
455	466	468	468	468	468
2,550	2,550	2,550	2,550	2,550	2,550
35.2	36.2	36.2	36.2	36.2	36.2
20.7	21.7	21.7	21.7	21.7	21.7
800	800	800	800	800	800

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Exhibit A