

*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

of the

**CITY OF JERSEY VILLAGE, TEXAS**

For the  
Year Ended  
September 30, 2012

**Officials Issuing Report:**

**Mike Castro Ph.D  
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

*Incorporated 1956*

*A Texas Star Community*

January 31, 2013

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 of the City of Jersey Village for the fiscal year ending September 30, 2012.

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

The City's financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2012 are free of 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 auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ending September 30, 2012 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As required by GAAP, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## Strategic Direction

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

**Vision.** 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 NIMS 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. The City of Jersey Village is projecting to complete the Phase III Street Project in May of 2013.

## Profile of the Government

The City, which was formed in 1956, is located 15 miles northwest of downtown Houston. As of September 30, 2012 the City had a land area of 3.58 square miles and an estimated population of approximately 7,650. 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 2003 on the continuance of the District, which resulted in an overwhelming support to maintain the District for an additional ten years.

### **Local Economy**

The Texas unemployment rate at 6.1 percent is lower than the U.S. unemployment rate of 7.4 percent. The area of Houston-Galveston-Brazoria is also lower than the State of Texas level at 5.8 percent. According to a publication from the Greater Houston Partnership, for the 12 months ending October 2012, the Houston metro area created 95,800 jobs. This represents the strongest job creation since 2007, when Houston created 95,400 jobs. Four sectors account for the bulk of that job creation this year: Leisure and Hospitality, 22,300 jobs; Education and Health Care, 18,400 jobs; Construction, 17,400 jobs; and Trade, Transportation, and Utilities, 16,900 jobs. The unemployment rates for the past three years are as follows:

	2012	2011	2010
United States	7.4%	9.0%	9.6%
Texas	6.1%	8.5%	9.1%
Jersey Village	5.8%	8.1%	8.2%

### **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.

The City government is using at this moment general fund balance to rehabilitate the paving, waterlines, and storm sewer lines along the streets in the worst condition in the City.

### **Major Initiatives**

During fiscal year 2011-2012, the City of Jersey Village began the Phase III Street Project. Unlike previous city street projects, the City did not issue any new debt to fund Phase III; instead it was funded with general fund balance. The anticipated completion date is May 2013.

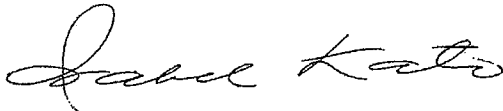
## **Certificate of Achievement**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jersey Village for its comprehensive annual financial report for the year ended September 30, 2011. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This is the fourteenth consecutive year that the City has received this prestigious award. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for compliance review.

## **Acknowledgements**

The preparation of the CAFR was made possible by the dedicated service of the entire administration. We appreciate the efforts of everyone involved. In closing, without the leadership and support of the Jersey Village Council, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in cursive script that reads "Isabel Kato". The signature is written in black ink and is positioned above the printed name and title.

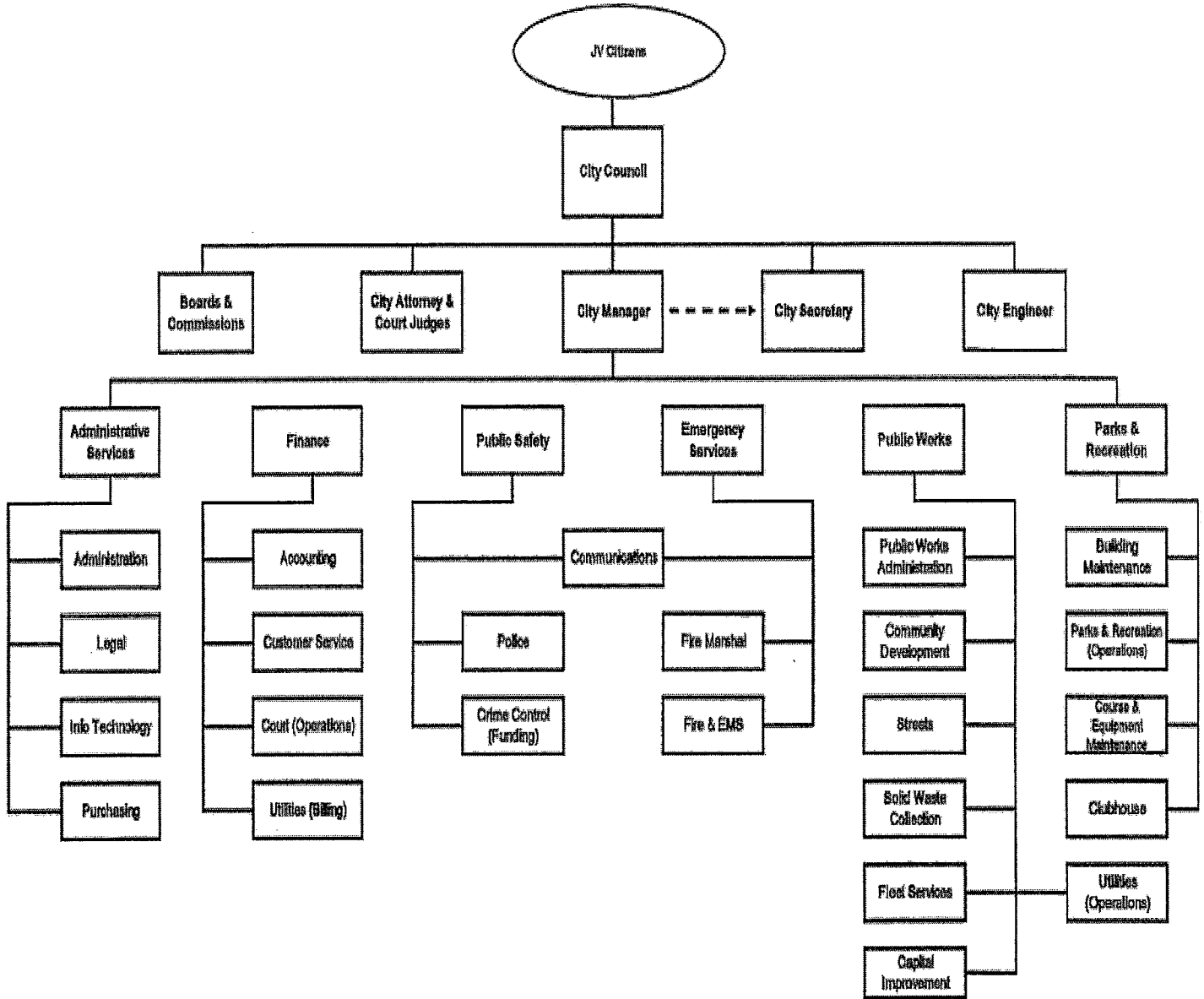
Isabel Kato  
Director of Finance

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# CITY OF JERSEY VILLAGE, TEXAS

## ORGANIZATIONAL CHART

September 30, 2012



**CITY OF JERSEY VILLAGE, TEXAS**  
*CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING*

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moville*

President

*Jeffrey R. Emer*

Executive Director

# CITY OF JERSEY VILLAGE, TEXAS

## PRINCIPAL OFFICIALS

September 30, 2012

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Russell Hamley	Mayor	05/2013
Justin Ray	Council Member	05/2014
Rod Erskine	Council Member	05/2013
Harry Beckwith III, PE	Council Member	05/2013
Jill Klein	Council Member	05/2014
Sheri Sheppard	Council Member	05/2014

<u>Key Staff</u>	<u>Position</u>
Mike Castro	City Manager
Lorri Coody	City Secretary
Robert J. Gervais	City Attorney
Michael Brown	Parks and Recreation Director
Mark Bitz	Fire Chief
Isabel Kato	Finance Director
Charles E. Foester	Police Chief
Ismael Segundo	Director of Public Works

***FINANCIAL SECTION***

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## *INDEPENDENT AUDITORS' REPORT*

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

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 September 30, 2012 and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, the budgetary comparisons, and schedule of funding progress, identified as Required Supplementary Information on the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

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 a required part of the basic financial statements. The combining fund 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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  
January 31, 2013

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

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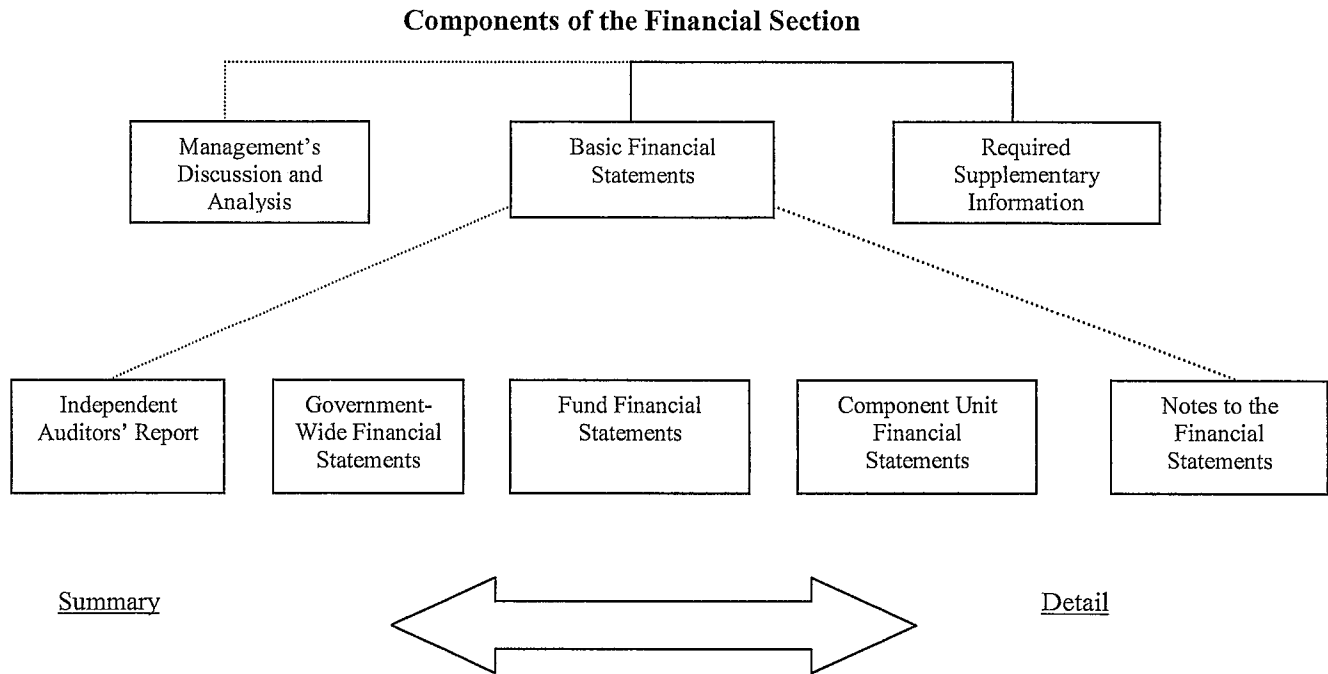
# CITY OF JERSEY VILLAGE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended September 30, 2012

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, 2012. 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 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 Assets 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.

**CITY OF JERSEY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For The Year Ended September 30, 2012

The government-wide financial statements include not only the City of Jersey Village 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 Statement of Net Assets presents information on all of the City's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net assets changed during the most recent year. All changes in the net assets 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 Assets and the Statement of Activities divide the City into two classes of activities:

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

The government-wide financial statements 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*.

**CITY OF JERSEY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For The Year Ended September 30, 2012

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service, capital project, and red light camera funds which are considered to be major funds. 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 and the Jersey Meadows Golf Course. The proprietary fund financial statements provide separate information for the utility and the golf course.

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 that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and red light camera fund, as well as the schedule of funding progress for Texas Municipal Retirement System. RSI can be found after the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$61,341,070 as of September 30, 2012.

The largest portion of the City's net assets, 68 percent, reflects its investments in capital assets (e.g., land, buildings, equipments, 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, 2012

**Statement of Net Assets:**

The following table reflects the condensed Statement of Net Assets:

**SUMMARY OF STATEMENT OF NET ASSETS**

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 17,920,523	\$ 17,761,300	\$ 4,993,670	\$ 4,605,322	\$ 22,914,193	\$ 22,366,622
Capital assets, net	43,475,234	41,230,360	18,085,993	17,991,847	61,561,227	59,222,207
<b>Total Assets</b>	<b>61,395,757</b>	<b>58,991,660</b>	<b>23,079,663</b>	<b>22,597,169</b>	<b>84,475,420</b>	<b>81,588,829</b>
Long-term liabilities	20,330,689	21,675,224	97,528	107,521	20,428,217	21,782,745
Other liabilities	2,232,817	1,058,586	473,316	214,977	2,706,133	1,273,563
<b>Total Liabilities</b>	<b>22,563,506</b>	<b>22,733,810</b>	<b>570,844</b>	<b>322,498</b>	<b>23,134,350</b>	<b>23,056,308</b>
Net Assets:						
Invested in capital assets, net of related debt	23,508,261	25,644,695	18,085,993	17,991,847	41,594,254	43,636,542
Restricted	7,298,473	1,706,438	-	-	7,298,473	1,706,438
Unrestricted	8,025,517	8,906,717	4,422,826	4,282,824	12,448,343	13,189,541
<b>Total Net Assets</b>	<b>\$ 38,832,251</b>	<b>\$ 36,257,850</b>	<b>\$ 22,508,819</b>	<b>\$ 22,274,671</b>	<b>\$ 61,341,070</b>	<b>\$ 58,532,521</b>

A portion of the City's net assets, \$7,298,473 or 12 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$12,448,343 or 20 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$2,808,549 during the current fiscal year, an increase of five percent in comparison to the prior year. This increase is largely the result of an increase in sales taxes due to a better economy.



**CITY OF JERSEY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For The Year Ended September 30, 2012

**Statement of Activities:**

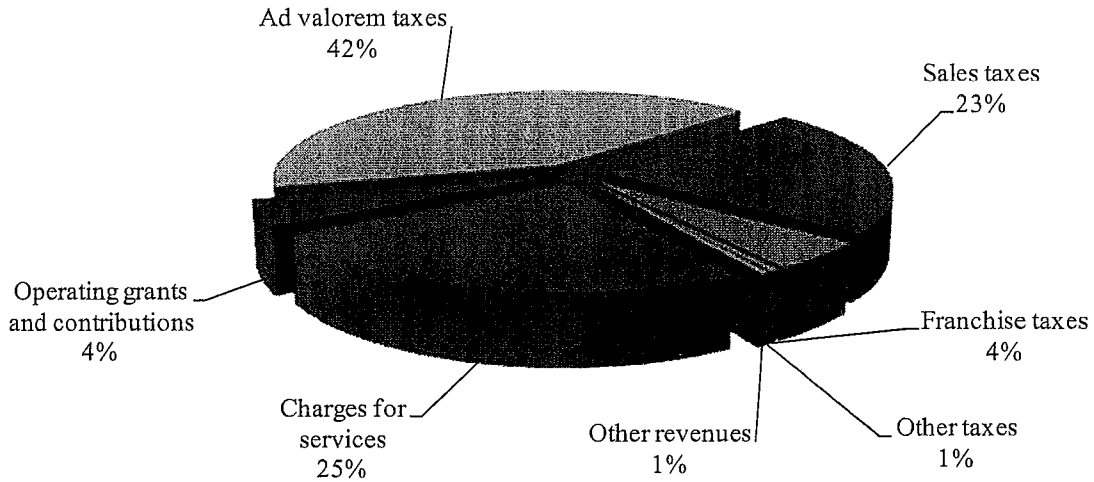
The following table provides a summary of the City's changes in net assets:

	CHANGES IN NET ASSETS					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,302,771	\$ 2,738,557	\$ 5,360,680	\$ 5,608,010	\$ 8,663,451	\$ 8,346,567
Operating grants and contributions	609,286	1,118,822	-	-	609,286	1,118,822
General revenues:						
Ad valorem taxes	5,511,884	6,099,750	-	-	5,511,884	6,099,750
Sales taxes	3,035,624	2,565,651	-	-	3,035,624	2,565,651
Franchise taxes	666,253	667,970	-	-	666,253	667,970
Other taxes	69,032	49,584	-	-	69,032	49,584
Investment earnings	20,768	23,718	2,069	2,657	22,837	26,375
Other revenues	65,089	172,696	-	-	65,089	172,696
<b>Total Revenues</b>	<u>13,280,707</u>	<u>13,436,748</u>	<u>5,362,749</u>	<u>5,610,667</u>	<u>18,643,456</u>	<u>19,047,415</u>
<b>Expenses</b>						
General government	1,979,509	1,852,750	-	-	1,979,509	1,852,750
Public safety	5,221,610	5,038,540	-	-	5,221,610	5,038,540
Public works	2,929,708	2,460,625	-	-	2,929,708	2,460,625
Parks and recreation	163,273	197,711	-	-	163,273	197,711
Interest and fiscal agent fees on long-term debt	850,924	1,025,458	-	-	850,924	1,025,458
Water and sewer systems	-	-	3,040,413	2,798,185	3,040,413	2,798,185
Golf course	-	-	1,649,470	1,740,698	1,649,470	1,740,698
<b>Total Expenses</b>	<u>11,145,024</u>	<u>10,575,084</u>	<u>4,689,883</u>	<u>4,538,883</u>	<u>15,834,907</u>	<u>15,113,967</u>
<b>Increase (Decrease) in Net Assets     Before Transfers</b>	2,135,683	2,861,664	672,866	1,071,784	2,808,549	3,933,448
Transfers	438,718	434,601	(438,718)	(434,601)	-	-
<b>Change in Net Assets</b>	2,574,401	3,296,265	234,148	637,183	2,808,549	3,933,448
Beginning net assets	36,257,850	32,961,585	22,274,671	21,637,488	58,532,521	54,599,073
<b>Ending Net Assets</b>	<u>\$ 38,832,251</u>	<u>\$ 36,257,850</u>	<u>\$ 22,508,819</u>	<u>\$ 22,274,671</u>	<u>\$ 61,341,070</u>	<u>\$ 58,532,521</u>

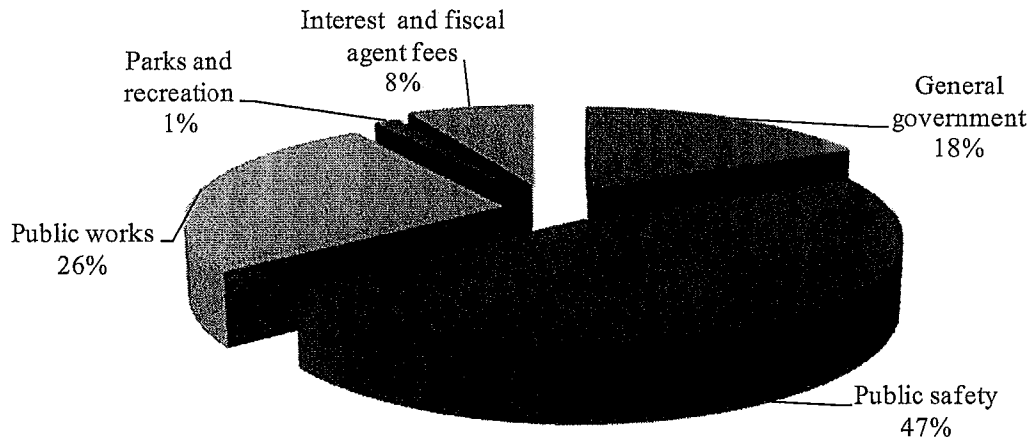
**CITY OF JERSEY VILLAGE, TEXAS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For The Year Ended September 30, 2012

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

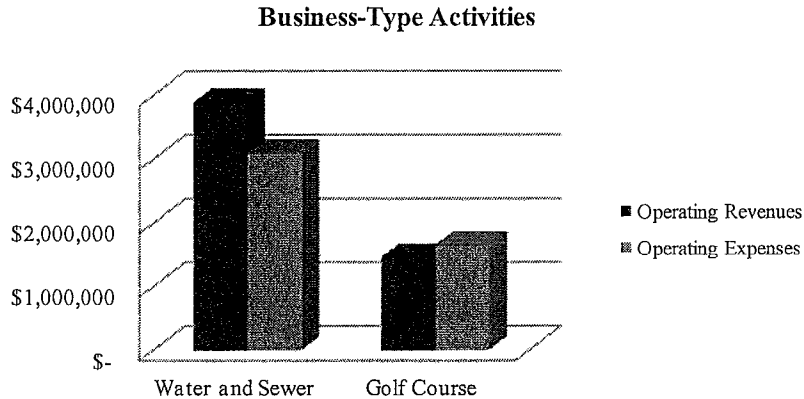
**Governmental Revenues**



**Governmental Expenses**



**CITY OF JERSEY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For The Year Ended September 30, 2012



For the year ended September 30, 2012, revenues from governmental activities totaled \$13,280,707. Overall, governmental revenues decreased slightly from the prior year. The City's property tax revenue decreased ten percent due to a decline in assessed property values. The decrease in the City's property tax revenue was offset by an increase in sales tax revenue of 18 percent due to a better economy. Operating grants and contributions decreased 46 percent due to more revenue being contributed for capital projects in the prior year.

For the year ended September 30, 2012, expenses for governmental activities totaled \$11,145,024, which is a slight increase from the prior year due to an overall increase in payroll expenses and repairs and maintenance.

Operating revenues for business-type activities decreased from the prior year. Charges for services decreased \$247,330 or four percent due to less water consumption in the current year. Operating expenses for business-type activities increased by three percent due to increases in water and sewer systems maintenance and repairs, as well as costs for water supply.

**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 \$13,029,055. Of the total governmental fund balance \$7,258,811 is restricted for various purposes and \$5,770,244 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 \$5,770,244, while total fund balance reached \$5,794,541. 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 and total fund balance represent 74.6 percent and 74.9 percent of total general fund expenditures, respectively. The general fund demonstrated an overall decrease of \$5,086,283 as a result of transferring money to other funds for capital projects.

The debt service fund has a total fund balance of \$450,332, all of which is restricted for the payment of debt service. After the issuance of debt for a current and advance bond refunding, the net increase in fund balance was \$23,385.

**CITY OF JERSEY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For The Year Ended September 30, 2012

The capital projects fund experienced an increase in fund balance of \$3,552,775 due to transfers from other funds to fund future capital projects.

The red light camera fund experienced an increase in fund balance of \$793,852 due to revenue collected from fines.

*Proprietary Funds* – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There had been a planned decrease in budgeted fund balance in the amount of \$6,731,256 in the general fund. However, the net decrease in fund balance was \$5,086,283, resulting in a positive variance of \$1,644,973 from the amended budget.

Actual general fund revenues exceeded original and amended revenues by \$650,079 during 2012. This net positive variance includes the positive variances of \$141,260 for fine revenues and \$600,624 for sales taxes.

Actual expenditures were less than budgeted amounts by \$845,759 for the fiscal year. The greatest positive variance was in police as a result of less payroll expenditures than expected.

**CAPITAL ASSETS**

At the end of year 2012, the City's governmental activities funds had invested \$43,475,234 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$2,244,874.

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

- Construction in progress for public works of \$2,886,556

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 \$20,009,511. Of this amount, \$18,900,000 was general obligation bonds, \$880,000 was certificates of obligation, and \$229,511 represented capital leases.

During the year, the City had a decrease in the overall long-term debt of \$1,101,154, which includes redemption of revenue bonds at year end.

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

**CITY OF JERSEY VILLAGE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended September 30, 2012**

Current underlying ratings on debt issues are as follows:

	<b>Moody's Investors Service</b>	<b>Standard and Poor's</b>
Certificates of Obligation	A3	AA
General obligation bonds	A2	AA

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

According to the annual economic forecast by the Greater Houston Partnership published by the Houston Chronicle on January 2013, the Houston economy in 2013 will still have modest growth due to another year of robust oil prices, strong export demand and seemingly never ending increase in population. The Houston area economy is expected to add 76,000 jobs next year, which represents a 2.8% year-over-year gain.

Revenue for the fiscal year 2012-2013 is projected to stay flat when compared to fiscal year 2011-2012, except property taxes. The general fund portion of the property tax revenues is estimated to be approximately 3.9 million, an increase of 8% when compared to the previous year. This increase was due to the increase in assessment values of the multifamily properties in the tax roll which is the result of falling home ownership and the growing market of renters. The ad valorem tax rate continues at .7425 cents per hundred dollar assessed valuation. Of this tax rate, 48.566 cents is utilized for maintenance and operation activities of the general fund, and the remaining amount 25.684 cents is used for the debt service fund. The City's portion of the sales tax rate is one and one-half cents, with an additional half-cent for Crime Control and Prevention. The general fund receives one and one-half cent with the additional half cent as an instrument for property tax reduction.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Isabel Kato, Finance Director, 16501 Jersey Drive, Jersey Village, TX, 77040, telephone 713-466-2104, or for general City information, visit the City's website at [www.ci.jersey-village.tx.us](http://www.ci.jersey-village.tx.us).

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***BASIC FINANCIAL STATEMENTS***

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# CITY OF JERSEY VILLAGE, TEXAS

## STATEMENT OF NET ASSETS

September 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Jersey Village Crime Control
<b><u>Assets</u></b>				
Cash and equity in pooled cash and investments	\$ 19,487,784	\$ 1,627,500	\$ 21,115,284	\$ 1,244,281
Receivables, net of allowances	1,023,867	428,743	1,452,610	184,703
Internal balances	(2,893,590)	2,893,590	-	-
Inventory	-	43,837	43,837	-
Deferred charges	302,462	-	302,462	-
Capital assets:				
Non-depreciable capital assets	5,343,011	1,365,361	6,708,372	-
Depreciable capital assets, net	38,132,223	16,720,632	54,852,855	-
<b>Total Assets</b>	<b>61,395,757</b>	<b>23,079,663</b>	<b>84,475,420</b>	<b>1,428,984</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	2,201,017	365,609	2,566,626	-
Customer deposits	-	101,701	101,701	-
Accrued bond interest	31,800	-	31,800	-
Unearned revenue	-	6,006	6,006	-
Noncurrent liabilities:				
Due within one year	1,622,560	39,012	1,661,572	-
Due in more than one year	18,708,129	58,516	18,766,645	-
<b>Total Liabilities</b>	<b>22,563,506</b>	<b>570,844</b>	<b>23,134,350</b>	<b>-</b>
<b><u>Net Assets</u></b>				
Invested in capital assets, net of related debt	23,508,261	18,085,993	41,594,254	-
Restricted for:				
Capital projects	4,204,651	-	4,204,651	-
Debt service	489,994	-	489,994	-
Park improvements	1,198	-	1,198	-
Tourism	630,487	-	630,487	-
Public safety	1,752,673	-	1,752,673	-
Court technology	219,470	-	219,470	-
Crime control	-	-	-	1,428,984
Unrestricted	8,025,517	4,422,826	12,448,343	-
<b>Total Net Assets</b>	<b>\$ 38,832,251</b>	<b>\$ 22,508,819</b>	<b>\$ 61,341,070</b>	<b>\$ 1,428,984</b>

See Notes to Financial Statements.

# CITY OF JERSEY VILLAGE, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
<b>Governmental Activities</b>			
General government	\$ 1,979,509	\$ -	\$ -
Public safety	5,221,610	3,090,178	609,286
Public works	2,929,708	-	-
Parks and recreation	163,273	212,593	-
Interest on long-term debt	850,924	-	-
<b>Total Governmental Activities</b>	<b>11,145,024</b>	<b>3,302,771</b>	<b>609,286</b>
<b>Business-type Activities</b>			
Utility	3,040,413	3,894,131	-
Golf course	1,649,470	1,466,549	-
<b>Total Business-Type Activities</b>	<b>4,689,883</b>	<b>5,360,680</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 15,834,907</b>	<b>\$ 8,663,451</b>	<b>\$ 609,286</b>
<b>Component unit</b>			
Jersey Village Crime Control	\$ 587,230	\$ -	\$ -
	<b>\$ 587,230</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

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

**Total General Revenues and Transfers**

**Change in Net Assets**

Beginning net assets

**Ending Net Assets**

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Jersey Village Crime Control
\$ (1,979,509)	\$ -	\$ (1,979,509)	\$ -
(1,522,146)	-	(1,522,146)	-
(2,929,708)	-	(2,929,708)	-
49,320	-	49,320	-
(850,924)	-	(850,924)	-
<u>(7,232,967)</u>	<u>-</u>	<u>(7,232,967)</u>	<u>-</u>
-	853,718	853,718	-
-	<u>(182,921)</u>	<u>(182,921)</u>	<u>-</u>
-	670,797	670,797	-
<u>(7,232,967)</u>	<u>670,797</u>	<u>(6,562,170)</u>	<u>-</u>
-	-	-	(587,230)
-	-	-	<u>(587,230)</u>
5,511,884	-	5,511,884	-
3,035,624	-	3,035,624	962,045
666,253	-	666,253	-
69,032	-	69,032	-
20,768	2,069	22,837	1,435
65,089	-	65,089	-
438,718	<u>(438,718)</u>	<u>-</u>	<u>-</u>
<u>9,807,368</u>	<u>(436,649)</u>	<u>9,370,719</u>	<u>963,480</u>
2,574,401	234,148	2,808,549	376,250
<u>36,257,850</u>	<u>22,274,671</u>	<u>58,532,521</u>	<u>1,052,734</u>
<u>\$ 38,832,251</u>	<u>\$ 22,508,819</u>	<u>\$ 61,341,070</u>	<u>\$ 1,428,984</u>

# CITY OF JERSEY VILLAGE, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2012

	General	Debt Service	Capital Projects	Red Light Camera
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 6,460,582	\$ 434,531	\$ 7,568,106	\$ 444,653
Receivables, net	902,392	102,128	-	-
Due from other funds	457,000	15,802	-	2,560,000
<b>Total Assets</b>	<b>\$ 7,819,974</b>	<b>\$ 552,461</b>	<b>\$ 7,568,106</b>	<b>\$ 3,004,653</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 524,295	\$ -	\$ 3,179	\$ 1,353,193
Retainage payable	-	-	306,352	-
Due to other funds	1,334,378	-	3,066,425	-
Deferred revenue	166,760	102,129	-	-
<b>Total Liabilities</b>	<b>2,025,433</b>	<b>102,129</b>	<b>3,375,956</b>	<b>1,353,193</b>
Fund Balances:				
Restricted:				
Debt service	-	450,332	-	-
Capital purchases	-	-	4,192,150	-
Park improvements	1,198	-	-	-
Tourism	-	-	-	-
Public safety	23,099	-	-	1,651,460
Court technology	-	-	-	-
Unassigned	5,770,244	-	-	-
<b>Total Fund Balances</b>	<b>5,794,541</b>	<b>450,332</b>	<b>4,192,150</b>	<b>1,651,460</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,819,974</b>	<b>\$ 552,461</b>	<b>\$ 7,568,106</b>	<b>\$ 3,004,653</b>

Amounts reported for governmental activities in the Statement of Net Assets are different, because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, non-depreciable

Capital assets, net depreciable

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

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 Assets.

Current assets and liabilities net of capital leases

Capital assets, net depreciable

Capital leases

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable

Non-current liabilities due in one year

Non-current liabilities due in more than one year

Deferred charges for bond issuance costs

**Net Assets of Governmental Activities**

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ 763,724	\$ 15,671,596
19,347	1,023,867
212,501	3,245,303
<u>\$ 995,572</u>	<u>\$ 19,940,766</u>

\$ -	\$ 1,880,667
-	306,352
55,000	4,455,803
-	268,889
<u>55,000</u>	<u>6,911,711</u>

-	450,332
12,501	4,204,651
-	1,198
630,487	630,487
78,114	1,752,673
219,470	219,470
-	5,770,244
<u>940,572</u>	<u>13,029,055</u>
<u>\$ 995,572</u>	

5,343,011  
37,178,317

268,889

2,119,100  
953,906  
(229,511)

(31,800)  
(1,550,486)  
(18,550,692)

302,462  
\$ 38,832,251

# CITY OF JERSEY VILLAGE, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

For the Year Ended September 30, 2012

	General	Debt Service	Capital Projects	Red Light Camera
<b>Revenues</b>				
Ad valorem taxes	\$ 3,628,754	\$ 2,196,740	\$ -	\$ -
Sales taxes	3,035,624	-	-	-
Franchise taxes	666,253	-	-	-
Other taxes	-	-	-	-
Permits, licenses, and fees	131,129	-	-	-
Fines and forfeitures	813,260	-	-	2,101,507
Charges for services	212,593	-	-	-
Intergovernmental	609,286	-	-	-
Investment earnings	14,510	543	1,383	-
Other revenue	46,432	-	-	-
<b>Total Revenues</b>	<b>9,157,841</b>	<b>2,197,283</b>	<b>1,383</b>	<b>2,101,507</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,659,613	-	-	-
Public safety	3,590,751	-	-	1,307,655
Public works	1,955,080	-	3,348,608	-
Parks and recreation	530,295	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	1,235,000	-	-
Interest and fiscal agent fees	-	872,616	-	-
Advance refunding escrow	-	135,000	-	-
Issuance costs	-	159,959	-	-
<b>Total Expenditures</b>	<b>7,735,739</b>	<b>2,402,575</b>	<b>3,348,608</b>	<b>1,307,655</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,422,102</b>	<b>(205,292)</b>	<b>(3,347,225)</b>	<b>793,852</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	385,000	68,718	6,900,000	-
Transfers (out)	(6,900,000)	-	-	-
Bond issuance	-	9,050,000	-	-
Premium	-	492,088	-	-
Payment to refunded bond escrow agent	-	(9,382,129)	-	-
Sale of capital assets	6,615	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(6,508,385)</b>	<b>228,677</b>	<b>6,900,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(5,086,283)</b>	<b>23,385</b>	<b>3,552,775</b>	<b>793,852</b>
Beginning fund balances	10,880,824	426,947	639,375	857,608
<b>Ending Fund Balances</b>	<b>\$ 5,794,541</b>	<b>\$ 450,332</b>	<b>\$ 4,192,150</b>	<b>\$ 1,651,460</b>

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ 5,825,494
-	3,035,624
-	666,253
69,032	69,032
-	131,129
44,282	2,959,049
-	212,593
-	609,286
776	17,212
12,042	58,474
126,132	13,584,146
111,954	1,771,567
76,725	4,975,131
-	5,303,688
-	530,295
264,013	264,013
-	1,235,000
-	872,616
-	135,000
-	159,959
452,692	15,247,269
(326,560)	(1,663,123)
-	7,353,718
(15,000)	(6,915,000)
-	9,050,000
-	492,088
-	(9,382,129)
-	6,615
(15,000)	605,292
(341,560)	(1,057,831)
1,282,132	14,086,886
\$ 940,572	\$ 13,029,055

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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, 2012

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

Net changes in fund balances - total governmental funds	\$	(1,057,831)
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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.

Capital asset expenditures		3,499,147
Depreciation expense		(1,254,273)

The issuance of long-term debt (e.g., bonds, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Bond issuance		(9,050,000)
Bonds refunded		8,840,000
Capital lease payments		76,154
Principal payments		1,235,000
Amortization of bond issuance costs, premiums, and discounts		345,000

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		(313,610)
---	--	-----------

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.		15,334
---	--	--------

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.		239,480
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<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>2,574,401</u></b>
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See Notes to Financial Statements.

# CITY OF JERSEY VILLAGE, TEXAS

## STATEMENT OF NET ASSETS (Page 1 of 2)

### PROPRIETARY FUNDS

September 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 1,480,747	\$ 146,753	\$ 1,627,500	\$ 3,816,188
Accounts receivable, net	428,743	-	428,743	-
Inventory	-	43,837	43,837	-
Due from other funds	1,505,000	540,400	2,045,400	-
<b>Total Current Assets</b>	<b>3,414,490</b>	<b>730,990</b>	<b>4,145,480</b>	<b>3,816,188</b>
Noncurrent assets:				
Capital assets:				
Land	445,240	915,000	1,360,240	-
Construction in process	5,121	-	5,121	-
Buildings and improvements	511,160	5,788,239	6,299,399	-
Furniture and equipment	973,919	652,886	1,626,805	5,044,474
Water and sewer system	19,203,265	-	19,203,265	-
Less: accumulated depreciation	(6,172,966)	(4,235,871)	(10,408,837)	(4,090,568)
<b>Total Capital Assets (Net)</b>	<b>14,965,739</b>	<b>3,120,254</b>	<b>18,085,993</b>	<b>953,906</b>
<b>Total Noncurrent Assets</b>	<b>14,965,739</b>	<b>3,120,254</b>	<b>18,085,993</b>	<b>953,906</b>
<b>Total Assets</b>	<b>\$ 18,380,229</b>	<b>\$ 3,851,244</b>	<b>\$ 22,231,473</b>	<b>\$ 4,770,094</b>

See Notes to Financial Statements.

# CITY OF JERSEY VILLAGE, TEXAS

## STATEMENT OF NET ASSETS (Page 2 of 2)

### PROPRIETARY FUNDS

September 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 313,280	\$ 52,329	\$ 365,609	\$ 13,998
Customer deposits	101,332	369	101,701	-
Compensated absences	19,779	19,233	39,012	-
Capital lease	-	-	-	72,074
Unearned revenue	-	6,006	6,006	-
Due to other funds	300,000	-	300,000	534,900
	<b>Total Current Liabilities</b>	<b>77,937</b>	<b>812,328</b>	<b>620,972</b>
Noncurrent liabilities:				
Compensated absences	29,668	28,848	58,516	-
Capital lease due in more than one year	-	-	-	157,437
	<b>Total Noncurrent Liabilities</b>	<b>28,848</b>	<b>58,516</b>	<b>157,437</b>
	<b>Total Liabilities</b>	<b>106,785</b>	<b>870,844</b>	<b>778,409</b>
<b><u>Net Assets</u></b>				
Invested in capital assets, net of related debt	14,965,739	3,120,254	18,085,993	796,469
Unrestricted	2,650,431	624,205	3,274,636	3,195,216
	<b>Total Net Assets</b>	<b>3,744,459</b>	<b>21,360,629</b>	<b>3,991,685</b>

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

1,148,190

Total Net Assets per Government-Wide Financial Statements.

**\$ 22,508,819**

See Notes to Financial Statements.

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# CITY OF JERSEY VILLAGE, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended September 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
<b><u>Operating Revenues</u></b>				
Charges for sales and services	\$ 3,834,861	\$ 1,466,454	\$ 5,301,315	\$ 714,105
Other revenues	59,270	95	59,365	-
<b>Total Operating Revenues</b>	<b>3,894,131</b>	<b>1,466,549</b>	<b>5,360,680</b>	<b>714,105</b>
<b><u>Operating Expenses</u></b>				
Costs of sales and services	2,386,853	583,669	2,970,522	17,764
Personnel	363,301	766,911	1,130,212	-
Depreciation	346,502	298,890	645,392	345,198
<b>Total Operating Expenses</b>	<b>3,096,656</b>	<b>1,649,470</b>	<b>4,746,126</b>	<b>362,962</b>
<b>Operating Income (Loss)</b>	<b>797,475</b>	<b>(182,921)</b>	<b>614,554</b>	<b>351,143</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment earnings	1,833	236	2,069	3,556
Interest expense	-	-	-	(17,970)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,833</b>	<b>236</b>	<b>2,069</b>	<b>(14,414)</b>
<b>Income (Loss) Before Transfers</b>	<b>799,308</b>	<b>(182,685)</b>	<b>616,623</b>	<b>336,729</b>
Transfers (out)	(438,718)	-	(438,718)	-
<b>Change in Net Assets</b>	<b>360,590</b>	<b>(182,685)</b>	<b>177,905</b>	<b>336,729</b>
Beginning Net Assets	17,255,580	3,927,144		3,654,956
<b>Ending Net Assets</b>	<b>\$ 17,616,170</b>	<b>\$ 3,744,459</b>		<b>\$ 3,991,685</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			56,243	
Change in Net Assets of Business-Type Activities			<b>\$ 234,148</b>	

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, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 3,243,224	\$ 1,504,687	\$ 4,747,911	\$ 714,105
Payments to suppliers	(2,230,430)	(706,606)	(2,937,036)	358,505
Payments to employees	(357,694)	(776,456)	(1,134,150)	-
<b>Net Cash Provided by Operating Activities</b>	<b>655,100</b>	<b>21,625</b>	<b>676,725</b>	<b>1,072,610</b>
<b><u>Cash Flows from Noncapital</u></b>				
<b><u>Financing Activities</u></b>				
Transfer to other funds	(438,718)	-	(438,718)	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(438,718)</b>	<b>-</b>	<b>(438,718)</b>	<b>-</b>
<b><u>Cash Flows from Capital and Related</u></b>				
<b><u>Financing Activities</u></b>				
Acquisition and construction of capital assets	(662,463)	(77,075)	(739,538)	(318,269)
Principal paid on capital lease	-	-	-	(67,935)
Interest paid on capital debt	-	-	-	(17,970)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(662,463)</b>	<b>(77,075)</b>	<b>(739,538)</b>	<b>(404,174)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest received	1,833	236	2,069	3,556
<b>Net Cash Provided by Investing Activities</b>	<b>1,833</b>	<b>236</b>	<b>2,069</b>	<b>3,556</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(444,248)</b>	<b>(55,214)</b>	<b>(499,462)</b>	<b>671,992</b>
Beginning cash and cash equivalents	1,924,995	201,967	2,126,962	3,144,196
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 1,480,747</b>	<b>\$ 146,753</b>	<b>\$ 1,627,500</b>	<b>\$ 3,816,188</b>

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, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Golf Course	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 797,475	\$ (182,921)	\$ 614,554	\$ 351,143
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	346,502	298,890	645,392	345,198
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Accounts receivable	99,424	22,957	122,381	-
Inventory	-	16,385	16,385	-
Due from other funds	(750,331)	(120,000)	(870,331)	-
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable and accrued liabilities	256,424	(2,937)	253,487	6,269
Customer deposits	6,056	-	6,056	-
Compensated absence	(449)	(9,545)	(9,994)	-
Unearned revenue	-	(1,204)	(1,204)	-
Due to other funds	(100,001)	-	(100,001)	370,000
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 655,100</b>	<b>\$ 21,625</b>	<b>\$ 676,725</b>	<b>\$ 1,072,610</b>

See Notes to Financial Statements.

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# **CITY OF JERSEY VILLAGE, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

For The Year Ended September 30, 2012

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

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

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

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

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

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

#### **Discretely Presented Component Unit**

##### **Jersey Village Crime Control and Prevention District**

The Jersey Village Crime Control and Prevention District (the "District") has been included in the reporting entity as a discretely presented component unit. The District is a not-for-profit entity created to provide additional crime control and prevention to the City. The District's Board of Directors is appointed by and serves at the discretion of City Council. The City Council approves the District's budget and its operations are reported in a single governmental fund. The District does not issue separate financial statements. A sales and use tax of one half of one percent is levied to fund the District's budget.

# **CITY OF JERSEY VILLAGE, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

For The Year Ended September 30, 2012

### **B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 for support.

### **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, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

### **D. Basis of Presentation – Fund Financial Statements**

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

The City reports the following governmental funds:

#### **1. Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

##### **General Fund**

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

##### **Special Revenue Funds**

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 restricted court fee funds. The red light camera fund is included as a major fund. The red light camera fund accounts for activities related to red light camera fines and fees collected by the company contracted for the enforcement of such violations.

# **CITY OF JERSEY VILLAGE, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For The Year Ended September 30, 2012**

### **Debt Service Fund**

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.

### **Capital Projects Fund**

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

The City reports the following proprietary funds:

## **2. Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The proprietary fund types used by the City include the following:

### **Enterprise Funds**

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

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

Additionally, the government reports the following proprietary fund types:

### **Internal Service Funds**

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.

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide Statements of Net Assets and Statements of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Government-wide and proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus which is the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in the net assets presented in the government-wide financial statements.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due.

Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

### F. Assets, Liabilities, and Net Assets or Fund Equity

#### 1. Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and funds in a privately managed public funds investment pool (“TexPool”). 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.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with

# **CITY OF JERSEY VILLAGE, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

**For The Year Ended September 30, 2012**

the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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
- Fully collateralized certificates of deposit
- Mutual funds of a specific type
- Statewide investment pools

### **2. Receivables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are reported as nonspendable in the governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

### **Property taxes**

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

### **3. Inventories and Prepaid Items**

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

### **4. Capital Assets**

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

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

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 units, 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. 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 and 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.

### 6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Assets. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs 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. Issuance costs are reported as deferred charges.

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

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.

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

### 7. Fund Equity

Fund balances of governmental funds are classified as follows:

**Nonspendable** – represents amounts that cannot be spent because they are either not in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as principal of a permanent fund).

**Restricted** – represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

**Committed** – represents amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The commitment must be made prior to year end.

**Assigned** – represents amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. Assignments can be made at any time.

**Unassigned** – represents amounts that are available for any purpose. Positive amounts are reported only in the general fund. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

### 8. Post Employment Healthcare Benefits

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

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### 9. Estimates

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

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget as defined by the charter is the department level in the general fund and all others are the fund level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended. 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 restricted fee fund, asset forfeiture fund, and red light camera fund are all special revenue funds that have adopted budgets.

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

As of September 30, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 21,511,823	0.00
Total fair value	<u>\$ 21,511,823</u>	
Portfolio weighted average maturity		0.00

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

*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, 2012, 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.



# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### TexPool

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

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

### **B. Receivables**

The following comprise receivable balances at year end:

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor</b>
Ad valorem taxes	\$ 581,856	\$ 103,800	\$ -
Other taxes	169,481	-	-
Intergovernmental	2,135	-	-
Other	173,130	-	19,347
Less allowance	(24,210)	(1,672)	-
<b>Total</b>	<b>\$ 902,392</b>	<b>\$ 102,128</b>	<b>\$ 19,347</b>
	<b>Water and Sewer</b>	<b>Component Unit</b>	
Other taxes	\$ -	\$ 184,703	
Accounts	540,639	-	
Less allowance	(111,896)	-	
<b>Total</b>	<b>\$ 428,743</b>	<b>\$ 184,703</b>	

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### C. Capital Assets

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

A summary of changes in capital assets for the year end were as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,956,455	\$ -	\$ -	\$ 1,956,455
Construction in progress	500,000	2,886,556	-	3,386,556
Total capital assets not being depreciated	2,456,455	2,886,556	-	5,343,011
Other capital assets:				
Buildings and improvements	8,117,257	191,982	-	8,309,239
Machinery and equipment	6,516,150	420,609	-	6,936,759
Infrastructure	38,316,015	-	-	38,316,015
Total other capital assets	52,949,422	612,591	-	53,562,013
Less accumulated depreciation for:				
Buildings and improvements	(3,315,311)	(228,690)	-	(3,544,001)
Machinery and equipment	(5,035,036)	(501,653)	-	(5,536,689)
Infrastructure	(5,825,170)	(523,930)	-	(6,349,100)
Total accumulated depreciation	(14,175,517)	(1,254,273)	-	(15,429,790)
Other capital assets, net	38,773,905	(641,682)	-	38,132,223
<b>Totals</b>	\$ 41,230,360	\$ 2,244,874	\$ -	43,475,234
			Less associated debt	(19,966,973)
			<b>Invested in Capital Assets, Net of Related Debt</b>	<b>\$ 23,508,261</b>

Depreciation was charged to governmental functions as follows:

General government	\$ 58,511
Public safety	235,238
Public works	553,858
Parks and recreation	61,468
Capital assets held by the City's internal service fund are charged to various functions based on their usage of the assets	345,198
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 1,254,273</b>

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,360,240	\$ -	\$ -	\$ 1,360,240
Construction in progress	5,121	-	-	5,121
Total capital assets not being depreciated	<u>1,365,361</u>	<u>-</u>	<u>-</u>	<u>1,365,361</u>
Other capital assets:				
Buildings	6,143,060	156,339	-	6,299,399
Water and sewer system	18,739,039	464,226	-	19,203,265
Machinery and equipment	1,507,832	118,973	-	1,626,805
Total other capital assets	<u>26,389,931</u>	<u>739,538</u>	<u>-</u>	<u>27,129,469</u>
Less accumulated depreciation for:				
Buildings	(3,564,117)	(565,875)	-	(4,129,992)
Water and sewer system	(5,139,576)	(38,217)	-	(5,177,793)
Machinery and equipment	(1,059,752)	(41,300)	-	(1,101,052)
Total accumulated depreciation	<u>(9,763,445)</u>	<u>(645,392)</u>	<u>-</u>	<u>(10,408,837)</u>
Other capital assets, net	<u>16,626,486</u>	<u>94,146</u>	<u>-</u>	<u>16,720,632</u>
<b>Totals</b>	<u>\$ 17,991,847</u>	<u>\$ 94,146</u>	<u>\$ -</u>	<u>\$ 18,085,993</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 346,502
Golf course	298,890
<b>Total Business-type Activities Depreciation Expense</b>	<u>\$ 645,392</u>

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 15,280,000	\$ 9,050,000	\$ 5,430,000	\$ 18,900,000 *	\$ 1,130,000
Premium on bonds	225,171	492,088	82,668	634,591 *	-
Deferred charges	-	(677,129)	-	(677,129) *	-
Certificates of obligation	5,525,000	-	4,645,000	880,000 *	275,000
Capital leases	305,665	-	76,154	229,511 *	72,074
	<u>21,335,836</u>	<u>8,864,959</u>	<u>10,233,822</u>	<u>19,966,973</u>	<u>1,477,074</u>
Other liabilities:					
Compensated absences	339,388	83,594	59,266	363,716	145,486
	<u>339,388</u>	<u>83,594</u>	<u>59,266</u>	<u>363,716</u>	<u>145,486</u>
<b>Total Governmental Activities</b>	<u>\$ 21,675,224</u>	<u>\$ 8,948,553</u>	<u>\$ 10,293,088</u>	<u>\$ 20,330,689</u>	<u>\$ 1,622,560</u>
				<u>\$ 18,708,129</u>	
<b>Business-Type Activities:</b>					
Compensated absences	\$ 107,521	\$ 12,120	\$ 22,113	\$ 97,528	\$ 39,012
	<u>\$ 107,521</u>	<u>\$ 12,120</u>	<u>\$ 22,113</u>	<u>\$ 97,528</u>	<u>\$ 39,012</u>
				<u>\$ 58,516</u>	
<b>*Debt associated with governmental activity capital assets</b>				<u>\$ 19,966,973</u>	

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.

### Bond Refunding

In 2012, the City issued \$9,050,000 in general obligation refunding bonds. The refunding was undertaken to provide a present value savings in debt service payable by the City. The refunding reacquisition price exceeded the net carrying amount of the old debt by \$677,129. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. This debt refunding reduced total debt service payments over the next 16 years by \$1,046,543 and resulted in an economic gain of \$872,566. The bonds issued served as an advance and current debt refunding.

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### Advance Refunding

Proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments to defease certain portions of the \$4,385,000 of outstanding certificates of obligation, series 2000. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

### Current Refunding

The remainder of the \$9,050,000 general obligation refunding bonds was issued for a current refunding of \$1,400,000 of general obligation bonds, series 2002 and \$3,055,000 of general obligation bonds, series 2003.

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

Description	Interest Rates	Balance
<b>Governmental Activities</b>		
<b>General Obligation Bonds</b>		
Series 1991	6.25-8.10%	\$ 1,275,000
Series 2002	4.75-6.75%	-
Series 2003	3.00-4.80%	235,000
Series 2007	4.25-6.25%	8,340,000
Series 2012	2.00-4.00%	9,050,000
<b>Total General Obligation Bonds</b>		<b>18,900,000</b>
<b>Certificates of Obligation</b>		
Series 2000	5.00-7.00%	880,000
<b>Total Certificates of Obligation</b>		<b>880,000</b>
<b>Total Bond and Certificates of Obligation</b>		<b>19,780,000</b>
<b>Capital Leases</b>		
Pumper	6.03%	229,511
<b>Total Capital Leases</b>		<b>229,511</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 20,009,511</b>

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

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

Year Ending Sep. 30	<u>Governmental Activity</u>		Total
	<u>Principal</u>	<u>Interest</u>	
2013	1,405,000	756,962	2,161,962
2014	1,495,000	671,741	2,166,741
2015	1,050,000	576,656	1,626,656
2016	1,085,000	535,763	1,620,763
2017	1,120,000	501,388	1,621,388
2018-2022	6,110,000	1,989,916	8,099,916
2023-2027	7,515,000	806,708	8,321,708
<b>Total</b>	<b>\$ 19,780,000</b>	<b>\$ 5,839,134</b>	<b>\$ 25,619,134</b>

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

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

### Capital Leases

The annual requirements to amortize capital leases outstanding at year end were as follows:

Year Ending Sep. 30	<u>Governmental Activity</u>		Total
	<u>Principal</u>	<u>Interest</u>	
2013	72,074	13,833	85,907
2014	76,416	9,489	85,905
2015	81,021	4,883	85,904
<b>Total</b>	<b>\$ 229,511</b>	<b>\$ 28,205</b>	<b>\$ 257,716</b>

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Machinery and equipment	\$ 488,373
Less: Accumulated depreciation	(179,093)
<b>Total</b>	<b>\$ 309,280</b>

### 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

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

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 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's rules and regulations.

### E. Interfund Transactions

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

Receivable Fund	Payable Fund	Amounts
General	Water and sewer	\$ 300,000
General	Capital projects	157,000
Debt service	General	1,876
Debt service	Capital projects	13,926
Red light camera	General	900,000
Red light camera	Capital projects	1,660,000
Nonmajor	Capital projects	212,501
Water and sewer	Internal service	534,900
Water and sewer	General	432,502
Water and sewer	Capital projects	537,598
Golf course	Nonmajor	55,000
Golf course	Capital projects	485,400
		\$ 5,290,703

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	\$ 370,000
General	Nonmajor	15,000
Debt service	Water and sewer	68,718
Capital projects	General	6,900,000
		\$ 7,353,718

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.

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### F. Restatement of Fund Balance/Net Assets

The beginning fund balance has been restated for accounts receivables and deferred revenue in the general and debt service funds. The general fund had a decrease in accounts receivable for property taxes and ambulance fees in the amounts of \$50,763 and \$123,634. The debt service fund had a decrease in accounts receivable for property taxes in the amount of \$29,682. The general fund had an increase in deferred revenue for property taxes in the amount of \$13,901 and a decrease in deferred revenue for deferred fines in the amount of \$270,443. The debt service fund had a decrease in deferred revenue for property taxes in the amount of \$57,069.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Net Assets</u>
Prior year ending net assets/ fund balance as reported	\$ 10,798,679	\$ 399,560	\$ 36,148,318
Accounts receivable	(174,397)	(29,682)	(204,079)
Deferred revenue	256,542	57,069	313,611
Beginning fund balance	<u>\$ 10,880,824</u>	<u>\$ 426,947</u>	<u>\$ 36,257,850</u>

### G. Fund Equity

As of September 30, 2012, \$849,957 of the City's total fund balance is restricted by enabling legislation.

## IV. OTHER INFORMATION

### A. Risk Management

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

### B. Contingent Liabilities

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

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



# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

### C. Pension Plans

#### Texas Municipal Retirement System

##### Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

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

	2012	2011
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100%	100%
	Repeating, Transfers	Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI
	Repeating	Repeating

##### Benefits

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City financed monetary credits, with interest. City financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100, 150, or 200) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement,

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

### Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 28-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2010 valuation is effective for rates beginning January 2012).

Three-year trend information for the annual pension cost (APC) is as follows:

<u>Fiscal year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 671,733	\$ 671,733	100.00%	\$ -
2011	\$ 729,285	\$ 729,285	100.00%	\$ -
2012	\$ 677,849	\$ 677,849	100.00%	\$ -

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2010 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	26.1 Years - Closed period	27.1 Years - Closed period	28.1 Years - Closed period
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Investment Rate of Return	7.0%	7.0%	7.5%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

The funded status as of December 31, 2011, the most recent valuation date, is as follows:

	<u>2012</u>
Actuarial Valuation Date	12/31/2011
Actuarial Value of Assets	\$ 12,021,178
Actuarial Accrued Liability	\$ 16,232,583
Percentage Funded	74.1%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,211,405
Annual Covered Payroll	\$ 4,553,224
UAAL as a Percentage of Covered Payroll	92.5%

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

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

### D. Other Post Employment Benefits

#### TMRS - Supplemental Death Benefit Fund

##### Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2012, the City offered the supplemental death benefit to both active and retired employees.

##### Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit

# CITY OF JERSEY VILLAGE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For The Year Ended September 30, 2012

payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution rate to the TMRS SDBF, for the retiree portion, for the fiscal years ended 2012, 2011, and 2010 were \$468, \$470, and \$566 respectively. The City's contribution rates for the past three years are shown below:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual Req. Contrib. (Rate)	0.01%	0.01%	0.01%
Actual Contribution Made	0.01%	0.01%	0.01%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF JERSEY VILLAGE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (Page 1 of 2)**  
For the Year Ended September 30, 2012

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 3,653,020	\$ 3,653,020	\$ 3,628,754	\$ (24,266)
Sales	2,435,000	2,435,000	3,035,624	600,624
Franchise	610,000	610,000	666,253	56,253
Permits, licenses, and fees	76,000	76,000	131,129	55,129
Charges for services	279,400	279,400	212,593	(66,807)
Fines	672,000	672,000	813,260	141,260
Investment earnings	15,000	15,000	14,510	(490)
Intergovernmental	745,942	745,942	609,286	(136,656)
Other revenues	21,400	21,400	46,432	25,032
<b>Total Revenues</b>	<u>8,507,762</u>	<u>8,507,762</u>	<u>9,157,841</u>	<u>650,079</u>
<b>Expenditures</b>				
General government:				
Administration	498,681	498,681	475,288	23,393
Legal	182,800	207,800	182,971	24,829
Information technology	400,824	400,823	356,502	44,321
Purchasing	21,600	21,600	20,712	888
Finance	287,400	287,400	262,715	24,685
Customer service	112,721	112,721	96,458	16,263
Court	288,031	288,031	264,967	23,064
<b>Total Government Expenditures</b>	<u>1,792,057</u>	<u>1,817,056</u>	<u>1,659,613</u>	<u>157,443</u>
Public safety:				
Police	2,110,463	2,116,363	1,857,078	259,285
Dispatch	613,510	613,510	523,583	89,927
Fire	1,300,968	1,332,305	1,210,090	122,215
<b>Total Public Safety Expenditures</b>	<u>4,024,941</u>	<u>4,062,178</u>	<u>3,590,751</u>	<u>471,427</u>
Public works				
Public works administration	216,318	236,318	186,265	50,053
Community development	289,756	297,496	293,662	3,834
Streets	527,940	527,940	494,931	33,009
Building and grounds	242,995	267,995	244,595	23,400
Sanitation	362,453	362,453	342,144	20,309
Fleet services	408,482	418,482	393,483	24,999
<b>Total Public Works Expenditures</b>	<u>2,047,944</u>	<u>2,110,684</u>	<u>1,955,080</u>	<u>155,604</u>
Parks and recreation				
	591,580	591,580	530,295	61,285
<b>Total Expenditures</b>	<u>8,456,522</u>	<u>8,581,498</u>	<u>7,735,739</u>	<u>845,759</u>
<b>Excess of Revenues Over Expenditures</b>	<u>51,240</u>	<u>(73,736)</u>	<u>1,422,102</u>	<u>1,495,838</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, 2012**

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	\$ 385,000	\$ 385,000	\$ 385,000	\$ -
Transfers (out)	(4,836,517)	(7,042,520)	(6,900,000)	142,520
Sale of capital assets	-	-	6,615	6,615
<b>Total Other Financing Sources (Uses)</b>	<b><u>(4,451,517)</u></b>	<b><u>(6,657,520)</u></b>	<b><u>(6,508,385)</u></b>	<b><u>149,135</u></b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (4,400,277)</u></b>	<b><u>\$ (6,731,256)</u></b>	<b><u>(5,086,283)</u></b>	<b><u>\$ 1,644,973</u></b>
Beginning Fund Balance			<u>10,880,824</u>	
<b>Ending Fund Balance</b>			<b><u>\$ 5,794,541</u></b>	

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**  
**RED LIGHT CAMERA**

For the Year Ended September 30, 2012

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Fines	\$ 2,233,489	\$ 1,500,000	\$ 2,101,507	\$ 601,507
<b>Total Revenues</b>	2,233,489	1,500,000	2,101,507	601,507
<b><u>Expenditures</u></b>				
Public safety	2,094,022	1,413,533	1,307,655	105,878
<b>Total Expenditures</b>	2,094,022	1,413,533	1,307,655	105,878
<b>Excess of Revenues Over Expenditures</b>	139,467	86,467	793,852	707,385
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	-	(922,794)	-	922,794
<b>Net Change in Fund Balance</b>	\$ 139,467	\$ (836,327)	793,852	\$ 1,630,179
Beginning Fund Balance			857,608	
<b>Ending Fund Balance</b>			\$ 1,651,460	



# CITY OF JERSEY VILLAGE, TEXAS

## SCHEDULE OF FUNDING PROGRESS

### TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2012

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal Year	2012	2011	2010	2009	2008
Actuarial Valuation Date	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Actuarial Value of Assets	\$ 12,021,178	\$ 10,691,782	\$ 8,198,413	\$ 7,265,727	\$ 6,587,473
Actuarial Accrued Liability	\$ 16,232,583	\$ 15,127,897	\$ 12,361,297	\$ 11,262,148	\$ 8,735,365
Percentage Funded	74.1%	70.7%	66.3%	64.5%	75.4%
Unfunded Actuarial					
Accrued Liability	\$ 4,211,405	\$ 4,436,115	\$ 4,162,884	\$ 3,996,421	\$ 2,147,892
Annual Covered Payroll	\$ 4,553,224	\$ 4,705,580	\$ 4,470,857	\$ 4,237,005	\$ 3,701,318
Unfunded Actuarial Accrued Liability					
(UAAL) % of Covered Payroll	92.5%	94.3%	93.1%	94.3%	58.0%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	677,849	729,285	671,733	598,341	532,504
Contributions Made	677,849	729,285	671,733	598,341	532,504
<b>NPO at the End of Period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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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, 2012

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 2,225,114	\$ 2,225,114	\$ 2,196,740	\$ (28,374)
Investment earnings	800	800	543	(257)
<b>Total Revenues</b>	2,225,914	2,225,914	2,197,283	(28,631)
<b>Expenditures</b>				
Debt service:				
Principal	1,235,000	1,235,000	1,235,000	-
Interest and fiscal agent fees	1,021,309	981,532	872,616	108,916
Advance refunding escrow	-	135,000	135,000	-
Issuance costs	-	159,959	159,959	-
<b>Total Expenditures</b>	2,256,309	2,511,491	2,402,575	108,916
<b>Excess of Revenues Over Expenditures</b>	(30,395)	(285,577)	(205,292)	80,285
<b>Other Financing Sources (Uses)</b>				
Transfers in	68,718	68,718	68,718	-
Bond issuance	-	9,050,000	9,050,000	-
Payment to refunded bond escrow agent	-	(9,382,129)	(9,382,129)	-
Premium	-	492,088	492,088	-
<b>Total Other Financing Sources (Uses)</b>	68,718	228,677	228,677	-
<b>Net Change in Fund Balance</b>	\$ 38,323	\$ (56,900)	23,385	\$ 80,285
Beginning Fund Balance			426,947	
<b>Ending Fund Balance</b>			\$ 450,332	

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# **CITY OF JERSEY VILLAGE, TEXAS**

## ***NONMAJOR GOVERNMENTAL FUNDS***

September 30, 2012

### **SPECIAL REVENUE FUNDS**

**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Hotel Occupancy 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**

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

### **CAPITAL PROJECT FUNDS**

**Capital Projects Funds** are used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects.

#### **Jones Road Extension Fund**

This fund is used to account for activities related to capital projects on the extension of Jones Road.

# CITY OF JERSEY VILLAGE, TEXAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS September 30, 2012

	Special Revenue Funds			Capital Projects Fund
	Hotel Occupancy Tax	Court Security and Technology Fees	Asset Forfeiture	Jones Road Extension
	<b>Assets</b>			
Current assets:				
Cash and equity in pooled cash and investments	\$ 666,140	\$ 19,470	\$ 78,114	\$ -
Account receivable	19,347	-	-	-
Due from other funds	-	200,000	-	12,501
<b>Total Assets</b>	<b>\$ 685,487</b>	<b>\$ 219,470</b>	<b>\$ 78,114</b>	<b>\$ 12,501</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Due to other funds	\$ 55,000	-	-	-
<b>Total Liabilities</b>	<b>55,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Restricted:				
Capital projects	-	-	-	12,501
Public safety	-	-	78,114	-
Tourism	630,487	-	-	-
Court technology	-	219,470	-	-
<b>Total Fund Balances</b>	<b>630,487</b>	<b>219,470</b>	<b>78,114</b>	<b>12,501</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 685,487</b>	<b>\$ 219,470</b>	<b>\$ 78,114</b>	<b>\$ 12,501</b>



**Total  
Nonmajor  
Governmental  
Funds**

---

\$ 763,724  
19,347  

---

212,501

\$ 995,572

\$ 55,000

---

55,000

12,501  
78,114  
630,487  

---

219,470

---

940,572

\$ 995,572

**CITY OF JERSEY VILLAGE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2012

	Special Revenue Funds			Capital Projects Fund
	Hotel Occupancy Tax	Court Security and Technology Fees	Asset Forfeiture	Jones Road Extension
<b>Revenues</b>				
Occupancy tax	\$ 69,032	\$ -	\$ -	\$ -
Fines	-	44,282	-	-
Investment earnings	767	-	9	-
Other revenue	-	-	12,042	-
<b>Total Revenues</b>	<b>69,799</b>	<b>44,282</b>	<b>12,051</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
General government	111,954	-	-	-
Public safety	-	52,023	24,702	-
Capital outlay	-	-	-	264,013
<b>Total Expenditures</b>	<b>111,954</b>	<b>52,023</b>	<b>24,702</b>	<b>264,013</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(42,155)</b>	<b>(7,741)</b>	<b>(12,651)</b>	<b>(264,013)</b>
<b>Other Financing Sources (Uses)</b>				
Transfer (out)	(15,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(15,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(57,155)</b>	<b>(7,741)</b>	<b>(12,651)</b>	<b>(264,013)</b>
Beginning fund balances	687,642	227,211	90,765	276,514
<b>Ending Fund Balances</b>	<b>\$ 630,487</b>	<b>\$ 219,470</b>	<b>\$ 78,114</b>	<b>\$ 12,501</b>

**Total  
Nonmajor  
Governmental  
Funds**

\$ 69,032  
44,282  
776  
12,042  
  
126,132

111,954  
76,725  
264,013

452,692

(326,560)

(15,000)

(15,000)

(341,560)

1,282,132

\$ 940,572

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**CITY OF JERSEY VILLAGE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended September 30, 2012

		Hotel Occupancy Tax		
		Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
	Occupancy tax	\$ 60,000	\$ 69,032	\$ 9,032
	Investment earnings	700	767	67
	<b>Total Revenues</b>	60,700	69,799	9,099
<b><u>Expenditures</u></b>				
	General government	146,500	111,954	34,546
	<b>Total Expenditures</b>	146,500	111,954	34,546
	<b>Excess of Revenues Over (Under) Expenditures</b>	(85,800)	(42,155)	43,645
<b><u>Other Financing Sources (Uses)</u></b>				
	Transfers (out)	(15,000)	(15,000)	-
	<b>Net Change in Fund Balance</b>	\$ (100,800)	(57,155)	\$ 43,645
	Beginning fund balance		687,642	
	<b>Ending Fund Balance</b>		\$ 630,487	

**CITY OF JERSEY VILLAGE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2012

	<b>Court Security and Technology Fees</b>		
	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Fines	\$ 35,000	\$ 44,282	\$ 9,282
<b><u>Expenditures</u></b>			
Public safety	55,023	52,023	3,000
<b>Net Change in Fund Balance</b>	<b>\$ (20,023)</b>	<b>(7,741)</b>	<b>\$ 12,282</b>
Beginning fund balance		227,211	
<b>Ending Fund Balance</b>		<b>\$ 219,470</b>	

**CITY OF JERSEY VILLAGE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2012

	Asset Forfeiture			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment earnings	\$ 8	\$ 8	\$ 9	\$ 1
Other revenue	7,728	7,728	12,042	4,314
<b>Total Revenues</b>	<b>7,736</b>	<b>7,736</b>	<b>12,051</b>	<b>4,315</b>
<b>Expenditures</b>				
Public safety	-	25,556	24,702	854
<b>Total Expenditures</b>	<b>-</b>	<b>25,556</b>	<b>24,702</b>	<b>854</b>
<b>Net Change in Fund Balance</b>	<b>\$ 7,736</b>	<b>\$ (17,820)</b>	<b>(12,651)</b>	<b>\$ 5,169</b>
Beginning fund balance			90,765	
<b>Ending Fund Balance</b>			<b>\$ 78,114</b>	

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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.

<b>Contents</b>	<b>Page</b>
Financial Trends	86
<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	96
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	106
<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	114
<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	117
<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 ASSETS BY COMPONENT

Last Eight Years (1)

	Year			
	2005	2006	2007	2008
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 11,990,213	\$ 12,656,907	\$ 13,471,717	\$ 14,251,751
Restricted	1,413,814	1,352,105	1,481,067	1,359,131
Unrestricted	3,192,703	3,949,120	6,131,312	8,462,478
<b>Total Governmental Activities Net Assets</b>	<b><u>\$ 16,596,730</u></b>	<b><u>\$ 17,958,132</u></b>	<b><u>\$ 21,084,096</u></b>	<b><u>\$ 24,073,360</u></b>
<b>Business-Type activities</b>				
Invested in capital assets, net of related debt	\$ 16,647,872	\$ 16,673,112	\$ 16,785,000	\$ 17,233,210
Restricted	632,164	803,354	693,817	742,993
Unrestricted	2,260,402	2,710,449	3,149,014	3,314,011
<b>Total Business-Type Activities Net Assets</b>	<b><u>\$ 19,540,438</u></b>	<b><u>\$ 20,186,915</u></b>	<b><u>\$ 20,627,831</u></b>	<b><u>\$ 21,290,214</u></b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 28,638,085	\$ 29,330,019	\$ 30,256,717	\$ 31,484,961
Restricted	2,045,978	2,155,459	2,174,884	2,102,124
Unrestricted	5,453,105	6,659,569	9,280,326	11,776,489
<b>Total Primary Government Net Assets</b>	<b><u>\$ 36,137,168</u></b>	<b><u>\$ 38,145,047</u></b>	<b><u>\$ 41,711,927</u></b>	<b><u>\$ 45,363,574</u></b>

(1) The requirement for statistical data is ten years; only eight years are available at this time.

Year			
2009	2010	2011	2012
\$ 11,219,378	\$ 21,384,544	\$ 25,644,695	\$ 23,508,261
7,455,122	6,751,632	1,706,438	7,298,473
9,504,411	4,825,409	8,906,717	8,025,517
<u>\$ 28,178,911</u>	<u>\$ 32,961,585</u>	<u>\$ 36,257,850</u>	<u>\$ 38,832,251</u>
\$ 16,805,161	\$ 17,831,127	\$ 17,991,847	\$ 18,085,993
715,000	-	-	-
4,026,306	3,806,361	4,282,824	4,422,826
<u>\$ 21,546,467</u>	<u>\$ 21,637,488</u>	<u>\$ 22,274,671</u>	<u>\$ 22,508,819</u>
\$ 28,024,539	\$ 39,215,671	\$ 43,636,542	\$ 41,594,254
8,170,122	6,751,632	1,706,438	7,298,473
13,530,717	8,631,770	13,189,541	12,448,343
<u>\$ 49,725,378</u>	<u>\$ 54,599,073</u>	<u>\$ 58,532,521</u>	<u>\$ 61,341,070</u>

# CITY OF JERSEY VILLAGE, TEXAS

## CHANGES IN NET ASSETS

Last Eight Years (1)

	Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities				
General government	\$ 1,481,038	\$ 1,477,941	\$ 1,465,168	\$ 1,864,463
Public safety	3,194,005	3,138,036	3,336,615	3,691,280
Public works	1,221,349	1,929,475	2,138,804	2,653,961
Parks and recreation	448,331	504,496	424,043	541,244
Interest and fiscal agent fees on long-term debt	1,084,399	1,069,897	1,068,800	1,344,921
<b>Total Governmental Activities Expenses</b>	<u>7,429,122</u>	<u>8,119,845</u>	<u>8,433,430</u>	<u>10,095,869</u>
Business-Type activities				
Water and sewer	1,817,192	1,898,491	1,650,015	1,952,219
Golf course	1,351,738	1,325,256	1,432,630	1,558,274
<b>Total Business-Type Activities Expenses</b>	<u>3,168,930</u>	<u>3,223,747</u>	<u>3,082,645</u>	<u>3,510,493</u>
<b>Total Primary Government Expenses</b>	<u>\$ 10,598,052</u>	<u>\$ 11,343,592</u>	<u>\$ 11,516,075</u>	<u>\$ 13,606,362</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Public safety	\$ 849,213	\$ 970,346	\$ 1,591,587	\$ 1,287,420
Public works	474,590	387,003	305,375	477,912
Parks and recreation	19,631	12,008	12,818	11,954
Operating grants and contributions	628,155	796,947	537,281	1,299,724
<b>Total Governmental Activities Program Revenues</b>	<u>1,971,589</u>	<u>2,166,304</u>	<u>2,447,061</u>	<u>3,077,010</u>
Business-Type activities				
Charges for services				
Water and sewer	2,775,172	2,840,707	2,476,398	2,956,434
Golf course	1,023,564	1,217,798	1,213,498	1,477,667
Capital grants and contributions	17,750	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<u>3,816,486</u>	<u>4,058,505</u>	<u>3,689,896</u>	<u>4,434,101</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 5,788,075</u>	<u>\$ 6,224,809</u>	<u>\$ 6,136,957</u>	<u>\$ 7,511,111</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (5,457,533)	\$ (5,953,541)	\$ (5,986,369)	\$ (7,018,859)
Business-type activities	647,556	834,758	607,251	923,608
<b>Total Primary Government Net Expense</b>	<u>\$ (4,809,977)</u>	<u>\$ (5,118,783)</u>	<u>\$ (5,379,118)</u>	<u>\$ (6,095,251)</u>

(1) The requirement for statistical data is ten years; only eight years are available at this time.

Year			
2009	2010	2011	2012
\$ 2,211,902	\$ 2,046,283	\$ 1,852,750	\$ 1,979,509
4,421,088	5,136,312	5,038,540	5,221,610
2,069,991	2,391,025	2,460,625	2,929,708
476,072	525,477	197,711	163,273
1,283,271	1,220,035	1,025,458	850,924
<u>10,462,324</u>	<u>11,319,132</u>	<u>10,575,084</u>	<u>11,145,024</u>
2,572,957	2,092,496	2,798,185	3,040,413
1,563,335	1,628,516	1,740,698	1,649,470
4,136,292	3,721,012	4,538,883	4,689,883
<u>\$ 14,598,616</u>	<u>\$ 15,040,144</u>	<u>\$ 15,113,967</u>	<u>\$ 15,834,907</u>
\$ 1,689,556	\$ 2,324,301	\$ 2,405,134	\$ 3,090,178
-	-	-	-
745,629	296,557	333,423	212,593
1,111,357	3,439,600	1,118,822	609,286
<u>3,546,542</u>	<u>6,060,458</u>	<u>3,857,379</u>	<u>3,912,057</u>
3,250,244	2,983,242	4,194,006	3,894,131
1,528,458	1,243,653	1,414,004	1,466,549
-	-	-	-
4,778,702	4,226,895	5,608,010	5,360,680
<u>\$ 8,325,244</u>	<u>\$ 10,287,353</u>	<u>\$ 9,318,580</u>	<u>\$ 9,272,737</u>
\$ (6,915,782)	\$ (5,258,674)	\$ (6,717,705)	\$ (7,232,967)
642,410	505,883	1,069,127	670,797
<u>\$ (6,273,372)</u>	<u>\$ (4,752,791)</u>	<u>\$ (5,648,578)</u>	<u>\$ (6,562,170)</u>

# CITY OF JERSEY VILLAGE, TEXAS

## CHANGES IN NET ASSETS (Continued)

Last Eight Years (1)

	Year			
	2005	2006	2007	2008
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Taxes				
Ad valorem	\$ 4,009,942	\$ 4,091,728	\$ 4,991,356	\$ 5,677,399
Sales taxes	1,654,267	1,877,187	2,601,786	2,449,404
Franchise and local taxes	546,626	569,016	553,692	589,850
Investment earnings	210,047	377,156	575,549	597,233
Other revenues	240,822	99,861	74,950	83,664
Transfers	300,000	300,000	315,000	379,913
<b>Total Governmental Activities</b>	<u>6,961,704</u>	<u>7,314,948</u>	<u>9,112,333</u>	<u>9,777,463</u>
Business-Type activities				
Investment earnings	41,335	111,719	148,664	95,730
Transfers	(300,000)	(300,000)	(315,000)	(379,913)
<b>Total Business-Type Activities</b>	<u>(258,665)</u>	<u>(188,281)</u>	<u>(166,336)</u>	<u>(284,183)</u>
<b>Total Primary Government</b>	<u>\$ 6,703,039</u>	<u>\$ 7,126,667</u>	<u>\$ 8,945,997</u>	<u>\$ 9,493,280</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 1,504,171	\$ 1,361,407	\$ 3,125,964	\$ 2,758,604
Business-Type activities	388,891	646,477	440,915	639,425
<b>Total Primary Government</b>	<u>\$ 1,893,062</u>	<u>\$ 2,007,884</u>	<u>\$ 3,566,879</u>	<u>\$ 3,398,029</u>

(1) The requirement for statistical data is ten years; only eight years are available at this time.

Year			
2009	2010	2011	2012
\$ 6,100,687	\$ 6,198,169	\$ 6,099,750	\$ 5,511,884
2,532,587	2,411,159	2,565,651	3,035,624
845,980	699,172	667,970	666,253
134,912	36,792	23,718	20,768
358,393	275,580	222,280	134,121
1,048,773	420,476	434,601	438,718
<u>11,021,332</u>	<u>10,041,348</u>	<u>10,013,970</u>	<u>9,807,368</u>
19,186	5,614	2,657	2,069
<u>(405,343)</u>	<u>(420,476)</u>	<u>(434,601)</u>	<u>(438,718)</u>
<u>(386,157)</u>	<u>(414,862)</u>	<u>(431,944)</u>	<u>(436,649)</u>
<u>\$ 10,635,175</u>	<u>\$ 9,626,486</u>	<u>\$ 9,582,026</u>	<u>\$ 9,370,719</u>
\$ 4,105,550	\$ 4,782,674	\$ 3,296,265	\$ 2,574,401
256,253	91,021	637,183	234,148
<u>\$ 4,361,803</u>	<u>\$ 4,873,695</u>	<u>\$ 3,933,448</u>	<u>\$ 2,808,549</u>

# CITY OF JERSEY VILLAGE, TEXAS

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Year			
	2003	2004	2005	2006
<b>General Fund</b>				
Restricted	\$ -	\$ 12,331	\$ 12,331	\$ 12,331
Unassigned	2,140,243	2,631,207	2,970,740	3,407,207
<b>Total General Fund</b>	<u>\$ 2,140,243</u>	<u>\$ 2,643,538</u>	<u>\$ 2,983,071</u>	<u>\$ 3,419,538</u>
<b>All Other Governmental Funds</b>				
Restricted				
Capital project funds	\$ 5,727,644	\$ 1,144,292	\$ 2,009,328	\$ 1,982,613
Debt service funds	1,281,908	1,300,302	721,258	658,646
Special revenue funds	484,036	556,097	604,274	718,219
<b>Total All Other Governmental Funds</b>	<u>\$ 7,493,588</u>	<u>\$ 3,000,691</u>	<u>\$ 3,334,860</u>	<u>\$ 3,359,478</u>



Year					
2007	2008	2009	2010	2011	2012
\$ 12,331	\$ 12,331	\$ 16,586	\$ 15,720	\$ 19,192	\$ 24,297
5,132,634	7,256,287	8,543,619	9,646,412	10,861,632	5,770,244
<u>\$ 5,144,965</u>	<u>\$ 7,268,618</u>	<u>\$ 8,560,205</u>	<u>\$ 9,662,132</u>	<u>\$ 10,880,824</u>	<u>\$ 5,794,541</u>
\$ 10,290,458	\$ 6,499,379	\$ 5,039,980	\$ 6,732,339	\$ 1,773,497	\$ 4,204,651
727,653	545,424	-	-	426,947	450,332
769,660	850,542	1,851,811	-	1,005,618	2,579,531
<u>\$ 11,787,771</u>	<u>\$ 7,895,345</u>	<u>\$ 6,891,791</u>	<u>\$ 6,732,339</u>	<u>\$ 3,206,062</u>	<u>\$ 7,234,514</u>

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

	Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 6,866,362	\$ 6,354,721	\$ 6,229,704	\$ 6,496,795
Permits, licenses, and fees	112,958	147,798	350,250	224,160
Charges for services	220,056	210,915	299,832	341,956
Fines and forfeitures	509,726	691,302	686,037	801,103
Investment earnings	119,206	89,968	181,962	320,418
Intergovernmental	457,206	1,031,083	621,895	788,292
Other revenues	115,472	107,337	254,398	110,654
<b>Total Revenues</b>	<u>8,400,986</u>	<u>8,633,124</u>	<u>8,624,078</u>	<u>9,083,378</u>
<b>Expenditures</b>				
General government	1,174,471	1,382,334	1,456,322	1,437,939
Public safety	3,179,843	2,816,576	3,110,449	3,107,644
Public works	1,561,295	1,629,596	1,646,731	1,637,561
Parks and recreation	334,432	404,845	420,755	473,937
Capital outlay	3,563,075	3,670,023	753,134	146,249
Debt service				
Principal	780,755	930,224	814,163	840,729
Interest and fiscal fees	1,266,880	1,378,073	1,313,432	1,278,233
Paid to escrow for current bond refunding	-	-	-	-
<b>Total Expenditures</b>	<u>11,860,751</u>	<u>12,211,671</u>	<u>9,514,986</u>	<u>8,922,292</u>
<b>Excess of Revenues (Under) Expenditures</b>	(3,459,765)	(3,578,547)	(890,908)	161,086
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	-	-
Transfers in	1,060,857	968,824	858,069	300,000
Transfers out	(652,025)	(245,529)	-	-
Proceeds paid to escrow	-	-	-	-
Issuance of debt	5,000,068	-	-	-
Premium on debt issued	-	-	-	-
<b>Total other financing sources</b>	<u>5,408,900</u>	<u>723,295</u>	<u>858,069</u>	<u>300,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ 1,949,135</u>	<u>\$ (2,855,252)</u>	<u>\$ (32,839)</u>	<u>\$ 461,086</u>
Debt service as a percentage of noncapital expenditures	24.68%	27.02%	24.28%	24.14%

	Year					
	2007	2008	2009	2010	2011	2012
\$	8,145,679	\$ 8,757,923	\$ 9,463,752	\$ 9,285,086	\$ 9,354,873	\$ 9,596,403
	204,244	271,512	88,842	84,507	99,301	131,129
	344,911	438,649	745,629	296,557	333,423	212,593
	1,008,085	1,177,649	1,634,636	2,239,794	2,305,833	2,959,049
	505,793	554,243	122,740	32,674	20,454	17,212
	499,322	1,293,711	1,111,357	3,439,600	1,118,822	609,286
	153,192	94,028	358,393	275,580	172,696	58,474
	<u>10,861,226</u>	<u>12,587,715</u>	<u>13,525,349</u>	<u>15,653,798</u>	<u>13,405,402</u>	<u>13,584,146</u>
	1,625,875	1,748,173	1,738,804	1,913,068	1,779,389	1,771,567
	3,327,650	3,586,666	4,823,774	4,931,600	5,202,586	4,975,131
	1,650,040	2,313,402	2,069,319	2,400,831	2,888,384	5,303,688
	498,124	510,991	476,072	570,739	534,455	530,295
	349,304	4,039,793	2,678,869	2,977,118	3,515,027	264,013
	862,094	920,054	947,732	701,317	689,520	1,235,000
	1,324,588	1,617,322	1,503,400	1,637,126	1,538,227	1,032,575
	-	-	-	-	-	135,000
	<u>9,637,675</u>	<u>14,736,401</u>	<u>14,237,970</u>	<u>15,131,799</u>	<u>16,147,588</u>	<u>15,247,269</u>
	1,223,551	(2,148,686)	(712,621)	521,999	(2,742,186)	(1,663,123)
	-	-	-	-	-	6,615
	315,000	379,913	1,837,602	1,477,311	721,956	7,353,718
	-	-	(788,829)	(1,056,835)	(287,355)	(6,915,000)
	-	-	-	-	-	(9,382,129)
	8,500,000	-	-	-	-	9,050,000
	127,500	-	-	-	-	492,088
	<u>8,942,500</u>	<u>379,913</u>	<u>1,048,773</u>	<u>420,476</u>	<u>434,601</u>	<u>605,292</u>
\$	<u>10,166,051</u>	<u>\$ (1,768,773)</u>	<u>\$ 336,152</u>	<u>\$ 942,475</u>	<u>\$ (2,307,585)</u>	<u>\$ (1,057,831)</u>
	23.64%	24.69%	22.00%	19.92%	20.75%	20.45%

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

Function	Year			
	2003	2004	2005	2006
Ad valorem	\$ 4,207,729	\$ 3,958,147	\$ 4,028,810	\$ 4,050,597
Sales	2,113,957	1,844,121	1,626,360	1,877,182
Franchise fee	544,676	552,453	574,534	569,016
Other	71,082	64,520	68,816	78,695
	<u>\$ 6,937,444</u>	<u>\$ 6,419,241</u>	<u>\$ 6,298,520</u>	<u>\$ 6,575,490</u>

Year

	2007	2008	2009	2010	2011	2012
\$	4,990,201	\$ 5,718,669	\$ 6,255,115	\$ 6,174,755	\$ 6,071,668	\$ 5,825,494
	2,601,786	2,449,404	2,449,404	2,411,159	2,565,651	3,035,624
	553,692	589,850	759,233	632,605	667,970	666,253
	86,599	96,062	86,747	66,567	49,584	69,032
\$	<u>8,232,278</u>	<u>\$ 8,853,985</u>	<u>\$ 9,550,499</u>	<u>\$ 9,285,086</u>	<u>\$ 9,354,873</u>	<u>\$ 9,596,403</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Residential Property	\$ 308,330,370	\$ 331,019,170	\$ 340,114,760	\$ 345,838,390
Commercial Property	95,083,450	98,890,810	98,084,380	104,484,208
Other	256,408,930	199,526,120	198,318,040	280,588,903
Less: Tax Exempt Property	<u>(40,518,110)</u>	<u>(50,772,980)</u>	<u>(51,449,640)</u>	<u>(130,703,740)</u>
<b>Total Taxable Assessed Value (1)</b>	<u><u>\$ 619,304,640</u></u>	<u><u>\$ 578,663,120</u></u>	<u><u>\$ 585,067,540</u></u>	<u><u>\$ 600,207,761</u></u>
<b>Total Direct Tax Rate</b>	0.67500	0.67500	0.67500	0.67500

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.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	429,228,150	\$ 470,984,691	\$ 498,590,180	\$ 479,135,881	\$ 491,005,824	\$ 491,833,349
	144,597,984	194,398,424	193,175,025	214,657,268	190,621,214	195,666,311
	223,098,917	236,256,520	275,272,631	277,213,850	307,527,234	254,734,037
	<u>(134,005,267)</u>	<u>(141,801,005)</u>	<u>(147,797,468)</u>	<u>(149,634,733)</u>	<u>(161,632,749)</u>	<u>(161,049,212)</u>
\$	<u>662,919,784</u>	<u>\$ 759,838,630</u>	<u>\$ 819,240,368</u>	<u>\$ 821,372,266</u>	<u>\$ 827,521,523</u>	<u>\$ 781,184,485</u>
	0.74250	0.74250	0.74250	0.74250	0.74250	0.74250

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City of Jersey Village by fund:				
General	\$ 0.34673	\$ 0.33780	\$ 0.36545	\$ 0.33943
Debt service	<u>0.32827</u>	<u>0.33720</u>	<u>0.30955</u>	<u>0.33557</u>
<b>Total Direct Rates</b>	<u>\$ 0.67500</u>	<u>\$ 0.67500</u>	<u>\$ 0.67500</u>	<u>\$ 0.67500</u>
Cypress-Fairbanks ISD	\$ 1.79000	\$ 1.79000	\$ 1.80000	\$ 1.80000
Harris County	0.38814	0.38803	0.39990	0.39990
Harris County Flood Control District	0.04170	0.04170	0.03322	0.03241
Port of Houston Authority	0.01990	0.02000	0.01474	0.01302
Harris County Hospital District	0.19020	0.19020	0.19216	0.19216
Harris County Dept. of Education	<u>-</u>	<u>-</u>	<u>0.00629</u>	<u>0.00629</u>
<b>Total Direct and Overlapping Rates (1)</b>	<u>\$ 3.10494</u>	<u>\$ 3.10493</u>	<u>\$ 3.12131</u>	<u>\$ 3.11878</u>

Tax rates 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.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 0.43264	\$ 0.45000	\$ 0.46810	\$ 0.46000	\$ 0.48160	\$ 0.46259
0.30986	0.29250	0.27440	0.28250	0.26091	0.27991
<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>
\$ 1.65400	\$ 1.32400	\$ 1.35000	\$ 1.43000	\$ 1.43000	\$ 1.43000
0.40239	0.39239	0.38923	0.38805	0.39117	0.40021
0.03106	0.03106	0.03086	0.02923	0.02809	0.02809
0.01437	0.01437	0.01773	0.02054	0.01856	0.01952
0.19216	0.19216	0.19216	0.19216	0.19216	0.18216
0.00585	0.00585	0.00584	0.00658	0.00658	0.00662
<u>\$ 3.04233</u>	<u>\$ 2.70233</u>	<u>\$ 2.72832</u>	<u>\$ 2.80906</u>	<u>\$ 2.80906</u>	<u>\$ 2.80910</u>

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# CITY OF JERSEY VILLAGE, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Eight Years Ago (1)

Property Tax Payer	2012			2004		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Goodman Manufacturing Corp.	\$ 58,344,200	1	7.47%	\$ 14,783,680	3	2.6%
Prologis Dev SVC	41,079,853	2	5.26%	N/A		
Joe Myers Dealership*	40,994,662	3	5.25%	N/A		
PCM Steeplechase LLC	34,206,780	4	4.38%	15,234,680	2	2.6%
Trails Corinthian Creek LTD	22,210,100	5	2.84%	N/A		
Sonic-LS Chevrolet LP	16,087,323	6	2.06%	N/A	4	2.3%
Baceline Value Fund	15,273,582	7	1.96%	13,133,000	6	2.0%
Trails Rock Creek Holdings	13,752,789	8	1.76%	N/A		
National Oilwell Inc	13,058,960	9	1.67%	N/A		
Car Son LMC LP	12,893,313	10	1.65%	11,540,280		
Beeler Sanders V LTD**	N/A			60,105,260	1	10.4%
Sam's/Walmart	N/A			12,863,160	5	2.2%
Joe Myers Ford II LP	N/A			11,204,890	7	1.9%
FMC Corp-Welhead EQ	N/A			9,834,690	8	1.7%
Enterprise Leasing	N/A			8,296,450	9	1.4%
Joe Myers Toyota, Inc.	N/A			8,174,240	10	1.4%
Subtotal	<u>267,901,562</u>		<u>34.29%</u>	<u>165,170,330</u>		<u>28.5%</u>
Other Taxpayers	<u>513,282,923</u>		<u>65.71%</u>	<u>413,492,790</u>		<u>71.5%</u>
<b>Total</b>	<b><u>\$ 781,184,485</u></b>		<b><u>100.00%</u></b>	<b><u>\$ 578,663,120</u></b>		<b><u>100.0%</u></b>

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

(1) The requirement for statistical data is the current year and nine years ago; only the current year and eight years ago is available at this time.

\* Joe Myers Dealership includes Joe Myers Ford and Toyota

\*\*Beeler Sanders V LTD sold part of their holdings to form Steeplechase LP

# CITY OF JERSEY VILLAGE, TEXAS

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Tax levy	\$ 4,150,683	\$ 3,948,860	\$ 3,959,202	\$ 4,056,968
Current tax collected	4,107,030	3,907,330	3,921,515	3,992,477
Percent of current tax collections	98.95%	98.95%	99.05%	98.41%
Delinquent tax collections	<u>25,104</u>	<u>32,714</u>	<u>30,110</u>	<u>56,640</u>
Total tax collections	<u>\$ 4,132,134</u>	<u>\$ 3,940,044</u>	<u>\$ 3,951,625</u>	<u>\$ 4,049,117</u>
Total collections as a percentage of current levy	99.55%	99.78%	99.81%	99.81%
Outstanding delinquent taxes	\$ 18,549	\$ 8,816	\$ 7,577	\$ 7,851
Outstanding delinquent taxes as percentage of current levy	0.447%	0.223%	0.191%	0.194%

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	4,922,625	\$ 5,621,390	\$ 5,543,419	\$ 6,123,716	\$ 6,144,347	\$ 5,800,295
	4,865,891	5,573,598	5,487,298	6,038,759	6,060,483	5,746,879
	98.85%	99.15%	98.99%	98.61%	98.64%	99.08%
	<u>41,368</u>	<u>8,545</u>	<u>20,214</u>	<u>79,265</u>	<u>43,235</u>	<u>40,085</u>
<u>\$</u>	<u>4,907,259</u>	<u>\$ 5,582,143</u>	<u>\$ 5,507,512</u>	<u>\$ 6,118,024</u>	<u>\$ 6,103,718</u>	<u>\$ 5,786,964</u>
	99.69%	99.30%	99.35%	99.91%	99.34%	99.77%
\$	15,366	\$ 39,247	\$ 160,243	\$ 181,410	\$ 285,055	\$ 169,189
	0.312%	0.698%	2.891%	2.962%	4.639%	2.917%

# CITY OF JERSEY VILLAGE, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	2003	2004	2005	2006
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General obligation bonds	\$ 10,746,760	\$ 10,251,536	\$ 9,757,373	\$ 9,246,644
Certificates of obligation	8,195,000	7,760,000	7,440,000	7,110,000
Capital leases	252,539	193,561	131,893	67,416
<b>Subtotal</b>	19,194,299	18,205,097	17,329,266	16,424,060
<b>Business-Type Activities:</b>				
Revenue bonds	1,300,000	1,200,000	1,100,000	1,000,000
<b>Total Primary Government</b>	\$ 20,494,299	\$ 19,405,097	\$ 18,429,266	\$ 17,424,060
 <b>Personal Income</b>	 \$ 265,178,155	 \$ 279,879,230	 \$ 279,332,362	 \$ 279,019,866
 <b>Debt as a Percentage of Personal Income</b>	 7.73%	 6.93%	 6.60%	 6.24%
 <b>Population</b>	 7,139	 7,165	 7,151	 7,143
 <b>Debt per Capita</b>	 \$ 2,871	 \$ 2,708	 \$ 2,577	 \$ 2,439

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 18,257,373	\$ 16,684,496	\$ 16,126,764	\$ 15,657,447	\$ 15,280,000	\$ 18,900,000
6,770,000	6,390,000	6,000,000	5,770,000	5,525,000	880,000
66,696	53,153	460,975	385,529	305,666	229,511
<u>25,094,069</u>	<u>23,127,649</u>	<u>22,587,739</u>	<u>21,812,976</u>	<u>21,110,666</u>	<u>20,009,511</u>
900,000	800,000	700,000	-	-	-
<u>\$ 25,994,069</u>	<u>\$ 23,927,649</u>	<u>\$ 23,287,739</u>	<u>\$ 21,812,976</u>	<u>\$ 21,110,666</u>	<u>\$ 20,009,511</u>
\$ 312,241,176	\$ 365,365,000	\$ 400,472,100	\$ 368,768,400	\$ 311,825,640	\$ 346,330,800
8.32%	6.55%	5.82%	5.92%	6.77%	5.78%
7,254	7,300	7,350	7,600	7,620	7,650
\$ 3,583	\$ 3,278	\$ 3,168	\$ 2,870	\$ 2,770	\$ 2,616

**CITY OF JERSEY VILLAGE, TEXAS**  
**RATIO OF NET BONDED DEBT TO ASSESSED VALUE,**  
**NET BONDED DEBT PER CAPITA, AND ASSESSED**  
**AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Net Taxable Assessed Value</b>				
All property	\$ 619,304,640	\$ 578,663,120	\$ 585,067,540	\$ 600,207,761
<b>Net Bonded Debt</b>				
Gross bonded debt	\$ 18,941,760	\$ 18,011,536	\$ 17,197,373	\$ 16,356,644
Less debt service funds	<u>(1,300,301)</u>	<u>(982,984)</u>	<u>(720,100)</u>	<u>(658,646)</u>
<b>Net Bonded Debt</b>	<u>\$ 17,641,459</u>	<u>\$ 17,028,552</u>	<u>\$ 16,477,273</u>	<u>\$ 15,697,998</u>
<b>Ratio of Net Bonded Debt     To Assessed Value</b>	2.85%	2.94%	2.82%	2.62%
<b>Population</b>	7,139	7,165	7,151	7,143
<b>Net Bonded Debt Per Capita</b>	\$ 2,471	\$ 2,377	\$ 2,304	\$ 2,198



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 662,979,784	\$ 759,838,630	\$ 819,240,368	\$ 821,372,266	\$ 827,521,523	\$ 781,184,485
\$ 25,027,373 (727,653)	\$ 23,074,496 (545,424)	\$ 22,126,764 (405,076)	\$ 21,427,447 (413,552)	\$ 20,805,000 (426,947)	\$ 19,780,000 (450,332)
<u>\$ 24,299,720</u>	<u>\$ 22,529,072</u>	<u>\$ 21,721,688</u>	<u>\$ 21,013,895</u>	<u>\$ 20,378,053</u>	<u>\$ 19,329,668</u>
3.67%	2.96%	2.65%	2.56%	2.46%	2.47%
7,254	7,300	7,350	7,600	7,620	7,650
\$ 3,350	\$ 3,086	\$ 2,955	\$ 2,765	\$ 2,674	\$ 2,527

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

<b>Governmental Unit</b>	<b>Net Bonded Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt Repaid with Property Taxes</b>			
Cypress-Fairbanks ISD	\$ 1,736,891,914	2.090%	\$ 36,301,041
Harris County (2)	2,259,579,000	0.300%	6,778,737
Lone Star College District	506,771,634	0.760%	3,851,464
Harris Co. Flood Control District	634,518,000	0.300%	1,903,554
Port of Houston Authority	748,874,000	0.300%	2,246,622
Subtotal, overlapping debt			<u>51,081,418</u>
<b>City Direct Debt (3)</b>	20,009,511	100.000%	<u>20,009,511</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 71,090,929</u></u>

Source: Harris County

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

(2) Excludes Toll Road Tax Bonds. The County's policy and practice have been to provide payment of debt service on the outstanding Toll Road Tax Bonds from toll revenues and certain other funds and to date, no tax has been collected to provide for such debt service.

(3) Debt outstanding is as of September 30, 2012.

# CITY OF JERSEY VILLAGE, TEXAS

## PLEDGED-REVENUE COVERAGE

Last Ten Years

	2003	2004	2005	2006
<b>Gross Revenues (1)</b>	\$ 2,358,901	\$ 2,452,037	\$ 2,721,633	\$ 2,838,470
<b>Operating Expenses (2)</b>	\$ 1,613,058	\$ 1,697,259	\$ 1,828,678	\$ 1,904,382
<b>Net Revenues Available for Debt Service</b>	\$ 745,842	\$ 754,778	\$ 892,956	\$ 934,087
<b>Debt Service Requirements (3)</b>				
<b>Principal</b>	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
<b>Interest</b>	78,750	71,750	64,750	57,750
<b>Total</b>	\$ 178,750	\$ 171,750	\$ 164,750	\$ 157,750
<b>Coverage</b>	4.17	4.39	5.42	5.92

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,722,373	\$ 2,990,360	\$ 3,266,384	\$ 2,980,427	\$ 4,228,053	\$ 3,895,964
\$ 1,697,094	\$ 2,044,401	\$ 2,310,652	\$ 1,844,384	\$ 2,630,168	\$ 2,750,154
\$ 1,025,280	\$ 945,959	\$ 955,732	\$ 1,136,043	\$ 1,597,885	\$ 1,145,810
\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
50,750	43,750	37,625	-	-	-
<u>\$ 150,750</u>	<u>\$ 143,750</u>	<u>\$ 137,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
6.80	6.58	6.94	0.00	0.00	0.00

# 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) (5)
2003	7,139	\$ 265,178,155	\$ 37,145	37.8	5,407	7.1%
2004	7,165	\$ 279,897,230	\$ 39,062	32.5	3,841	5.9%
2005	7,151	\$ 279,332,362	\$ 39,062	37.8	4,001	4.0%
2006	7,143	\$ 279,019,866	\$ 39,062	37.8	4,091	4.0%
2007	7,254	\$ 312,241,176	\$ 43,044	39	4,087	4.2%
2008	7,300	\$ 365,365,000	\$ 50,505	39	4,100	5.1%
2009	7,350	\$ 400,472,100	\$ 54,486	38	3,865	8.2%
2010	7,600	\$ 368,768,400	\$ 48,259	37.8	4,177	8.2%
2011	7,620	\$ 311,825,640	\$ 40,922	37.8	4,232	8.1%
2012	7,650	\$ 346,330,800	\$ 45,272	32.7	4,300	6.9%

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 are available on [www.clrsearch.com/Jersey-Village-Demographics/TX](http://www.clrsearch.com/Jersey-Village-Demographics/TX).
- (5) Beginning 2005 and after, cities with population under 25,000 do not have unemployment information available.

# CITY OF JERSEY VILLAGE, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Seven Years Ago <sup>(1)</sup>

Employer	2012			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Joe Myers Ford	272	1	9.03%	220	2	7.28%
JV High School	270	2	8.96%	309	1	10.22%
Sonic-LS Chevrolet	200	3	6.64%	180	5	5.95%
Joe Myers Toyota	195	4	6.47%	200	4	6.61%
Sam's East, Inc.	165	5	5.47%	200	3	6.61%
City of Jersey Village	144	6	4.78%	116	7	3.84%
Foundry Methodist	132	7	4.38%	135	6	4.46%
Joe Myers Mazda	111	8	3.68%	62	9	2.05%
Post Elementary School	102	9	3.38%	108	8	3.57%
Jersey Village Baptist Church	44	10	1.46%	15	10	0.50%
<b>Total</b>	<u>1,635</u>		<u>54.25%</u>	<u>1,545</u>		<u>51.09%</u>

(1) The requirement is for the current year and nine years ago, only the current year and seven years ago are available at this time.

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# CITY OF JERSEY VILLAGE, TEXAS

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>General Fund:</u></b>										
Administrative										
City Council *	6	6	6	6	6	6	6	6	6	6
Administration	3	4	2	3	3	3	3	3	3	3
Information Technology	1	1	1	1	2	2	2	2	2	2
Municipal Court	2	3	3	4	4	4	4	4	4	4
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	5	5	5	4	4	4	4	4	4	4
Public Safety										
Police	25	23	24	26	26	26	30	30	30	28
Fire	3	3	3	3	4	4	4	4	4	6
Communications	4	5	8	7	8	7	8	8	8	7
Public Works	3	2	2	2	2	2	2	2	2	2
Streets	2	3	2	2	3	3	3	3	3	3
Community Development	3	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	5	5	6	8	8	7	8	8	8	7
<b>General Fund Total</b>	<b>65</b>	<b>67</b>	<b>69</b>	<b>73</b>	<b>77</b>	<b>75</b>	<b>81</b>	<b>81</b>	<b>81</b>	<b>79</b>
<b><u>Enterprise Fund:</u></b>										
Utilities	4	5	5	5	5	5	5	5	5	5
Golf Course	4	4	4	4	4	4	4	4	4	4
<b>Enterprise Fund Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b><u>Special Revenue Fund:</u></b>										
Police	-	-	-	-	-	-	2	2	2	2
<b>Special Revenue Fund Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>TOTAL CITY POSITIONS</b>	<b>74</b>	<b>76</b>	<b>78</b>	<b>82</b>	<b>86</b>	<b>84</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>90</b>

**NOTES:**

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

**CITY OF JERSEY VILLAGE, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Ten Years

Function/Program	Year			
	2003	2004	2005	2006
Police				
Physical arrests	428	452	420	475
Parking violations	167	73	161	246
Traffic violations	16,832	15,632	14,978	16,831
Fire				
Calls for service	1,058	892	910	915
Water				
Service calls	1,080	920	1,142	1,050
Water main breaks	-	-	-	-
Average daily consumption (thousands of gallons)	190	115	112	125
Total consumption (thousands of gallons)	397.9	396.4	362.3	417.9
Peak daily consumption (thousands of gallons)	1.8	1.57	2.054	1.864
Sewer				
Average daily sewage treatment (thousands of gallons)	190	147	192	125
Peak daily consumption (thousands of gallons)	45,098.0	69,335.5	49,236.1	43,527.7

Source: Various City departments

Year					
2007	2008	2009	2010	2011	2012
565	758	768	684	272	814
136	136	70	13	67	82
15,504	15,504	14,783	7,057	6,871	11,074
1,028	1,042	1,055	1,065	1,138	1,634
1,239	1,575	1,629	1,422	1,699	1,634
3	2	5	1	31	15
125	1134	1137	1136	1758	1368
374.8	334.5	385.1	414.5	641.5	499.5
1.9	1.7	1.7	2.405	3.321	3.949
157	0.1713	0.1808	0.2092	0.1877	0.2173
45,771.9	62,524.9	65,944.6	80,625.0	0.3979	0.5229

**CITY OF JERSEY VILLAGE, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Years

Function/Program	Year			
	2003	2004	2005	2006
Police				
Stations	1	1	1	1
Patrol units	14	14	14	15
Fire				
Stations	1	1	1	1
Volunteers	40	34	34	37
Other public works				
Streets (miles - centerlines)	27.3	27.3	28.2	28.84
Streetlights	47	47	47	47
Traffic signals	10	10	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)	31.6	31.6	34.4	35.8
Fire hydrants	434	434	445	445
Storage capacity (thousands of gallons)	2,050	2,050	2,550	2,550
Sewer				
Sanitary sewers (miles)	31.9	34.2	34.8	35.2
Storm sewers (miles)	16.5	16.5	18.2	20.2
Treatment capacity (thousands of gallons)	800	800	800	800

Source: Various City departments

Year					
2007	2008	2009	2010	2011	2012
1	1	1	1	1	1
15	17	16	16	16	16
1	1	1	1	1	1
29	29	30	37	32	33
28.84	28.84	28.84	28.84	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
35.8	35.8	35.8	35.8	36.6	36.6
455	455	455	455	466	468
2,550	2,550	2,550	2,550	2,550	2,550
35.2	35.2	35.2	35.2	36.2	36.2
20.2	20.7	20.7	20.7	21.7	21.7
800	800	800	800	800	800

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