

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF JERSEY VILLAGE, TEXAS

**For the Year Ended
September 30, 2018**

Officials Issuing Report:

**Austin Bless
City Manager**

**Isabel Kato
Finance Director**

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CITY OF JERSEY VILLAGE, TEXAS

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INTRODUCTORY SECTION

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CITY OF JERSEY VILLAGE, TEXAS

16327 Lakeview Drive, Jersey Village, TX 77040

713-466-2100 (office) 713-466-2177 (fax)

March 8, 2019

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, 2018.

The CAFR is published to provide the Council, City staff, our citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City’s assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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

The City’s financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2018 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, 2018 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. The City of Jersey Village is to carry on the challenge of providing an excellent level of City services by looking toward the future with a focus on sustaining a superior quality of life.

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

To accomplish our mission, we will commit to the following principles:

- **Fiscal Responsibility** – Continue fiscally sound local government practices through active budget controls and a focus on strategic planning within the community.
- **Public Safety** – Provide a safe and secure environment resulting from a partnership between Jersey Village residents and the Police and Fire Departments.
- **Flood Prevention and Mitigation** – The City will continue efforts to reduce flooding in the City and use its influence to encourage the Harris County Flood Control District to complete major flood mitigation programs affecting Jersey Village in a timely manner.
- **Emergency Preparedness** – Our Emergency Management plan is complete and all essential City staff members are in compliance with National Incident Management System standards.
- **Economic Development** – The City will focus economic development efforts on increasing the commercial tax base through the attraction of companies and the expansion of existing businesses.
- **Quality Public Infrastructure and Recreational Facilities** – Provide continual cost effective maintenance and upgrades of streets, municipal utilities, and other municipal owned facilities to meet the service and capacity requirements of the community.

Profile of the Government

The City, which was formed in 1956, is located 15 miles northwest of downtown Houston. As of September 30, 2018, the City had a land area of 3.58 square miles and an estimated population of approximately 7,970. 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 in May 2013 on the continuance of the District, which resulted in an overwhelming support to maintain the District for an additional ten years.

Local Economy

Metro Houston created 108,300 jobs, a 3.5 percent increase from 2017, according to the Texas Workforce Commission. The five sectors adding the most jobs in 2018 were construction, administrative and support services, durable goods manufacturing, professional scientific and technical services, and health care. Per the schedule below, Jersey Village’s unemployment rate fell from 4.1 percent in 2017 to 3.9 percent for 2018, slightly higher than the Texas unemployment rate at 3.7 percent.

	2018	2017	2016
United States	3.9%	4.2%	4.7%
Texas	3.7%	3.9%	4.6%
Jersey Village	3.9%	4.1%	5.3%

Long-Term Financial Planning

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

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

Major Initiatives

The City Council of Jersey Village approved a design for the Jersey Meadow Convention Center and Club House. This project was approved during the City Council meeting on February 18, 2019. This facility, which should break ground in the summer of 2019, will feature a convention center for large events, a boardroom that can be rented out for smaller meetings, and a full-service kitchen that would allow for a full-service restaurant on site.

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, 2017. 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 GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This is the nineteenth 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 City Council, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink that reads "Isabel Kato". The signature is written in a cursive, flowing style.

Isabel Kato
Director of Finance

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2018

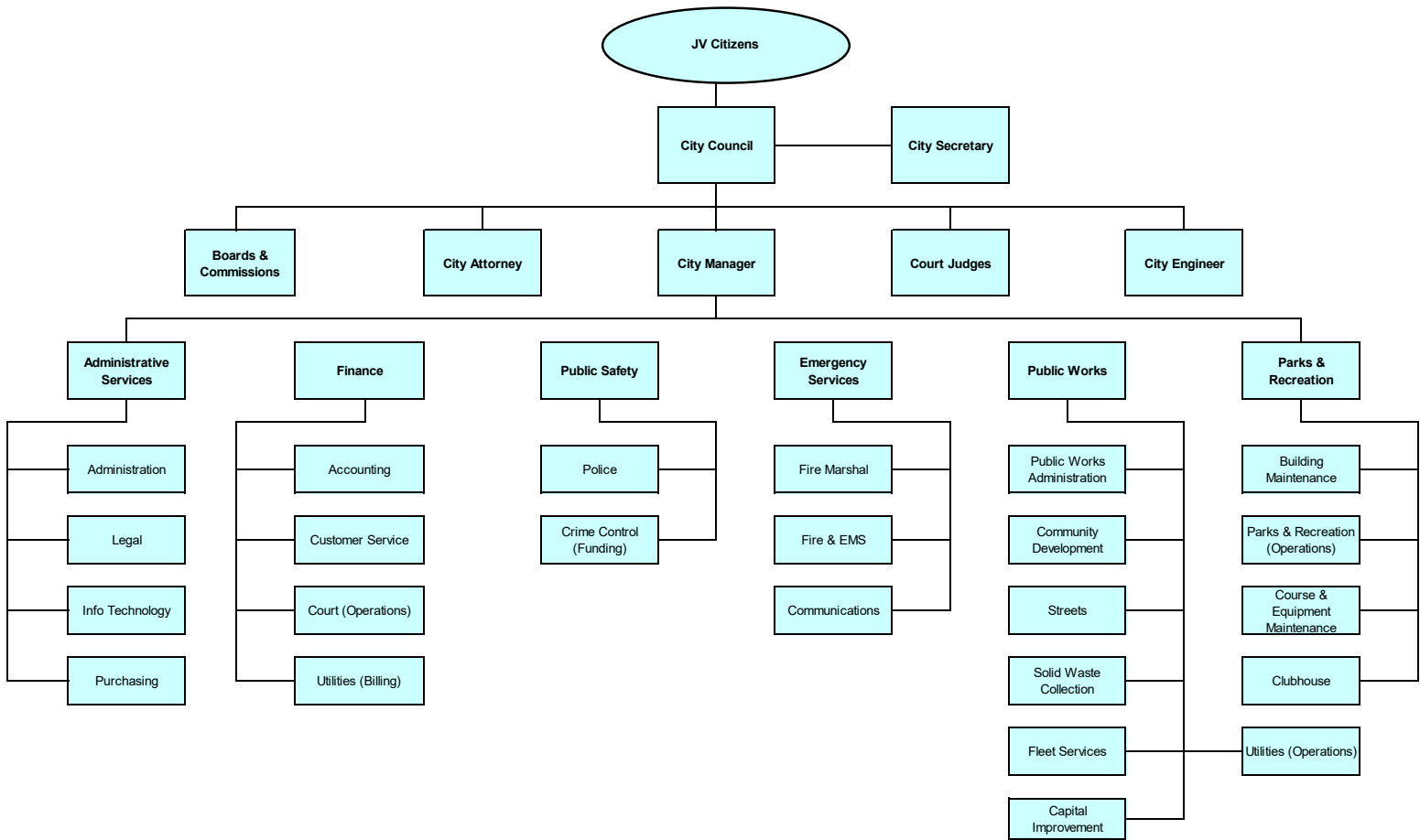
<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Justin Ray	Mayor	05/2019
Andrew Mitcham	Council Member	05/2020
Greg Holden	Council Member	05/2019
Bobby Warren	Council Member	05/2019
James Singleton	Council Member	05/2020
Gary Wubbenhorst	Council Member	05/2020

<u>Key Staff</u>	<u>Position</u>
Austin Bless	City Manager
Lorri Coody	City Secretary
Leah Hayes	City Attorney
Jason Alfaro	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, 2018





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, 2017

Christopher P. Morill

Executive Director/CEO

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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, 2018, 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, 2018, 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 Principle

In 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, schedules of changes in net pension and total other postemployment 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 8, 2019

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

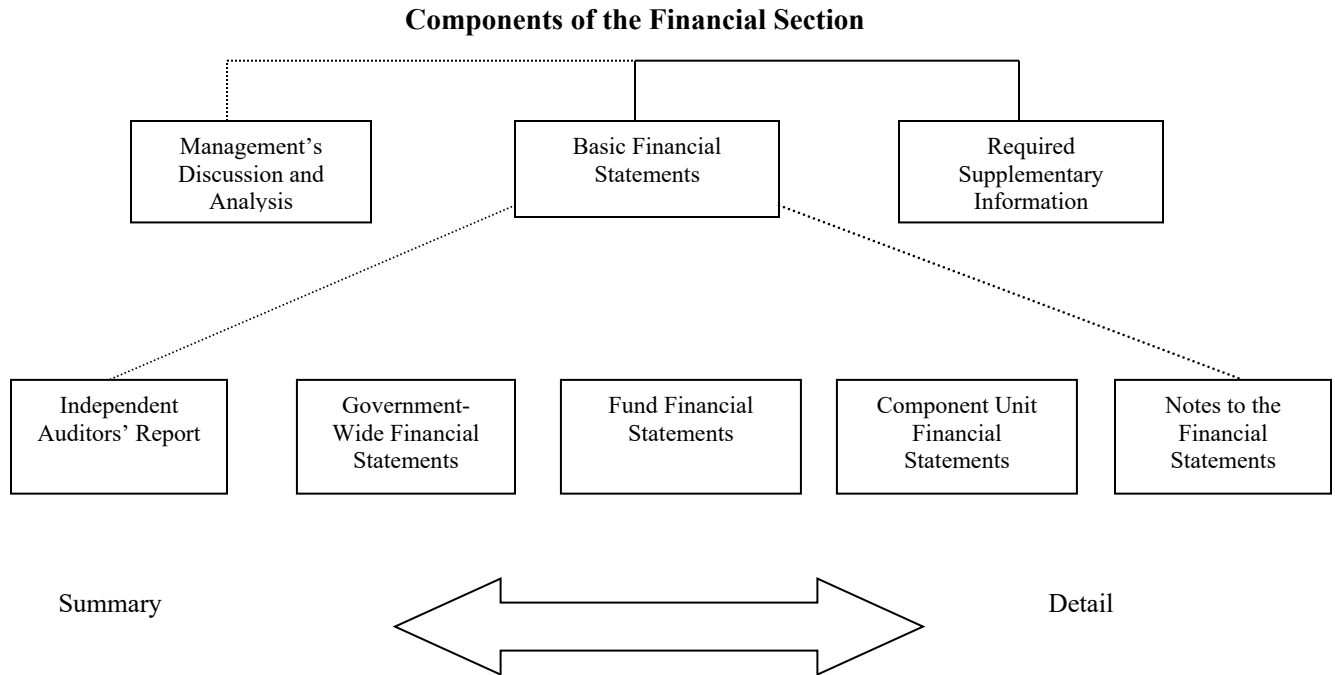
CITY OF JERSEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2018

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, 2018. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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 fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and sewer services, as well as its golf course.

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service, and capital projects fund, which are considered to be major funds. Although the City's traffic safety fund did not technically meet the criteria to be presented as a major fund, the

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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

Proprietary Funds

The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater utility services and the Jersey Meadow Municipal Golf Course. The proprietary fund financial statements provide separate information for the utility fund and the golf course fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$86,964,097 as of September 30, 2018. 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, 2018

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 26,858,642	\$ 29,385,342	\$ 8,367,597	\$ 8,105,494	\$ 35,226,239	\$ 37,490,836
Capital assets, net	52,606,584	52,346,255	17,132,700	17,347,834	69,739,284	69,694,089
Total Assets	79,465,226	81,731,597	25,500,297	25,453,328	104,965,523	107,184,925
Deferred charge on refunding	490,282	556,333	-	-	490,282	556,333
Deferred outflows - pensions	120,002	1,211,267	116,404	219,110	236,406	1,430,377
Deferred outflows - OPEB	16,663	938	2,940	166	19,603	1,104
Total Deferred Outflows of Resources	626,947	1,768,538	119,344	219,276	746,291	1,987,814
Long-term liabilities	16,444,836	25,042,802	606,747	790,516	17,051,583	25,833,318
Other liabilities	1,190,803	1,091,696	333,121	423,576	1,523,924	1,515,272
Total Liabilities	17,635,639	26,134,498	939,868	1,214,092	18,575,507	27,348,590
Deferred inflows - pensions	32,460	232,394	139,750	42,584	172,210	274,978
Total Deferred Inflows of Resources	32,460	232,394	139,750	42,584	172,210	274,978
Net Position:						
Net investment in capital assets	40,819,897	35,856,808	17,132,700	17,347,834	57,952,597	53,204,642
Restricted	1,878,602	2,549,847	-	-	1,878,602	2,549,847
Unrestricted	19,725,575	18,726,588	7,407,323	7,068,094	27,132,898	25,794,682
Total Net Position	\$ 62,424,074	\$ 57,133,243	\$ 24,540,023	\$ 24,415,928	\$ 86,964,097	\$ 81,549,171

A portion of the City's net position, \$1,878,602 or three percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$27,132,898 or 31 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$5,414,926 during the current fiscal year, an increase of seven percent in comparison to the prior year. This increase is largely the result of the City keeping expenses lower than revenue to assign money for capital projects.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

Statement of Activities:

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2018	2017	2018	2017	Government	2017
Revenues						
Program revenues:						
Charges for services	\$ 1,420,370	\$ 1,473,859	\$ 6,057,380	\$ 5,799,990	\$ 7,477,750	\$ 7,273,849
Operating grants and contributions	3,552,993	1,313,987	-	-	3,552,993	1,313,987
General revenues:						
Ad valorem taxes	7,631,592	8,047,479	-	-	7,631,592	8,047,479
Sales taxes	4,769,278	4,625,417	-	-	4,769,278	4,625,417
Franchise fees	610,312	615,525	-	-	610,312	615,525
Other taxes	160,399	79,481	-	-	160,399	79,481
Investment earnings	473,167	185,333	86,947	36,434	560,114	221,767
Other revenues	90,731	156,624	-	-	90,731	156,624
Total Revenues	18,708,842	16,497,705	6,144,327	5,836,424	24,853,169	22,334,129
Expenses						
General government	3,399,058	3,683,493	-	-	3,399,058	3,683,493
Public safety	4,748,633	4,386,395	-	-	4,748,633	4,386,395
Public works	4,792,733	3,430,767	-	-	4,792,733	3,430,767
Parks and recreation	519,638	581,277	-	-	519,638	581,277
Interest and fiscal agent fees on long-term debt	439,389	491,413	-	-	439,389	491,413
Water and sewer systems	-	-	3,638,432	3,512,761	3,638,432	3,512,761
Golf course	-	-	1,900,360	1,873,377	1,900,360	1,873,377
Total Expenses	13,899,451	12,573,345	5,538,792	5,386,138	19,438,243	17,959,483
Increase in Net Position Before Transfers	4,809,391	3,924,360	605,535	450,286	5,414,926	4,374,646
Transfers	481,440	216,242	(481,440)	(216,242)	-	-
Change in Net Position	5,290,831	4,140,602	124,095	234,044	5,414,926	4,374,646
Beginning net position	57,133,243	52,992,641	24,415,928	24,181,884	81,549,171	77,174,525
Ending Net Position	\$ 62,424,074	\$ 57,133,243	\$ 24,540,023	\$ 24,415,928	\$ 86,964,097	\$ 81,549,171

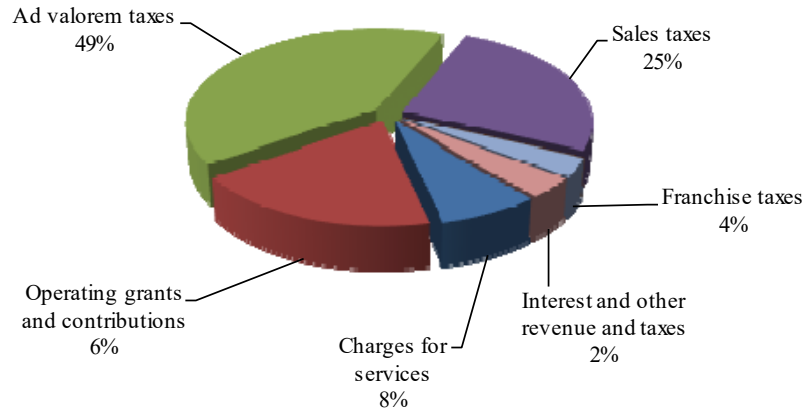
CITY OF JERSEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

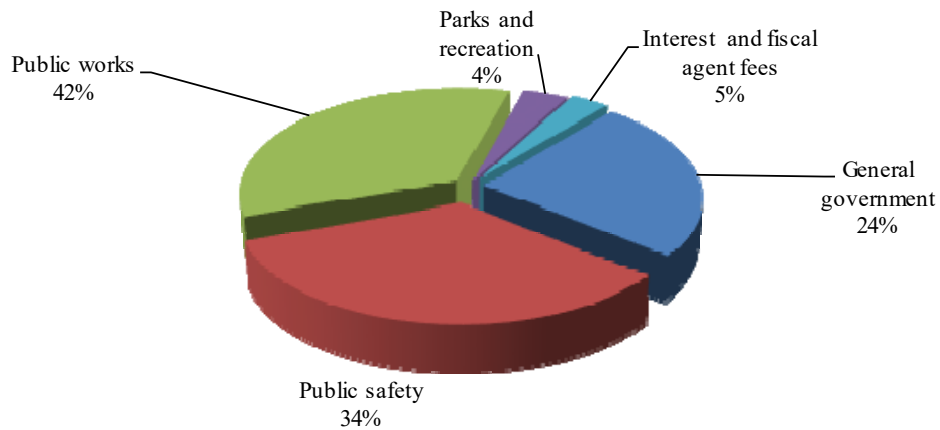
For the Year Ended September 30, 2018

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

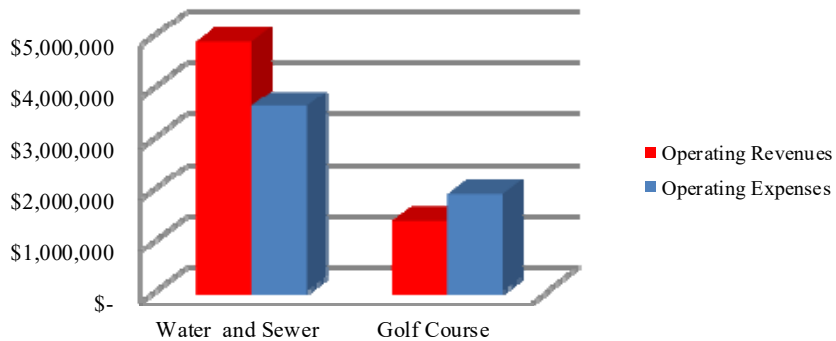
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

For the year ended September 30, 2018, revenues from governmental activities totaled \$18,708,842. Overall, governmental revenues increased from the prior year. Property and sales tax revenue continue to be the City's largest revenue sources. Property tax decreased compared to prior year by \$415,887 primarily due to a decrease in the appraised values of properties within the City. Operating grants and contributions increased 170 percent largely due to the City receiving a reimbursement from the Texas Department of Transportation for water and sewer relocation as a result of Highway 290 improvements. Sales tax revenues have increased throughout the years due to growth in economic development.

For the year ended September 30, 2018, expenses for governmental activities totaled \$13,899,451, which is an 11 percent increase from the prior year due primarily to an overall increase in construction-related expenses.

Operating revenues for business-type activities increased slightly from the prior year. Charges for services increased by \$257,390 from the prior year primarily due to an increase in rates. Operating expenses for business-type activities increased by \$152,654 primarily due to the White Oak Bayou sewer plant rehabilitation project.

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 \$21,863,409. Of the total governmental fund balance, \$2,728 is nonspendable for prepaid items, \$2,512,954 is restricted for various purposes, \$2,826,617 is assigned by the City Council for capital projects, and \$16,521,110 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 \$16,521,110, while total fund balance reached \$16,616,837. 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 144.6 percent of total general fund expenditures, while total fund balance represents 145.5 percent of that same amount. The general fund demonstrated an overall decrease of \$738,008 primarily due to increases in public safety and parks and recreation expenses. The general fund also had an increase in interfund transfer out for capital projects.

The debt service fund has a total fund balance of \$393,737, all of which is restricted for the payment of debt service. The net decrease in fund balance was \$47,997 due to slightly higher debt service payments than property tax revenues and funds transferred in for debt service.

The capital projects fund balance decreased \$1,175,755 due to construction. Unspent bond proceeds in the amount of \$634,352 are restricted for capital outlay for the City's infrastructure. The remaining fund balance of \$2,826,617 is assigned for future capital projects.

The traffic safety fund experienced a decrease in fund balance of \$303,538 due to less revenue from fines.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$2,413,702 in the general fund. However, the net decrease in fund balance was \$738,008, resulting in a positive variance of \$1,675,694 from the amended budget.

Actual general fund revenues exceeded original and amended revenues by \$229,300 during fiscal year 2018. This net positive variance includes the positive variances of \$234,278 from sales tax revenue, \$246,640 from investment earnings, and \$71,367 from intergovernmental revenues.

Actual expenditures were less than budgeted amounts by \$1,203,413 for the fiscal year. The greatest positive variance was in public safety as a result of less police and dispatch expenses than expected.

CAPITAL ASSETS

At the end of fiscal year 2018, the City's governmental and business type activities funds had invested \$69,739,284 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$45,195.

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

- New facility building in the amount of \$1,283,759
- Rescue truck for the Fire Department in the amount of \$605,624
- Splash pad for City's park in the amount of \$218,500
- Land purchase in the amount of \$155,000

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 \$12,175,000 in general obligation bonds.

During the year, the City had an overall decrease in long-term debt of \$7,804,407.

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

Current underlying ratings on debt issues are as follows.

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

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic activity in the Houston region remains strong, but a recent dip in key leading indicators suggests it is likely to slow in coming months. That dip was driven primarily by declines in an index of Houston corporate stocks, crude oil prices, job ads, and single-family construction permits, all of which are factors economists at the Federal Reserve Bank of Dallas use to help anticipate changes in the economy.

Revenues for fiscal year 2018-2019 are projected to slightly increase in comparison to fiscal year 2017-2018, mainly due to the increase of the maintenance and operation side of the property tax revenues because of a defeasance of one of our debt obligations. Expenses are projected to increase since we continue with our aggressive Capital Improvement Plan for the City's infrastructures, our long-term flood recovery plan, and an upgrade in our software.

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.jerseyvillagetx.com.

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BASIC FINANCIAL STATEMENTS

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CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2018

	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	\$ 27,381,905	\$ 6,276,441	\$ 33,658,346	\$ 2,976,826
Receivables, net of allowances	1,041,688	446,031	1,487,719	241,152
Internal balances	(1,599,385)	1,599,385	-	-
Due from component unit	31,706	-	31,706	-
Inventory	-	45,740	45,740	-
Prepaid items	2,728	-	2,728	-
Capital assets:				
Nondepreciable capital assets	4,229,474	1,540,482	5,769,956	-
Depreciable capital assets, net	48,377,110	15,592,218	63,969,328	-
Total Assets	79,465,226	25,500,297	104,965,523	3,217,978
Deferred Outflows of Resources				
Deferred charge on refunding	490,282	-	490,282	-
Deferred outflows - pensions	120,002	116,404	236,406	-
Deferred outflows - OPEB	16,663	2,940	19,603	-
Total Deferred Outflows of Resources	626,947	119,344	746,291	-
Liabilities				
Accounts payable and accrued liabilities	1,172,281	193,085	1,365,366	-
Customer deposits	-	132,408	132,408	-
Due to primary government	-	-	-	31,706
Accrued bond interest	18,522	-	18,522	-
Unearned revenue	-	7,628	7,628	-
Noncurrent liabilities:				
Due within one year	1,616,428	53,583	1,670,011	-
Due in more than one year	11,779,813	5,954	11,785,767	-
Net pension liability	2,810,254	505,151	3,315,405	-
Total OPEB liability	238,341	42,059	280,400	-
Total Liabilities	17,635,639	939,868	18,575,507	31,706
Deferred Inflows of Resources				
Deferred inflows - pensions	32,460	139,750	172,210	-
Total Deferred Inflows of Resources	32,460	139,750	172,210	-
Net Position				
Net investment in capital assets	40,819,897	17,132,700	57,952,597	-
Restricted for:				
Public communications	73,642	-	73,642	-
Debt service	393,737	-	393,737	-
Park improvements	8,695	-	8,695	-
Tourism	385,017	-	385,017	-
Public safety	890,494	-	890,494	-
Court technology	127,017	-	127,017	-
Crime control	-	-	-	3,186,272
Unrestricted	19,725,575	7,407,323	27,132,898	-
Total Net Position	\$ 62,424,074	\$ 24,540,023	\$ 86,964,097	\$ 3,186,272

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Total	Jersey Village Crime Control and Prevention District
\$ (3,399,058)	\$ -	\$ (3,399,058)	\$ -
(14,116)	-	(14,116)	-
(4,792,733)	-	(4,792,733)	-
(280,792)	-	(280,792)	-
(439,389)	-	(439,389)	-
<u>(8,926,088)</u>	<u>-</u>	<u>(8,926,088)</u>	<u>-</u>
-	1,031,666	1,031,666	-
-	(513,078)	(513,078)	-
<u>-</u>	<u>518,588</u>	<u>518,588</u>	<u>-</u>
<u>(8,926,088)</u>	<u>518,588</u>	<u>(8,407,500)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,353,781)</u>
7,631,592	-	7,631,592	-
4,769,278	-	4,769,278	1,554,675
610,312	-	610,312	-
160,399	-	160,399	-
473,167	86,947	560,114	46,772
90,731	-	90,731	-
481,440	(481,440)	-	-
<u>14,216,919</u>	<u>(394,493)</u>	<u>13,822,426</u>	<u>1,601,447</u>
5,290,831	124,095	5,414,926	247,666
<u>57,133,243</u>	<u>24,415,928</u>	<u>81,549,171</u>	<u>2,938,606</u>
<u>\$ 62,424,074</u>	<u>\$ 24,540,023</u>	<u>\$ 86,964,097</u>	<u>\$ 3,186,272</u>

CITY OF JERSEY VILLAGE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2018

	General	Debt Service	Capital Projects	Traffic Safety
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 17,312,288	\$ 387,178	\$ 3,503,027	\$ 827,606
Receivables, net	965,562	64,808	-	-
Prepaid items	259	-	-	-
Due from other funds	439	3,247	-	-
Due from component unit	31,706	-	-	-
Total Assets	\$ 18,310,254	\$ 455,233	\$ 3,503,027	\$ 827,606
<u>Liabilities:</u>				
Accounts payable and accrued liabilities	\$ 1,090,606	\$ -	\$ 42,058	\$ 100
Due to other funds	152,530	-	-	-
Total Liabilities	1,243,136	-	42,058	100
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - ambulance	114,462	-	-	-
Unavailable revenue - property taxes	335,819	61,496	-	-
Total Deferred Inflows of Resources	450,281	61,496	-	-
<u>Fund Balances:</u>				
Nonspendable	259	-	-	-
Restricted:				
Debt service	-	393,737	-	-
Public communications	73,642	-	-	-
Park improvements	8,695	-	-	-
Tourism	-	-	-	-
Public safety	13,131	-	-	827,506
Court technology and security	-	-	-	-
Capital projects	-	-	634,352	-
Assigned:				
Capital projects	-	-	2,826,617	-
Unassigned	16,521,110	-	-	-
Total Fund Balances	16,616,837	393,737	3,460,969	827,506
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,310,254	\$ 455,233	\$ 3,503,027	\$ 827,606

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 530,105	\$ 22,560,204
11,318	1,041,688
2,469	2,728
39,012	42,698
-	31,706
<u>\$ 582,904</u>	<u>\$ 23,679,024</u>
\$ 18,544	\$ 1,151,308
-	152,530
<u>18,544</u>	<u>1,303,838</u>
-	114,462
-	397,315
<u>-</u>	<u>511,777</u>
2,469	2,728
-	393,737
-	73,642
-	8,695
385,017	385,017
49,857	890,494
127,017	127,017
-	634,352
-	2,826,617
-	16,521,110
<u>564,360</u>	<u>21,863,409</u>
<u>\$ 582,904</u>	<u>\$ 23,679,024</u>

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CITY OF JERSEY VILLAGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2018

Total fund balances for governmental funds		\$ 21,863,409
Amounts reported for governmental activities in the Statement of Net Position are different, because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets, nondepreciable		4,229,474
Capital assets, net depreciable		45,537,747
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		511,777
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		
Current assets and liabilities, net of due to enterprise funds		3,311,175
Capital assets, net depreciable		2,839,363
Long-term liabilities and deferred outflows and deferred inflows related to the net pension and total other postemployment benefits (OPEB) liability are not recognized in the governmental funds.		
Deferred outflows - pension		120,002
Deferred inflows - pension		(32,460)
Net pension liability		(2,810,254)
Deferred outflows - OPEB		16,663
Total OPEB liability		(238,341)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(18,522)
Noncurrent liabilities due in one year		(1,616,428)
Noncurrent liabilities due in more than one year		(11,779,813)
Deferred charge on refunding		490,282
Net Position of Governmental Activities		<u><u>\$ 62,424,074</u></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, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Traffic Safety</u>
Revenues				
Ad valorem taxes	\$ 5,468,363	\$ 2,187,112	\$ -	\$ -
Sales taxes	4,769,278	-	-	-
Franchise fees	610,312	-	-	-
Other taxes	-	-	-	-
Permits, licenses, and fees	126,564	-	-	-
Fines and forfeitures	1,009,765	-	-	675
Charges for services	238,846	-	-	-
Intergovernmental	1,340,624	-	2,212,369	-
Investment earnings	336,640	10,968	51,539	-
Other revenue	76,415	-	289	-
Total Revenues	<u>13,976,807</u>	<u>2,198,080</u>	<u>2,264,197</u>	<u>675</u>
Expenditures				
Current:				
General government	3,507,158	-	-	-
Public safety	4,782,590	-	-	304,213
Public works	2,352,176	-	1,697,804	-
Parks and recreation	779,801	-	-	-
Debt Service:				
Principal	-	7,710,000	-	-
Interest and fiscal agent fees	-	469,755	-	-
Total Expenditures	<u>11,421,725</u>	<u>8,179,755</u>	<u>1,697,804</u>	<u>304,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,555,082</u>	<u>(5,981,675)</u>	<u>566,393</u>	<u>(303,538)</u>
Other Financing Sources (Uses)				
Transfers in	567,000	5,933,678	4,100,000	-
Transfers (out)	(3,860,090)	-	(5,842,148)	-
Total Other Financing Sources (Uses)	<u>(3,293,090)</u>	<u>5,933,678</u>	<u>(1,742,148)</u>	<u>-</u>
Net Change in Fund Balances	<u>(738,008)</u>	<u>(47,997)</u>	<u>(1,175,755)</u>	<u>(303,538)</u>
Beginning fund balances	17,354,845	441,734	4,636,724	1,131,044
Ending Fund Balances	<u>\$ 16,616,837</u>	<u>\$ 393,737</u>	<u>\$ 3,460,969</u>	<u>\$ 827,506</u>

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 7,655,475
-	4,769,278
-	610,312
160,399	160,399
-	126,564
44,520	1,054,960
-	238,846
-	3,552,993
9,755	408,902
14,027	90,731
228,701	18,668,460
48,702	3,555,860
98,730	5,185,533
-	4,049,980
-	779,801
-	7,710,000
-	469,755
147,432	21,750,929
81,269	(3,082,469)
-	10,600,678
(417,000)	(10,119,238)
(417,000)	481,440
(335,731)	(2,601,029)
900,091	24,464,438
\$ 564,360	\$ 21,863,409

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CITY OF JERSEY VILLAGE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

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

Net changes in fund balances - total governmental funds	\$ (2,601,029)
<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	1,836,890
Depreciation expense	(1,576,561)
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Principal payments	7,710,000
Amortization of premiums, discounts, and deferred charges	28,356
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.	(23,883)
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.	(76,056)
<p>Long-term liabilities and deferred outflows and deferred inflows related to the net pension and total other postemployment benefits (OPEB) liability are not recognized in the governmental funds.</p>	
Pension obligation	905,208
Deferred outflows - pensions	(1,091,265)
Deferred inflows - pensions	199,934
Total OPEB liability	(33,583)
Deferred outflows - OPEB	15,725
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.	(2,905)
Change in Net Position of Governmental Activities	\$ 5,290,831

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Total Enterprise Funds	
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 5,691,261	\$ 585,180	\$ 6,276,441	\$ 4,821,701
Accounts receivable, net	446,031	-	446,031	-
Inventory	-	45,740	45,740	-
Due from other funds	180	110,090	110,270	-
Total Current Assets	6,137,472	741,010	6,878,482	4,821,701
Noncurrent assets:				
Capital assets:				
Land	445,240	915,000	1,360,240	-
Construction in process	180,242	-	180,242	-
Buildings and improvements	839,768	6,287,742	7,127,510	-
Furniture and equipment	1,997,156	683,776	2,680,932	10,309,685
Water and sewer system	20,641,615	-	20,641,615	-
Less: accumulated depreciation	(8,694,835)	(6,163,004)	(14,857,839)	(7,470,322)
Total Capital Assets (Net)	15,409,186	1,723,514	17,132,700	2,839,363
Total Noncurrent Assets	15,409,186	1,723,514	17,132,700	2,839,363
Total Assets	21,546,658	2,464,524	24,011,182	7,661,064
Deferred Outflows of Resources				
Deferred outflows - pensions	116,404	-	116,404	-
Deferred outflows - OPEB	2,940	-	2,940	-
Total Deferred Outflows of Resources	119,344	-	119,344	-

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 136,820	\$ 56,265	\$ 193,085	\$ 20,973
Customer deposits	132,039	369	132,408	-
Compensated absences	4,787	48,796	53,583	-
Unearned revenue	-	7,628	7,628	-
Due to other funds	-	438	438	-
Total Current Liabilities	273,646	113,496	387,142	20,973
Noncurrent liabilities:				
Compensated absences	532	5,422	5,954	-
Net pension liability	505,151	-	505,151	-
Total OPEB liability	42,059	-	42,059	-
Total Noncurrent Liabilities	547,742	5,422	553,164	-
Total Liabilities	821,388	118,918	940,306	20,973
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	139,750	-	139,750	-
Total Deferred Inflows of Resources	139,750	-	139,750	-
<u>Net Position</u>				
Net investment in capital assets	15,409,186	1,723,076	17,132,262	2,839,363
Unrestricted	5,295,678	622,530	5,918,208	4,800,728
Total Net Position	\$ 20,704,864	\$ 2,345,606	23,050,470	\$ 7,640,091
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			1,489,553	
Total Net Position per Government-Wide Financial Statements.			\$ 24,540,023	

See Notes to Financial Statements.

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

For the Year Ended September 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer</u>	<u>Golf Course</u>	<u>Total Enterprise Funds</u>	
<u>Operating Revenues</u>				
Charges for sales and services	\$ 4,598,081	\$ 1,377,282	\$ 5,975,363	\$ 780,376
Other revenues	72,017	10,000	82,017	249,000
Total Operating Revenues	<u>4,670,098</u>	<u>1,387,282</u>	<u>6,057,380</u>	<u>1,029,376</u>
<u>Operating Expenses</u>				
Costs of sales and services	2,724,447	678,086	3,402,533	13,911
Personnel	365,419	888,784	1,254,203	-
Depreciation	529,043	333,490	862,533	504,054
Total Operating Expenses	<u>3,618,909</u>	<u>1,900,360</u>	<u>5,519,269</u>	<u>517,965</u>
Operating Income (Loss)	<u>1,051,189</u>	<u>(513,078)</u>	<u>538,111</u>	<u>511,411</u>
<u>Nonoperating Revenues</u>				
Investment earnings	78,915	8,032	86,947	64,265
Total Nonoperating Revenues	<u>78,915</u>	<u>8,032</u>	<u>86,947</u>	<u>64,265</u>
Income (Loss) Before Transfers	1,130,104	(505,046)	625,058	575,676
Transfers in	-	160,090	160,090	-
Transfers (out)	(641,530)	-	(641,530)	-
Change in Net Position	488,574	(344,956)	143,618	575,676
Beginning net position	20,216,290	2,690,562		7,064,415
Ending Net Position	<u>\$ 20,704,864</u>	<u>\$ 2,345,606</u>		<u>\$ 7,640,091</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(19,523)	
Change in Net Position of Business-Type Activities			<u>\$ 124,095</u>	

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Total Enterprise Funds	
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 4,665,296	\$ 1,388,916	\$ 6,054,212	\$ 1,029,376
Payments to suppliers	(2,783,765)	(822,990)	(3,606,755)	(17,181)
Payments to employees	(353,648)	(882,051)	(1,235,699)	-
Net Cash Provided (Used) by Operating Activities	1,527,883	(316,125)	1,211,758	1,012,195
<u>Cash Flows from Noncapital</u>				
<u>Financing Activities</u>				
Transfer to other funds	(641,530)	160,090	(481,440)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(641,530)	160,090	(481,440)	-
<u>Cash Flows from Capital and Related</u>				
<u>Financing Activities</u>				
Acquisition and construction of capital assets	(629,498)	(17,901)	(647,399)	(1,102,158)
Net Cash (Used) by Capital and Related Financing Activities	(629,498)	(17,901)	(647,399)	(1,102,158)
<u>Cash Flows from Investing Activities</u>				
Interest received	78,915	8,032	86,947	64,265
Net Cash Provided by Investing Activities	78,915	8,032	86,947	64,265
Net Increase (Decrease) in Cash and Cash Equivalents	335,770	(165,904)	169,866	(25,698)
Beginning cash and cash equivalents	5,355,491	751,084	6,106,575	4,847,399
Ending Cash and Cash Equivalents	\$ 5,691,261	\$ 585,180	\$ 6,276,441	\$ 4,821,701

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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,051,189	\$ (513,078)	\$ 538,111	\$ 511,411
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	529,043	333,490	862,533	504,054
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(4,622)	2,952	(1,670)	-
Deferred outflows - pensions	99,932	-	99,932	-
Due from component unit	(180)	(110,090)	(110,270)	-
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	(59,060)	(35,252)	(94,312)	(38,277)
Customer deposits	4,693	-	4,693	-
Compensated absences	(36,208)	6,733	(29,475)	-
Net pension liability	(159,738)	-	(159,738)	-
Deferred inflows - pensions	97,166	(1,318)	95,848	-
Total OPEB liability	5,926	-	5,926	-
Due to other funds	(258)	438	180	35,007
Net Cash Provided (Used) by Operating Activities	\$ 1,527,883	\$ (316,125)	\$ 1,211,758	\$ 1,012,195

See Notes to Financial Statements.

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CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

Discretely Presented Component Unit

Jersey Village Crime Control and Prevention District

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

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

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

The City reports the following enterprise funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 fees, 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, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

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

2. Investments

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

3. Inventories and Prepaid Items

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

4. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

5. Deferred Outflows/Inflows of Resources

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualify for reporting in this category in the government-wide Statement of Net Position. A deferred inflow has been recognized as a result of differences between the actuarial expectations and the actual economic experience of the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Additionally, the City has deferred inflows related to a grant in which approval has not been provided by the grantee as of the end of the fiscal year for disaster-related expenses. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it when it matures or becomes due. The general fund, water and sewer fund, and golf course fund are used to liquidate the liability for compensated absences. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations. Upon retirement from the City, an employee will receive compensation for unused sick leave hours. Vesting in unused sick leave hours ranges from 20 to 60 percent based on years of service with the City.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

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

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, 2018

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. Estimates

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

12. 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.

13. Other Postemployment Benefits

The City participates in a single-employer, unfunded, 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 funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total other postemployment (OPEB) liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget as defined by the charter is the department level in the general fund and all others are at 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, 2018. 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 fees fund, and asset forfeiture fund are all special revenue funds that have adopted budgets.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 34,721,279	-
Total Fair Value	<u>\$ 34,721,279</u>	
Portfolio weighted average maturity		-

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

Credit risk. State law and the City’s investment policy limit investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. Further, commercial paper must be rated not less than “A-1” or “P-1” or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2018, 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.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

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, 2018, the City's deposits were fully covered under the FDIC.

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

TexPool

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

TexPool is an external investment pool measured at amortized cost. In order to meet criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of the portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>
Ad valorem taxes	\$ 790,348	\$ 66,062	\$ -
Other taxes	140,235	-	-
Intergovernmental	1,392	-	-
Other	704,461	-	11,318
Less allowance	(670,873)	(1,255)	-
Total	<u>\$ 965,563</u>	<u>\$ 64,807</u>	<u>\$ 11,318</u>

	<u>Water and Sewer</u>	<u>Component Unit</u>
Other taxes	\$ -	\$ 241,152
Accounts	598,687	-
Less allowance	(152,656)	-
Total	<u>\$ 446,031</u>	<u>\$ 241,152</u>

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

C. Capital Assets

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

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,467,882	\$ 155,000	\$ -	\$ 3,622,882
Construction in progress	606,592	-	-	606,592
Total capital assets not being depreciated	4,074,474	155,000	-	4,229,474
Other capital assets:				
Buildings and improvements	8,957,417	218,500	-	9,175,917
Machinery and equipment	11,722,474	1,463,390	-	13,185,864
Infrastructure	50,455,588	-	-	50,455,588
Total other capital assets	71,135,479	1,681,890	-	72,817,369
Less accumulated depreciation for:				
Buildings and improvements	(3,989,473)	(245,010)	-	(4,234,483)
Machinery and equipment	(9,180,415)	(642,190)	-	(9,822,605)
Infrastructure	(9,693,810)	(689,361)	-	(10,383,171)
Total accumulated depreciation	(22,863,698)	(1,576,561)	-	(24,440,259)
Other capital assets, net	48,271,781	105,329	-	48,377,110
Governmental Activities Capital Assets, Net	\$ 52,346,255	\$ 260,329	\$ -	52,606,584
			Plus deferred charge on refunding	490,282
			Plus unspent bond proceeds	634,352
			Less associated debt	<u>(12,911,321)</u>
			Net Investment in Capital Assets	\$ 40,819,897

Depreciation was charged to governmental functions as follows:

General government	\$ 55,606
Public safety	187,823
Public works	760,711
Parks and recreation	68,367
Capital assets held by the City's internal service fund are charged to various functions based on their usage of the assets	<u>504,054</u>
Total Governmental Activities Depreciation Expense	\$ 1,576,561

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Expenditures</u>	<u>Remaining Commitment</u>
Dog park fence	\$ 41,775	\$ 10,500	\$ 31,275
Taylor Road facility building	1,600,000	1,283,759	316,241
Golf course reclaimed water	800,000 *	41,400	758,600
Convention center club house	2,770,000 *	17,829	2,752,171
Long-term flood recovery plan	5,880,000 *	24,000	5,856,000
Total	<u>\$ 11,591,775</u>	<u>\$ 1,877,488</u>	<u>\$ 9,714,287</u>

*Amounts have been budgeted and approved by the City. All contracts have not yet been awarded.

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,360,240	\$ -	\$ -	\$ 1,360,240
Construction in progress	180,242	-	-	180,242
Total capital assets not being depreciated	<u>1,540,482</u>	<u>-</u>	<u>-</u>	<u>1,540,482</u>
Other capital assets:				
Buildings	7,085,602	41,908	-	7,127,510
Water and sewer system	20,230,394	411,221	-	20,641,615
Machinery and equipment	2,486,662	194,270	-	2,680,932
Total other capital assets	<u>29,802,658</u>	<u>647,399</u>	<u>-</u>	<u>30,450,057</u>
Less accumulated depreciation for:				
Buildings	(5,392,286)	(377,020)	-	(5,769,306)
Water and sewer system	(7,386,716)	(316,929)	-	(7,703,645)
Machinery and equipment	(1,216,304)	(168,584)	-	(1,384,888)
Total accumulated depreciation	<u>(13,995,306)</u>	<u>(862,533)</u>	<u>-</u>	<u>(14,857,839)</u>
Other capital assets, net	<u>15,807,352</u>	<u>(215,134)</u>	<u>-</u>	<u>15,592,218</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 17,347,834</u>	<u>\$ (215,134)</u>	<u>\$ -</u>	<u>\$ 17,132,700</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 529,043
Golf course	<u>333,490</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 862,533</u>

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 13,320,000	\$ -	\$ 1,145,000	\$ 12,175,000	* \$ 1,180,000
Certificates of obligation	6,565,000	-	6,565,000	-	*
Premium on bonds	830,728	-	94,407	736,321	*
	20,715,728	-	7,804,407	12,911,321	1,180,000
Other liabilities:					
Net pension liability	3,715,462	-	905,208	2,810,254	-
Total OPEB liability	204,758	33,583	-	238,341	-
Compensated absences	406,854	114,647	36,581	484,920	436,428
Total Governmental Activities	\$ 25,042,802	\$ 148,230	\$ 8,746,196	\$ 16,444,836	\$ 1,616,428

*Debt associated with governmental activity capital assets \$ 12,911,321

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Net pension liability	\$ 664,889	\$ -	\$ 159,738	\$ 505,151	\$ -
Total OPEB liability	36,133	5,926	-	42,059	-
Compensated absences	89,012	13,652	43,127	59,537	53,583
Total Business-Type Activities	\$ 790,034	\$ 19,578	\$ 202,865	\$ 606,747	\$ 53,583

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, 2018

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 2012	2.00-4.00%	\$ 5,465,000
Series 2016	2.00-3.00%	6,710,000
Total General Obligation Bonds		\$ 12,175,000

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

Year Ending Sep. 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 1,180,000	\$ 335,400	\$ 1,515,400
2020	1,210,000	307,025	1,517,025
2021	1,245,000	273,325	1,518,325
2022	1,290,000	236,850	1,526,850
2023	1,325,000	197,625	1,522,625
2024-2027	5,925,000	367,875	6,292,875
Total	\$ 12,175,000	\$ 1,718,100	\$ 13,893,100

The City issues 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 two general obligation bonds. 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 has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

E. Interfund Transactions

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

Receivable Fund	Payable Fund	Amounts
General	Water and sewer	\$ 439
Golf course	General	110,090
Debt service	General	3,247
Water and sewer	General	180
	Total	\$ 152,968

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

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

Transfer In	Transfer Out	Amounts
General	Water and sewer	\$ 150,000
General	Nonmajor	417,000
Debt service	Water and sewer	5,933,678
Golf course	General	160,090
	Total	\$ 10,760,768

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, 2018, \$1,402,528 of the City’s total fund balance is restricted by enabling legislation.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

G. Restatement of Net Position

Beginning net position for governmental activities, water and sewer fund, and business-type activities were restated for the implementation of Governmental Account Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) as follows:

	Governmental Activities	Water and Sewer	Business-Type Activities and Enterprise Fund
Prior year ending net position as reported	\$ 57,337,063	\$ 20,252,257	\$ 24,451,895
Total OPEB liability	(204,758)	(36,133)	(36,133)
Contributions subsequent to the measurement date (OPEB)	938	166	166
Restated beginning net position	<u>\$ 57,133,243</u>	<u>\$ 20,216,290</u>	<u>\$ 24,415,928</u>

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment 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:

	<u>2018</u>	<u>2017</u>
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/hrs 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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55	
Inactive employees entitled to, but not yet receiving, benefits	79	
Active employees	93	
Total	227	

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.51 percent and 15.22 percent in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$825,456, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109 percent and female rates multiplied by 103 percent with a 3-year set-forward for both males and females. In addition, a 3.0 percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projects on a fully generational basis by scale BB to account for future mortality improvements subject to the 3.0 percent floor.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the EAN actuarial cost method and a one-time change to the amortization policy. 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 weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	100.00%	

Discount Rate

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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	\$ 890,858	\$ -	\$ 890,858
Interest	1,497,966	-	1,497,966
Change in current period benefits	-	-	-
Difference between expected and actual experience	144,265	-	144,265
Changes in assumptions	-	-	-
Contributions - employer	-	784,097	(784,097)
Contributions - employee	-	357,569	(357,569)
Net investment income	-	2,469,825	(2,469,825)
Benefit payments, including refunds of employee contributions	(930,014)	(930,014)	-
Administrative expense	-	(12,807)	12,807
Other changes	-	(649)	649
Net Changes	1,603,075	2,668,022	(1,064,946)
Balance at December 31, 2016	22,211,672	17,831,321	4,380,351
Balance at December 31, 2017	\$ 23,814,747	\$ 20,499,343	\$ 3,315,405

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 6,873,299	\$ 3,315,405	\$ 442,860

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, 2018, the City recognized pension expense of \$113,512.

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

At September 30, 2018, 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	\$ 105,380	\$ 145,141
Changes in actuarial assumptions	60,762	-
Difference between projected and actual investment earnings	-	520,178
Contributions subsequent to the measurement date	605,957	-
Total	\$ 772,099	\$ 665,319

\$605,957 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 NPL for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Pension Expense
2019	(21,327)
2020	5,532
2021	(230,138)
2022	(253,244)
Thereafter	-
Total	\$ (499,177)

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

D. Other Postemployment Benefits

TMRS Supplemental Death Benefit

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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 member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

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). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2017 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to, but not yet receiving, benefits	19
Active employees	93
Total	153

Total OPEB Liability

The City's total OPEB liability of \$280,891 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projects on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

		Total OPEB Liability
Changes for the year:		
Service cost		\$ 9,195
Interest		9,251
Changes of assumptions		22,595
Benefit payments*		<u>(1,532)</u>
	Net Changes	39,509
Beginning balance		<u>240,891</u>
	Ending Balance	<u>\$ 280,400</u>

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
City's Total OPEB Liability	\$ 339,100	\$ 280,400	\$ 235,371

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$21,009. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 18,395	\$ -
Contributions subsequent to the measurement date	1,027	-
Total	\$ 19,423	\$ -

\$1,027 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2019.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	Expense Amount
2018	\$ 4,200
2019	4,200
2020	4,200
2021	4,200
2022	1,595
Thereafter	-
Total	\$ 18,395

E. Economic Agreement

Chapter 380 Economic Development Program Agreement

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

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2018

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Taxes and fees:				
Ad valorem	\$ 5,655,000	\$ 5,655,000	\$ 5,468,363	\$ (186,637)
Sales	4,535,000	4,535,000	4,769,278	234,278
Franchise	600,000	600,000	610,312	10,312
Permits, licenses, and fees	158,700	158,700	126,564	(32,136)
Charges for services	370,850	370,850	238,846	(132,004)
Fines	968,700	968,700	1,009,765	41,065
Investment earnings	90,000	90,000	336,640	246,640
Intergovernmental	1,060,388	1,269,257	1,340,624	71,367
Other revenues	100,000	100,000	76,415	(23,585)
Total Revenues	<u>13,538,638</u>	<u>13,747,507</u>	<u>13,976,807</u>	<u>229,300</u>
Expenditures				
General government:				
Administration	571,612	590,332	552,071	38,261
Legal	1,694,039	1,694,039	1,561,359	132,680
Information technology	447,086	672,475	587,092	85,383
Purchasing	21,600	21,600	20,344	1,256
Finance	304,570	335,289	307,582	27,707
Customer service	147,233	147,233	125,539	21,694
Court	402,234	444,617	353,171	91,446
Total General Government	<u>3,588,374</u>	<u>3,905,585</u>	<u>3,507,158</u>	<u>398,427</u>
Public safety:				
Police	2,544,443	2,864,238	2,508,184	356,054
Dispatch	727,860	810,782	723,795	86,987
Fire	1,412,673	1,565,801	1,550,611	15,190
Total Public Safety	<u>4,684,976</u>	<u>5,240,821</u>	<u>4,782,590</u>	<u>458,231</u>
Public works:				
Public works administration	229,271	229,271	219,064	10,207
Community development	464,523	472,210	416,265	55,945
Streets	625,663	659,597	558,078	101,519
Building and grounds	254,103	419,253	345,056	74,197
Sanitation	428,720	436,568	410,544	26,024
Fleet services	389,242	424,342	403,169	21,173
Total Public Works	<u>2,391,522</u>	<u>2,641,241</u>	<u>2,352,176</u>	<u>289,065</u>
Parks and recreation	654,138	837,491	779,801	57,690
Total Expenditures	<u>11,319,010</u>	<u>12,625,138</u>	<u>11,421,725</u>	<u>1,203,413</u>
Excess of Revenues Over Expenditures	<u>2,219,628</u>	<u>1,122,369</u>	<u>2,555,082</u>	<u>1,432,713</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, 2018

	<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	\$ 567,000	\$ 567,000	\$ 567,000	\$ -
Transfers (out)	(215,118)	(4,103,071)	(3,860,090)	242,981
Total Other Financing Sources (Uses)	<u>351,882</u>	<u>(3,536,071)</u>	<u>(3,293,090)</u>	<u>242,981</u>
Net Change in Fund Balance	<u>\$ 2,571,510</u>	<u>\$ (2,413,702)</u>	<u>(738,008)</u>	<u>\$ 1,675,694</u>
Beginning fund balance			<u>17,354,845</u>	
Ending Fund Balance			<u>\$ 16,616,837</u>	

Notes to Required Supplementary Information:

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

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC SAFETY FUND
For the Year Ended September 30, 2018

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Fines	\$ -	\$ 675	\$ 675
Total Revenues	<u>-</u>	<u>675</u>	<u>675</u>
<u>Expenditures</u>			
Public safety	341,372	304,213	37,159
Total Expenditures	<u>341,372</u>	<u>304,213</u>	<u>37,159</u>
Net Change in Fund Balance	<u>\$ (341,372)</u>	<u>(303,538)</u>	<u>\$ 37,834</u>
Beginning fund balance		<u>1,131,044</u>	
Ending Fund Balance		<u>\$ 827,506</u>	

Notes to Required Supplementary Information:

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

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2018

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 812,970	\$ 850,095	\$ 872,680	\$ 890,859
Interest (on the total pension liability)	1,315,698	1,369,339	1,410,647	1,497,966
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(448,345)	(105,426)	(59,041)	144,265
Change of assumptions	-	198,859	-	-
Benefit payments, including refunds of employee contributions	(839,314)	(1,025,857)	(949,496)	(930,014)
Net Change in Total Pension Liability	<u>841,009</u>	<u>1,287,010</u>	<u>1,274,790</u>	<u>1,603,076</u>
Beginning total pension liability	<u>18,808,863</u>	<u>19,649,872</u>	<u>20,936,882</u>	<u>22,211,672</u>
Ending Total Pension Liability	<u>\$ 19,649,872</u>	<u>\$ 20,936,882</u>	<u>\$ 22,211,672</u>	<u>\$ 23,814,748</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 679,660	\$ 741,645	\$ 730,340	\$ 784,097
Contributions - employee	337,066	340,427	343,575	357,569
Net investment income	885,763	24,391	1,120,508	2,469,825
Benefit payments, including refunds of employee contributions	(839,314)	(1,025,857)	(949,496)	(930,014)
Administrative expense	(9,246)	(14,861)	(12,670)	(12,808)
Other	(760)	(734)	(683)	(649)
Net Change in Plan Fiduciary Net Position	<u>1,053,169</u>	<u>65,012</u>	<u>1,231,574</u>	<u>2,668,020</u>
Beginning plan fiduciary net position	<u>15,481,567</u>	<u>16,534,736</u>	<u>16,599,748</u>	<u>17,831,322</u>
Ending Plan Fiduciary Net Position	<u>\$ 16,534,736</u>	<u>\$ 16,599,748</u>	<u>\$ 17,831,322</u>	<u>\$ 20,499,342</u>
Net Pension Liability	<u>\$ 3,115,136</u>	<u>\$ 4,337,134</u>	<u>\$ 4,380,350</u>	<u>\$ 3,315,406</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.15%	79.28%	80.28%	86.08%
Covered Payroll	\$ 4,815,231	\$ 4,863,246	\$ 4,908,210	\$ 5,108,134
Net Pension Liability as a Percentage of Covered Payroll	64.69%	89.18%	89.25%	64.90%

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

CITY OF JERSEY VILLAGE, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2018

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 679,002	\$ 704,979	\$ 737,720	\$ 754,213
Contributions in relation to the actuarially determined contribution	679,002	704,979	737,720	754,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
 Covered payroll	 \$ 4,806,083	 \$ 4,700,957	 \$ 4,925,673	 \$ 4,952,460
 Contributions as a percentage of covered payroll	 14.13%	 15.00%	 14.98%	 15.23%

*Only five of ten years of information is currently available. The City will build this schedule over the next five-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	28 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale

3. Other Information:

There were no benefit changes during the year.

Fiscal Year *
2018

\$ 825,456

825,456
\$

\$ 5,458,931

15.12%

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2018

	Measurement Year*
	2017
Total OPEB Liability	
Service cost	\$ 9,195
Interest (on the total OPEB liability)	9,251
Changes in assumptions	22,595
Benefit payments	(1,532)
Net Change in Total OPEB Liability	39,509
 Beginning total OPEB liability	 240,891
Ending Total OPEB Liability	\$ 280,400
 Covered Payroll	 \$ 5,108,134
 Total OPEB Liability as a Percentage of Covered Payroll	 5.49%

*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:

Changes in Assumptions

Changes in assumptions reflect a change in the discount rate from 3.78% as of December 31, 2016 to 3.31% as of December 31, 2017.

Changes in Benefits

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2018

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Ad valorem taxes	\$ 2,315,000	\$ 2,187,112	\$ (127,888)
Investment earnings	2,500	10,968	8,468
Total Revenues	2,317,500	2,198,080	(119,420)
<u>Expenditures</u>			
Debt service:			
Principal	7,767,148	7,710,000	57,148
Interest and fiscal agent fees	482,422	469,755	12,667
Total Expenditures	8,249,570	8,179,755	69,815
(Deficiency) of Revenues (Under) Expenditures	(5,932,070)	(5,981,675)	(49,605)
<u>Other Financing Sources (Uses)</u>			
Transfers in	5,933,678	5,933,678	-
Total Other Financing Sources	5,933,678	5,933,678	-
Net Change in Fund Balance	\$ 1,608	(47,997)	\$ (49,605)
Beginning fund balance		441,734	
Ending Fund Balance		\$ 393,737	

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CITY OF JERSEY VILLAGE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

SPECIAL REVENUE FUNDS

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

Hotel Occupancy Tax Fund

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

Court Security and Technology Fees Fund

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

Asset Forfeiture Fund

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

CITY OF JERSEY VILLAGE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

	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	\$ 373,699	\$ 94,355	\$ 62,051	\$ 530,105
Receivables, net	11,318	-	-	11,318
Prepaid items	248	-	2,221	2,469
Due from other funds	-	39,012	-	39,012
Total Assets	\$ 385,265	\$ 133,367	\$ 64,272	\$ 582,904
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 6,350	\$ 12,194	\$ 18,544
Total Liabilities	-	6,350	12,194	18,544
<u>Fund Balances</u>				
Nonspendable	248	-	2,221	2,469
Restricted:				
Tourism	385,017	-	-	385,017
Public safety	-	-	49,857	49,857
Court technology	-	127,017	-	127,017
Total Fund Balances	385,265	127,017	52,078	564,360
Total Liabilities and Fund Balances	\$ 385,265	\$ 133,367	\$ 64,272	\$ 582,904

CITY OF JERSEY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Hotel Occupancy Tax	Court Security and Technology Fees	Asset Forfeiture	
Revenues				
Occupancy tax	\$ 160,399	\$ -	\$ -	\$ 160,399
Fines	-	44,520	-	44,520
Investment earnings	8,858	-	897	9,755
Other revenue	-	-	14,027	14,027
Total Revenues	<u>169,257</u>	<u>44,520</u>	<u>14,924</u>	<u>228,701</u>
Expenditures				
Current:				
General government	48,702	-	-	48,702
Public safety	-	65,405	33,325	98,730
Total Expenditures	<u>48,702</u>	<u>65,405</u>	<u>33,325</u>	<u>147,432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>120,555</u>	<u>(20,885)</u>	<u>(18,401)</u>	<u>81,269</u>
Other Financing Sources (Uses)				
Transfer (out)	(417,000)	-	-	(417,000)
Total Other Financing (Uses)	<u>(417,000)</u>	<u>-</u>	<u>-</u>	<u>(417,000)</u>
Net Change in Fund Balances	(296,445)	(20,885)	(18,401)	(335,731)
Beginning fund balances	681,710	147,902	70,479	900,091
Ending Fund Balances	<u>\$ 385,265</u>	<u>\$ 127,017</u>	<u>\$ 52,078</u>	<u>\$ 564,360</u>

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CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2018

		Hotel Occupancy Tax		
		Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
	Occupancy tax	\$ 150,000	\$ 160,399	\$ 10,399
	Investment earnings	2,500	8,858	6,358
	Total Revenues	152,500	169,257	16,757
<u>Expenditures</u>				
	General government	57,500	48,702	8,798
	Total Expenditures	57,500	48,702	8,798
	Excess of Revenues Over Expenditures	95,000	120,555	25,555
<u>Other Financing Sources (Uses)</u>				
	Transfers (out)	(417,000)	(417,000)	-
	Net Change in Fund Balance	\$ (322,000)	(296,445)	\$ 25,555
	Beginning fund balance		681,710	
	Ending Fund Balance		\$ 385,265	

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, 2018

	Court Security and Technology Fees		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Fines	\$ 41,300	\$ 44,520	\$ 3,220
Expenditures			
Public safety	74,000	65,405	8,595
Net Change in Fund Balance	\$ (32,700)	(20,885)	\$ 11,815
Beginning fund balance		147,902	
Ending Fund Balance		\$ 127,017	

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, 2018

	<u>Asset Forfeiture</u>		
	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 400	\$ 897	\$ 497
Other revenue	-	14,027	14,027
	<u>400</u>	<u>14,924</u>	<u>14,524</u>
Total Revenues			
Expenditures			
Public safety	35,679	33,325	2,354
	<u>35,679</u>	<u>33,325</u>	<u>2,354</u>
Total Expenditures			
Net Change in Fund Balance	<u>\$ (35,279)</u>	(18,401)	<u>\$ 16,878</u>
Beginning fund balance		<u>70,479</u>	
Ending Fund Balance		<u>\$ 52,078</u>	

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	98
<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	108
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	118
<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	127
<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	131
<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			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 11,219,378	\$ 21,384,544	\$ 25,644,695	\$ 23,205,799
Restricted	7,455,122	6,751,632	1,706,438	7,298,473
Unrestricted	9,504,411	4,825,409	8,906,717	8,025,517
Total Governmental Activities Net Position	\$ 28,178,911	\$ 32,961,585	\$ 36,257,850	\$ 38,529,789
Business-Type Activities				
Net investment in capital assets	\$ 16,805,161	\$ 17,831,127	\$ 17,991,847	\$ 18,085,993
Restricted	715,000	-	-	-
Unrestricted	4,026,306	3,806,361	4,282,824	4,422,826
Total Business-Type Activities Net Position	\$ 21,546,467	\$ 21,637,488	\$ 22,274,671	\$ 22,508,819
Primary Government				
Net investment in capital assets	\$ 28,024,539	\$ 39,215,671	\$ 43,636,542	\$ 41,291,792
Restricted	8,170,122	6,751,632	1,706,438	7,298,473
Unrestricted	13,530,717	8,631,770	13,189,541	12,448,343
Total Primary Government Net Position	\$ 49,725,378	\$ 54,599,073	\$ 58,532,521	\$ 61,038,608

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 29,072,714	\$ 30,316,564	\$ 31,654,577	\$ 31,824,350	\$ 35,856,808	\$ 40,819,897
3,646,658	3,329,342	2,930,096	2,830,414	2,549,847	1,878,602
10,085,847	-	14,575,527	18,541,697	18,930,408	19,725,575
<u>\$ 42,805,219</u>	<u>\$ 33,645,906</u>	<u>\$ 49,160,200</u>	<u>\$ 53,196,461</u>	<u>\$ 57,337,063</u>	<u>\$ 62,424,074</u>
\$ 17,746,030	\$ 17,205,752	\$ 17,000,490	\$ 17,629,271	\$ 17,347,834	\$ 17,132,700
-	-	-	-	-	-
5,297,596	18,541,697	6,320,937	6,588,580	7,104,061	7,407,323
<u>\$ 23,043,626</u>	<u>\$ 35,747,449</u>	<u>\$ 23,321,427</u>	<u>\$ 24,217,851</u>	<u>\$ 24,451,895</u>	<u>\$ 24,540,023</u>
\$ 46,818,744	\$ 47,522,316	\$ 48,655,067	\$ 49,453,621	\$ 53,204,642	\$ 57,952,597
3,646,658	3,329,342	2,930,096	2,830,414	2,549,847	1,878,602
15,383,443	18,541,697	20,896,464	25,130,277	26,034,469	27,132,898
<u>\$ 65,848,845</u>	<u>\$ 69,393,355</u>	<u>\$ 72,481,627</u>	<u>\$ 77,414,312</u>	<u>\$ 81,788,958</u>	<u>\$ 86,964,097</u>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities				
General government	\$ 2,211,902	\$ 2,046,283	\$ 1,852,750	\$ 1,979,509
Public safety	4,421,088	5,136,312	5,038,540	5,221,610
Public works	2,069,991	2,391,025	2,460,625	2,929,708
Parks and recreation	476,072	525,477	197,711	163,273
Interest and fiscal agent fees on long-term debt	1,283,271	1,220,035	1,025,458	850,924
Total Governmental Activities Expenses	<u>10,462,324</u>	<u>11,319,132</u>	<u>10,575,084</u>	<u>11,145,024</u>
Business-type activities				
Water and sewer	2,572,957	2,092,496	2,798,185	3,040,413
Golf course	1,563,335	1,628,516	1,740,698	1,649,470
Total Business-Type Activities Expenses	<u>4,136,292</u>	<u>3,721,012</u>	<u>4,538,883</u>	<u>4,689,883</u>
Total Primary Government Expenses	<u>\$ 14,598,616</u>	<u>\$ 15,040,144</u>	<u>\$ 15,113,967</u>	<u>\$ 15,834,907</u>
Program Revenues				
Governmental activities				
Charges for services				
Public safety	\$ 1,689,556	\$ 2,324,301	\$ 2,405,134	\$ 3,090,178
Parks and recreation	745,629	296,557	333,423	212,593
Operating grants and contributions	1,111,357	3,439,600	1,118,822	609,286
Total Governmental Activities Program Revenues	<u>3,546,542</u>	<u>6,060,458</u>	<u>3,857,379</u>	<u>3,912,057</u>
Business-type activities				
Charges for services				
Water and sewer	3,250,244	2,983,242	4,194,006	3,894,131
Golf course	1,528,458	1,243,653	1,414,004	1,466,549
Total Business-Type Activities Program Revenues	<u>4,778,702</u>	<u>4,226,895</u>	<u>5,608,010</u>	<u>5,360,680</u>
Total Primary Government Program Revenues	<u>\$ 8,325,244</u>	<u>\$ 10,287,353</u>	<u>\$ 9,465,389</u>	<u>\$ 9,272,737</u>
Net (Expense)/Revenue				
Governmental activities	\$ (6,915,782)	\$ (5,258,674)	\$ (6,717,705)	\$ (7,232,967)
Business-type activities	642,410	505,883	1,069,127	670,797
Total Primary Government Net Expense	<u>\$ (6,273,372)</u>	<u>\$ (4,752,791)</u>	<u>\$ (5,648,578)</u>	<u>\$ (6,562,170)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,744,782	\$ 1,741,875	\$ 1,683,153	\$ 1,529,880	\$ 3,683,493	\$ 3,399,058
5,029,549	4,840,944	5,075,686	4,593,094	4,386,395	4,748,633
2,399,621	2,447,946	2,916,512	5,338,993	3,430,767	4,792,733
158,351	225,551	119,532	651,178	581,277	519,638
797,826	703,579	719,422	648,442	491,413	439,389
<u>10,130,129</u>	<u>9,959,895</u>	<u>10,514,305</u>	<u>12,761,587</u>	<u>12,573,345</u>	<u>13,899,451</u>
2,838,464	2,612,155	2,571,317	3,049,180	3,512,761	3,638,432
1,662,206	1,716,718	1,775,044	1,743,055	1,873,377	1,900,360
<u>4,500,670</u>	<u>4,328,873</u>	<u>4,346,361</u>	<u>4,792,235</u>	<u>5,386,138</u>	<u>5,538,792</u>
<u>\$ 14,630,799</u>	<u>\$ 14,288,768</u>	<u>\$ 14,860,666</u>	<u>\$ 17,553,822</u>	<u>\$ 17,959,483</u>	<u>\$ 19,438,243</u>
\$ 2,881,707	\$ 1,431,320	\$ 1,100,279	\$ 1,111,375	\$ 1,188,568	\$ 1,181,524
272,562	363,058	509,817	462,972	285,291	238,846
750,143	1,063,628	1,897,233	980,511	1,313,987	3,552,993
<u>3,904,412</u>	<u>2,858,006</u>	<u>3,507,329</u>	<u>2,554,858</u>	<u>2,787,846</u>	<u>4,973,363</u>
4,092,417	4,000,806	4,150,845	4,595,167	4,518,707	4,670,098
1,435,975	1,333,700	1,187,249	1,196,934	1,281,283	1,387,282
<u>5,528,392</u>	<u>5,334,506</u>	<u>5,338,094</u>	<u>5,792,101</u>	<u>5,799,990</u>	<u>6,057,380</u>
<u>\$ 9,432,804</u>	<u>\$ 8,192,512</u>	<u>\$ 8,845,423</u>	<u>\$ 8,346,959</u>	<u>\$ 8,587,836</u>	<u>\$ 11,030,743</u>
\$ (6,225,717)	\$ (7,101,889)	\$ (7,006,976)	\$ (10,206,729)	\$ (9,785,499)	\$ (8,926,088)
1,027,722	1,005,633	991,733	999,866	413,852	518,588
<u>\$ (5,197,995)</u>	<u>\$ (6,096,256)</u>	<u>\$ (6,015,243)</u>	<u>\$ (9,206,863)</u>	<u>\$ (9,371,647)</u>	<u>\$ (8,407,500)</u>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes				
Ad valorem	\$ 6,100,687	\$ 6,198,169	\$ 6,099,750	\$ 5,511,884
Sales taxes	2,532,587	2,411,159	2,565,651	3,035,624
Franchise fees and local taxes	845,980	699,172	667,970	666,253
Investment earnings	134,912	36,792	23,718	20,768
Other revenues	358,393	275,580	222,280	134,121
Transfers	1,048,773	420,476	434,601	438,718
Total Governmental Activities	11,021,332	10,041,348	10,013,970	9,807,368
Business-type activities				
Investment earnings	19,186	5,614	2,657	2,069
Transfers	(405,343)	(420,476)	(434,601)	(438,718)
Total Business-Type Activities	(386,157)	(414,862)	(431,944)	(436,649)
Total Primary Government	\$ 10,635,175	\$ 9,626,486	\$ 9,582,026	\$ 9,370,719
Change in Net Position				
Governmental activities	\$ 4,105,550	\$ 4,782,674	\$ 3,296,265	\$ 2,574,401
Business-type activities	256,253	91,021	637,183	234,148
Total Primary Government	\$ 4,361,803	\$ 4,873,695	\$ 3,933,448	\$ 2,808,549

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 6,146,643	\$ 6,269,652	\$ 6,899,774	\$ 8,216,808	\$ 8,047,479	\$ 7,631,592
2,998,515	3,282,372	3,333,531	4,932,020	4,625,417	4,769,278
673,888	674,027	635,236	636,178	615,525	610,312
17,834	6,346	14,733	76,726	185,333	473,167
169,946	258,962	173,688	262,531	236,105	251,130
494,321	1,188,206	110,781	118,727	216,242	481,440
<u>10,501,147</u>	<u>11,679,565</u>	<u>11,167,743</u>	<u>14,242,990</u>	<u>13,926,101</u>	<u>14,216,919</u>
1,406	1,037	2,295	15,285	36,434	86,947
<u>(494,321)</u>	<u>(1,188,206)</u>	<u>(110,781)</u>	<u>(118,727)</u>	<u>(216,242)</u>	<u>(481,440)</u>
<u>(492,915)</u>	<u>(1,187,169)</u>	<u>(108,486)</u>	<u>(103,442)</u>	<u>(179,808)</u>	<u>(394,493)</u>
<u>\$ 10,008,232</u>	<u>\$ 10,492,396</u>	<u>\$ 11,059,257</u>	<u>\$ 14,139,548</u>	<u>\$ 13,746,293</u>	<u>\$ 13,822,426</u>
\$ 4,275,430	\$ 4,577,676	\$ 4,160,767	\$ 4,036,261	\$ 4,140,602	\$ 5,290,831
534,807	(181,536)	883,247	896,424	234,044	124,095
<u>\$ 4,810,237</u>	<u>\$ 4,396,140</u>	<u>\$ 5,044,014</u>	<u>\$ 4,932,685</u>	<u>\$ 4,374,646</u>	<u>\$ 5,414,926</u>

CITY OF JERSEY VILLAGE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	16,586	15,720	19,192	24,297
Unassigned	8,543,619	9,646,412	10,779,487	5,770,244
Total General Fund	\$ 8,560,205	\$ 9,662,132	\$ 10,798,679	\$ 5,794,541
 All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Capital project funds	5,039,980	6,732,339	4,918,996	4,204,651
Debt service funds	-	-	399,560	450,332
Special revenue funds	1,851,811	-	1,005,618	2,579,531
Assigned				
Capital projects	-	-	-	-
Total All Other Governmental Funds	\$ 6,891,791	\$ 6,732,339	\$ 6,324,174	\$ 7,234,514

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ 674	\$ -	\$ 4,853	\$ 259	\$ 259
24,875	31,012	39,109	61,587	79,447	95,468
7,886,398	10,018,365	12,697,557	14,441,008	17,275,139	16,521,110
<u>\$ 7,911,273</u>	<u>\$ 10,050,051</u>	<u>\$ 12,736,666</u>	<u>\$ 14,507,448</u>	<u>\$ 17,354,845</u>	<u>\$ 16,616,837</u>
\$ -	\$ 2,221	\$ 2,221	\$ 3,276	\$ 2,469	\$ 2,469
5,001	-	7,549,019	4,521,659	3,669,948	634,352
474,716	500,482	463,977	456,038	441,734	393,737
3,141,766	2,793,875	2,554,137	2,312,789	2,028,666	1,389,397
-	1,116,824	840,778	3,008,415	966,776	2,826,617
<u>\$ 3,621,483</u>	<u>\$ 4,413,402</u>	<u>\$ 11,410,132</u>	<u>\$ 10,302,177</u>	<u>\$ 7,109,593</u>	<u>\$ 5,246,572</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Taxes	\$ 9,463,752	\$ 9,285,086	\$ 9,354,873	\$ 9,596,403
Permits, licenses, and fees	88,842	84,507	99,301	131,129
Charges for services	745,629	296,557	333,423	212,593
Fines and forfeitures	1,634,636	2,239,794	2,305,833	2,959,049
Investment earnings	122,740	32,674	20,454	17,212
Intergovernmental	1,111,357	3,439,600	1,118,822	609,286
Other revenues	358,393	275,580	172,696	58,474
Total Revenues	<u>13,525,349</u>	<u>15,653,798</u>	<u>13,405,402</u>	<u>13,584,146</u>
Expenditures				
General government	1,738,804	1,913,068	1,779,389	1,771,567
Public safety	4,823,774	4,931,600	5,202,586	4,975,131
Public works	2,069,319	2,400,831	2,888,384	5,303,688
Parks and recreation	476,072	570,739	534,455	530,295
Capital outlay	2,678,869	2,977,118	3,515,027	264,013
Debt service				
Principal	947,732	701,317	689,520	1,235,000
Interest and fiscal fees	1,503,400	1,637,126	1,538,227	1,032,575
Paid to escrow for current bond refunding	-	-	-	135,000
Total Expenditures	<u>14,237,970</u>	<u>15,131,799</u>	<u>16,147,588</u>	<u>15,247,269</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(712,621)	521,999	(2,742,186)	(1,663,123)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	6,615
Transfers in	1,837,602	1,477,311	721,956	7,353,718
Transfers out	(788,829)	(1,056,835)	(287,355)	(6,915,000)
Proceeds paid to escrow	-	-	-	(9,382,129)
Issuance of debt	-	-	-	9,050,000
Premium on debt issued	-	-	-	492,088
Total Other Financing Sources	<u>1,048,773</u>	<u>420,476</u>	<u>434,601</u>	<u>605,292</u>
Net Change in Fund Balances	<u>\$ 336,152</u>	<u>\$ 942,475</u>	<u>\$ (2,307,585)</u>	<u>\$ (1,057,831)</u>
Debt service as a percentage of noncapital expenditures	22.00%	19.92%	20.75%	19.30%

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 9,861,843	\$ 10,389,401	\$ 11,007,424	\$ 13,878,811	\$ 13,367,966	\$ 13,195,464	
133,471	131,473	172,065	203,454	180,908	126,564	
272,562	363,058	509,817	397,070	259,218	238,846	
2,748,236	1,299,847	928,214	907,921	1,007,660	1,054,960	
14,235	5,041	12,526	63,057	155,039	408,902	
750,143	1,063,628	1,897,233	980,511	1,313,987	3,552,993	
112,545	181,063	62,786	168,790	156,624	90,731	
<u>13,893,035</u>	<u>13,433,511</u>	<u>14,590,065</u>	<u>16,599,614</u>	<u>16,441,402</u>	<u>18,668,460</u>	
1,711,971	1,765,524	1,911,015	3,513,200	3,553,380	3,555,860	
5,270,514	4,876,359	4,856,290	4,560,262	4,829,164	5,185,533	
6,171,265	2,323,893	3,760,747	4,867,383	5,668,902	4,049,980	
552,260	556,575	587,791	623,509	554,607	779,801	
13,425	-	-	-	-	-	
1,405,000	1,495,000	1,050,000	1,765,000	1,875,000	7,710,000	
759,220	673,669	577,906	782,639	521,778	469,755	
-	-	-	-	-	-	
<u>15,883,655</u>	<u>11,691,020</u>	<u>12,743,749</u>	<u>16,111,993</u>	<u>17,002,831</u>	<u>21,750,929</u>	
(1,990,620)	1,742,491	1,846,316	487,621	(561,429)	(3,082,469)	
-	-	-	-	-	-	
560,397	2,025,025	625,341	2,029,632	578,913	10,600,678	
(66,076)	(836,819)	(514,560)	(1,910,905)	(362,671)	(10,119,238)	
-	-	-	(7,281,990)	-	-	
-	-	8,000,000	6,710,000	-	-	
-	-	-	628,469	-	-	
<u>494,321</u>	<u>1,188,206</u>	<u>8,110,781</u>	<u>175,206</u>	<u>216,242</u>	<u>481,440</u>	
<u>\$ (1,496,299)</u>	<u>\$ 2,930,697</u>	<u>\$ 9,957,097</u>	<u>\$ 662,827</u>	<u>\$ (345,187)</u>	<u>\$ (2,601,029)</u>	
21.94%	19.97%	14.87%	19.45%	19.39%	41.08%	

CITY OF JERSEY VILLAGE, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
 Last Ten Years
 (modified accrual basis of accounting)

Function	Fiscal Year			
	2009	2010	2011	2012
Ad valorem	\$ 6,255,115	\$ 6,174,755	\$ 6,071,668	\$ 5,825,494
Sales	2,449,404	2,411,159	2,565,651	3,035,624
Franchise fees	759,233	632,605	667,970	666,253
Other	86,747	66,567	49,584	69,032
Totals	\$ 8,853,985	\$ 9,550,499	\$ 9,285,086	\$ 9,596,403

Fiscal Year

2013	2014	2015	2016	2017	2018
\$ 6,132,039	\$ 6,355,103	\$ 6,927,755	\$ 8,216,872	\$ 8,047,543	\$ 7,655,475
2,998,515	3,282,372	3,333,531	4,932,020	4,625,417	4,769,278
673,888	674,027	635,236	636,178	615,525	610,312
57,401	77,899	110,902	93,741	79,481	160,399
<u>\$ 9,596,403</u>	<u>\$ 9,861,843</u>	<u>\$ 11,007,424</u>	<u>\$ 13,878,811</u>	<u>\$ 13,367,966</u>	<u>\$ 13,195,464</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Residential property	\$ 498,590,180	\$ 479,135,881	\$ 491,005,824	\$ 491,833,349
Commercial property	193,175,025	214,657,268	190,621,214	195,666,311
Other	275,272,631	277,213,850	307,527,234	254,734,037
Less: Tax exempt property	<u>(147,797,468)</u>	<u>(149,634,733)</u>	<u>(161,632,749)</u>	<u>(161,049,212)</u>
Total Taxable Assessed Value (1)	<u>\$ 819,240,368</u>	<u>\$ 821,372,266</u>	<u>\$ 827,521,523</u>	<u>\$ 781,184,485</u>
Total Direct Tax Rate	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>

Source: Harris County Certified / Uncertified Tax Roll

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

Fiscal Year

2013	2014	2015	2016	2017	2018
\$ 496,740,074	\$ 520,849,850	\$ 556,078,428	\$ 609,105,279	\$ 657,487,846	\$ 697,956,307
204,473,889	224,196,999	242,011,499	254,969,262	268,838,386	280,814,558
252,948,984	284,337,338	279,381,642	436,409,458	378,991,944	267,381,542
<u>(138,212,692)</u>	<u>(176,397,106)</u>	<u>(149,483,522)</u>	<u>(187,496,940)</u>	<u>(202,797,027)</u>	<u>(203,955,593)</u>
<u>\$ 815,950,255</u>	<u>\$ 852,987,081</u>	<u>\$ 927,988,047</u>	<u>\$ 1,112,987,059</u>	<u>\$ 1,102,521,149</u>	<u>\$ 1,042,196,814</u>
<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>

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

	Fiscal Year			
	2009	2010	2011	2012
City of Jersey Village by fund:				
General	\$ 0.46810	\$ 0.46000	\$ 0.48160	\$ 0.46259
Debt service	0.27440	0.28250	0.26091	0.27991
Total Direct Rates	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250
Cypress-Fairbanks Independent School District	\$ 1.35000	\$ 1.43000	\$ 1.43000	\$ 1.43000
Harris County	0.38923	0.38805	0.39117	0.40021
Harris County Flood Control District	0.03086	0.02923	0.02809	0.02809
Port of Houston Authority	0.01773	0.02054	0.01856	0.01952
Harris County Hospital District	0.19216	0.19216	0.19216	0.18216
Harris County Department of Education	0.00584	0.00658	0.00658	0.00662
Lone Star College System	-	-	-	-
Total Direct and Overlapping Rates (1)	\$ 2.72832	\$ 2.80906	\$ 2.80906	\$ 2.80910

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					
2013	2014	2015	2016	2017	2018
\$ 0.48566	\$ 0.49415	\$ 0.58252	\$ 0.52635	\$ 0.53148	\$ 0.53058
0.25684	0.24835	0.15998	0.21615	0.21102	0.21192
<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>
\$ 1.45000	\$ 1.45000	\$ 1.44000	\$ 1.44000	\$ 1.44000	\$ 1.44000
0.40021	0.41455	0.41731	0.41923	0.41656	0.41858
0.02809	0.02827	0.02736	0.02733	0.02829	0.02877
0.01952	0.01716	0.01531	0.01342	0.01334	0.01155
0.18216	0.17000	0.17000	0.17000	0.17179	0.17108
0.00662	0.00636	0.00600	0.00520	0.00520	0.00519
0.11600	0.10810	0.10790	0.10780	0.10780	0.10780
<u>\$ 2.94510</u>	<u>\$ 2.93694</u>	<u>\$ 2.92638</u>	<u>\$ 2.92548</u>	<u>\$ 2.92548</u>	<u>\$ 2.92547</u>

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CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

Property Taxpayer	2018			2008		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Prologis	\$ 72,424,556	1	6.95%	\$ 29,049,314	4	3.8%
AROP Promenade Jersey Vil LLC	44,850,562	2	4.30%	39,037,330	3	5.1%
GWR Trails CC Owner LLC**	31,436,087	3	3.02%	19,600,000	5	2.6%
Gordon NW Village LP	23,292,410	4	2.23%	N/A	-	N/A
BHA Real Estate Holdings LLC	22,944,802	5	2.20%	N/A	-	N/A
Trails Rock Creek Holdings LP	22,169,742	6	2.13%	16,120,620	6	2.1%
Joe Myers Ford II, LLC*	17,254,760	7	1.66%	44,590,900	2	5.9%
Joe Myers Automotive, LLC*	17,181,068	8	1.65%	N/A	-	N/A
Sonic LS Chevrolet	15,866,647	9	1.52%	12,436,917	9	1.6%
Car Son LMC LP	15,149,436	10	1.45%	13,778,297	8	1.8%
Goodman Manufacturing Corp.	N/A	-	N/A	61,906,640	1	8.1%
Baseline Value Fund I	N/A	-	N/A	13,811,458	7	1.8%
National Oilwell Varco	N/A	-	N/A	8,601,630	10	1.1%
Subtotal	<u>282,570,070</u>		<u>27.11%</u>	<u>258,933,106</u>		<u>34.1%</u>
Other Taxpayers	<u>759,626,744</u>		<u>72.89%</u>	<u>500,905,524</u>		<u>65.9%</u>
Total	<u><u>\$ 1,042,196,814</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 759,838,630</u></u>		<u><u>100.0%</u></u>

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

* Joe Myers Ford and Joe Myers Automotive LLC values were included Joe Myers Dealership

**GWR Trails CC Owner LLC was previously Beeler Sanders V LTD

CITY OF JERSEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Tax levy	\$ 5,543,419	\$ 6,123,716	\$ 6,144,347	\$ 5,800,295
Current tax collected*	5,487,298	6,038,759	6,060,483	5,746,879
Percentage of current tax collections	98.99%	98.61%	98.64%	99.08%
Net collections and refunds in subsequent years**	38,457	54,740	60,003	38,280
Total Tax Collections	\$ 5,525,755	\$ 6,093,499	\$ 6,120,486	\$ 5,785,159
Total collections as a percentage of current levy	99.68%	99.51%	99.61%	99.74%

Source: Harris County Tax Assessor-Collector

* Collected within the year of the levy.

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

Fiscal Year

	2013	2014	2015	2016	2017	2018
\$	6,058,430	\$ 6,306,997	\$ 6,890,311	\$ 8,263,929	\$ 8,185,070	\$ 7,738,311
	6,014,066	6,288,377	6,837,787	7,792,590	7,731,341	7,700,027
	99.27%	99.70%	99.24%	94.30%	94.46%	99.51%
	29,923	-	23,621	(32,391)	(102,441)	(66,154)
\$	<u>6,043,989</u>	<u>\$ 6,288,377</u>	<u>\$ 6,861,408</u>	<u>\$ 7,760,199</u>	<u>\$ 7,628,900</u>	<u>7,633,873</u>
	99.76%	99.70%	99.58%	93.90%	93.21%	98.65%

CITY OF JERSEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 16,126,764	\$ 15,657,447	\$ 15,280,000	\$ 18,900,000
Certificates of obligation	6,000,000	5,770,000	5,525,000	880,000
Capital leases	460,975	385,529	305,666	229,511
Premium on bonds	118,100	225,171	225,171	634,591
Subtotal	<u>22,705,839</u>	<u>22,038,147</u>	<u>21,335,837</u>	<u>20,644,102</u>
Business-Type Activities:				
Revenue bonds	700,000	-	-	-
Total Primary Government	<u>\$ 23,405,839</u>	<u>\$ 22,038,147</u>	<u>\$ 21,335,837</u>	<u>\$ 20,644,102</u>
 Personal Income	 \$ 400,472,100	 \$ 368,768,400	 \$ 311,825,640	 \$ 346,330,800
 Debt as a Percentage of Personal Income	 5.84%	 5.98%	 6.84%	 5.96%
 Population	 7,600	 7,620	 7,700	 7,785
 Debt Per Capita	 \$ 3,080	 \$ 2,892	 \$ 2,771	 \$ 2,652

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

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 17,770,000	\$ 16,570,000	\$ 15,830,000	\$ 14,440,000	\$ 13,320,000	12,175,000
605,000	310,000	8,000,000	7,320,000	6,565,000	-
777,534	396,073	-	-	-	-
586,559	538,527	490,495	925,134	830,728	736,321
<u>19,739,093</u>	<u>17,814,600</u>	<u>24,320,495</u>	<u>22,685,134</u>	<u>20,715,728</u>	<u>12,911,321</u>
-	-	-	-	-	-
<u>\$ 19,739,093</u>	<u>\$ 17,814,600</u>	<u>\$ 24,320,495</u>	<u>\$ 22,685,134</u>	<u>\$ 20,715,728</u>	<u>\$ 12,911,321</u>
\$ 346,330,800	\$ 347,500,000	\$ 348,000,000	\$ 349,000,000	\$ 378,195,480	\$ 410,008,680
5.70%	5.13%	6.99%	6.50%	5.48%	3.15%
7,862	7,901	7,898	7,928	7,929	7,970
\$ 2,511	\$ 2,255	\$ 3,079	\$ 2,861	\$ 2,613	\$ 1,620

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

	Fiscal Year			
	2009	2010	2011	2012
Net Taxable Assessed Value				
All property	\$ 819,240,368	\$ 821,372,266	\$ 827,521,523	\$ 781,184,485
Net Bonded Debt				
Gross bonded debt	\$ 22,587,739	\$ 21,812,976	\$ 21,110,666	\$ 20,009,511
Less debt service funds	(405,076)	(413,552)	(426,947)	(450,332)
Net Bonded Debt	\$ 22,182,663	\$ 21,399,424	\$ 20,683,719	\$ 19,559,179
Ratio of Net Bonded Debt To Assessed Value	2.71%	2.61%	2.50%	2.50%
Population	7,600	7,620	7,700	7,785
Net Bonded Debt Per Capita	\$ 2,919	\$ 2,808	\$ 2,686	\$ 2,512

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>\$ 815,950,255</u>	<u>\$ 852,987,081</u>	<u>\$ 927,988,047</u>	<u>\$ 1,112,987,059</u>	<u>\$ 1,102,521,149</u>	<u>\$ 1,042,196,814</u>
\$ 19,152,534 <u>(474,716)</u>	\$ 17,276,073 <u>(500,482)</u>	\$ 23,830,000 <u>(463,978)</u>	\$ 22,685,134 <u>(456,038)</u>	\$ 19,885,000 <u>(441,734)</u>	\$ 12,175,000 <u>(393,737)</u>
<u>\$ 18,677,818</u>	<u>\$ 16,775,591</u>	<u>\$ 23,366,022</u>	<u>\$ 22,229,096</u>	<u>\$ 19,443,266</u>	<u>\$ 11,781,263</u>
2.29%	1.97%	2.52%	2.00%	1.76%	1.13%
7,862	7,901	7,898	7,928	7,929	7,970
\$ 2,376	\$ 2,123	\$ 2,958	\$ 2,804	\$ 2,452	\$ 1,478

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CITY OF JERSEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
For the Year Ended September 30, 2018

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	\$ 2,764,399,447	1.440%	\$ 39,807,352
Harris County	\$ 2,112,724,361	0.419%	8,843,442
Harris County Department of Education	\$ 20,260,000	0.005%	10,130
Lone Star College District	\$ 728,215,000	0.108%	7,864,722
Harris County Flood Control District	\$ 553,820,000	0.029%	1,606,078
Port of Houston Authority	\$ 673,898,000	0.012%	808,678
Subtotal, overlapping debt			<u>58,940,401</u>
City Direct Debt	\$ 11,781,263	100.000%	<u>11,781,263</u>
Total Direct and Overlapping Debt			<u><u>\$ 70,721,664</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			
	2009	2010	2011	2012
Gross Revenues (1)	\$ 3,266,384	\$ 2,980,427	\$ 4,228,053	\$ 3,895,964
Operating Expenses (2)	\$ 2,310,652	\$ 1,844,384	\$ 2,630,168	\$ 2,750,154
Net Revenues Available for Debt Service	\$ 955,732	\$ 1,136,043	\$ 1,597,885	\$ 1,145,810
Debt Service Requirements (3)				
Principal	\$ 100,000	\$ 100,000	\$ -	\$ -
Interest	37,625	37,625	-	-
Total	\$ 137,625	\$ 137,625	\$ -	\$ -
Coverage	6.58	6.94	0.00	0.00

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 4,093,684	\$ 4,001,738	\$ 4,152,908	\$ 4,595,167	\$ 4,518,707	\$ 4,670,098
\$ 2,608,672	\$ 2,356,645	\$ 2,728,013	\$ 2,655,492	\$ 2,974,499	\$ 3,079,683
\$ 1,485,012	\$ 1,645,093	\$ 1,424,895	\$ 1,939,675	\$ 1,544,208	\$ 1,590,415
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
0.00	0.00	0.00	0.00	0.00	0.00

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CITY OF JERSEY VILLAGE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended Sep. 30	Population (1)	Personal Income (4)	Per Capita Personal Income	Median Age	School Enrollment (2)	Unemployment Rate (3)
2009	7,600	\$ 400,472,100	\$ 54,486	38.0	3,865	8.2%
2010	7,620	\$ 368,768,400	\$ 48,259	37.8	4,177	8.2%
2011	7,700	\$ 311,825,640	\$ 40,922	37.8	4,232	8.1%
2012	7,785	\$ 346,330,800	\$ 45,272	32.7	4,300	6.9%
2013	7,862	\$ 346,330,800	\$ 44,051	37.8	4,400	6.2%
2014	7,901	\$ 347,500,000	\$ 43,982	37.8	4,500	5.0%
2015	7,898	\$ 348,000,000	\$ 44,062	39.0	4,500	4.9%
2016	7,928	\$ 349,000,000	\$ 46,000	43.6	4,600	4.9%
2017	7,929	\$ 378,195,480	\$ 47,304	44.7	4,650	4.1%
2018	7,970	\$ 410,008,680	\$ 51,444	38.3	4,677	3.9%

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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CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Employer	2018			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Jersey Village High School	340	1	7.00%	270	1	10.19%
Joe Myers Toyota	223	2	6.75%	203	3	7.10%
Foundry Methodist	160	3	9.00%	124	6	4.50%
Sonic-LS Chevrolet	185	4	5.00%	192	5	6.10%
Joe Myers Ford	188	5	4.85%	143	2	7.20%
Sam's East, Inc.	170	6	3.00%	174	4	7.00%
City of Jersey Village	136	7	3.00%	146	7	3.90%
Post Elementary School	120	8	4.00%	92	8	3.56%
Champion Forest Baptist Church - JV	90	9	7.00%	135	10	0.50%
Joe Myers Mazda	56	10	2.50%	65	9	2.00%
Total	<u>1,668</u>		<u>52.10%</u>	<u>1,544</u>		<u>52.05%</u>

Source: Personnel department of each employer above

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>General Fund:</u>										
Administrative										
Administration	3	3	3	3	3	3	3	3	2	2
Information Technology	2	2	2	2	2	2	2	2	2	3
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	30	30	30	28	30	30	30	30	30	29
Fire	4	4	4	6	6	6	6	6	6	6
Communications	8	8	8	7	7	7	7	7	7	7
Public Works										
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Streets	3	3	3	3	3	3	3	3	3	3
Community Development	4	4	4	4	4	4	4	4	4	4
Fleet Services	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Parks	8	8	8	7	8	8	8	8	8	9
General Fund Total	75	75	75	73	76	76	76	76	75	76
<u>Enterprise Fund:</u>										
Utilities	5	5	5	5	5	5	5	5	5	5
Golf Course	4	4	4	4	4	4	4	4	4	3
Enterprise Fund Total	9	9	9	9	9	9	9	9	9	8
<u>Special Revenue Fund:</u>										
Police	2	2	2	2	2	1	1	-	1	1
Special Revenue Fund Total	2	2	2	2	2	1	1	-	1	1
Total City Positions	86	86	86	84	87	86	86	85	85	85

NOTES:

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			
	2009	2010	2011	2012
Police				
Physical arrests	768	684	272	814
Parking violations	70	13	67	82
Traffic violations	14,783	7,057	6,871	11,074
Fire				
Calls for service	1,055	1,065	1,138	1,634
Water				
Service calls	1,629	1,422	1,699	1,634
Water main breaks	5	1	31	15
Average daily consumption (thousands of gallons)	1137	1136	1758	1368
Total consumption (thousands of gallons)	385	415	642	499
Peak daily consumption (thousands of gallons)	1.7	2.4	3.3	3.9
Sewer				
Average daily sewage treatment (thousands of gallons)	0.2	0.2	0.2	0.2
Peak daily consumption (thousands of gallons)	0.7	0.6	0.4	0.5

Source: Various City departments

* Information is unavailable.

Fiscal Year					
2013	2014	2015	2016	2017	2018
1153	778	849	1034	919	803
30	20	47	32	26	37
11,489	9,553	9,702	11,687	7,455	11,624
1,615	1,216	1,123	1,188	1,312	1,360
1,716	2,014	211	1,641	2,295	1,989
12	4	2	4	6	2
1478	1285	1285	1265	1194	1056
540	469	469	462	466	379
3.6	4.9	4.9	3.2	1.8	3.2
0.2	0.3	0.3	0.3	0.3	0.4
0.5	0.5	0.8	0.8	0.8	0.5

CITY OF JERSEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police				
Stations	1	1	1	1
Patrol units	16	16	16	16
Fire				
Stations	1	1	1	1
Volunteers	30	37	32	33
Other public works				
Streets (miles - centerlines)	28.8	28.8	29.6	29.6
Streetlights	47	47	47	47
Traffic signals	11	11	11	11
Parks and recreation				
Parks	4	4	4	4
Parks acreage	12.1	12.1	12.1	12.1
Swimming pools	1	1	1	1
Water				
Water wells	4	4	4	4
Water mains (miles)	35.8	35.8	36.6	36.6
Fire hydrants	455	455	466	468
Storage capacity (thousands of gallons)	2,550	2,550	2,550	2,550
Sewer				
Sanitary sewers (miles)	35.2	35.2	36.2	36.2
Storm sewers (miles)	20.7	20.7	21.7	21.7
Treatment capacity (thousands of gallons)	800	800	800	800

Source: Various City departments

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
16	16	16	16	16	16
1	1	1	1	1	1
33	40	43	34	31	35
29.6	29.6	29.6	29.6	29.6	29.6
47	47	47	47	47	47
11	11	11	11	11	11
4	4	4	4	4	4
12.1	12.1	12.1	12.1	12.1	12.1
1	1	1	1	1	1
4	4	4	4	4	4
36.6	36.6	36.6	35.8	35.8	35.8
468	468	468	455	455	455
2,550	2,550	2,550	2,550	2,550	2,550
36.2	36.2	36.2	35.2	35.2	35.2
21.7	21.7	21.7	20.7	20.7	20.7
800	800	800	800	800	800

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