



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



For the Fiscal Year Ending September 30, 2020

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF JERSEY VILLAGE, TEXAS

**For the Year Ended
September 30, 2020**

Officials Issuing Report:

**Austin Bless
City Manager**

**Isabel Kato
Finance Director**

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS

TABLE OF CONTENTS

September 30, 2020

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	7
Principal Officials	11
Organizational Chart	12
Certificate of Achievement for Excellence in Financial Reporting	13
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	17
Management's Discussion and Analysis (Required Supplementary Information)	23
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	35
Statement of Activities	36
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	45
Proprietary Funds Financial Statements	
Statement of Net Position – Proprietary Funds	46
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	49
Statement of Cash Flows – Proprietary Funds	50
Notes to Financial Statements	53
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	80
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	82
Schedule of Contributions – Texas Municipal Retirement System	84
Schedule of Changes in Total OPEB Liability – Texas Municipal Retirement System	87

CITY OF JERSEY VILLAGE, TEXAS

TABLE OF CONTENTS (Continued)

September 30, 2020

	<u>Page</u>
<u>COMBINING STATEMENTS AND SCHEDULES</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	91
Combining Balance Sheet – Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Nonmajor Special Revenue Funds	
Hotel Occupancy Tax	97
Court Security and Technology Fees	98
Asset Forfeiture	99
 <u>STATISTICAL SECTION</u>	
Net Position by Component	102
Changes in Net Position	104
Fund Balances, Governmental Funds	108
Changes in Fund Balances, Governmental Funds	110
Tax Revenues by Source, Governmental Activities	112
Assessed Value and Actual Value of Taxable Property	114
Property Tax Rates – Direct and Overlapping Governments	116
Principal Property Taxpayers	119
Property Tax Levies and Collections	120
Ratios of Outstanding Debt by Type	122
Ratios of General Bonded Debt Outstanding	124
Direct and Overlapping Governmental Activities Debt	127
Pledged-Revenue Coverage	128
Demographic and Economic Statistics	131
Principal Employers	133
Full-Time Equivalent City Government Employees by Function	135
Operating Indicators by Function	136
Capital Asset Statistics by Function	138

INTRODUCTORY SECTION

(This page intentionally left blank.)



CITY OF JERSEY VILLAGE, TEXAS

16327 Lakeview Drive, Jersey Village, TX 77040
713-466-2100 (office) 713-466-2177 (fax)

March 23, 2021

Honorable Mayor and City Council
City of Jersey Village
16501 Jersey Drive
Jersey Village, Texas 77040

Dear Mayor and Members of City Council:

The City of Jersey Village, Texas (the “City”) is required to publish each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Jersey Village for the fiscal year ending September 30, 2020.

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, 2020 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditors concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ending September 30, 2020 are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

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

Strategic Direction

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

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

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

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

- **Fiscal Responsibility** – Continue fiscally sound local government practices through active budget controls and a focus on strategic planning within the community.
- **Public Safety** – Provide a safe and secure environment resulting from a partnership between Jersey Village residents and the Police and Fire Departments.
- **Flood Prevention and Mitigation** – The City will continue efforts to reduce flooding in the City. Four main projects were recommended for the City's long-term flood recovery projects. Those projects are a berm around the golf course, drainage and street improvements in the Wall Street Neighborhood, home elevation and/or buyout grants, and widening and deepening the bayou – E100.
- **Emergency Preparedness** – Our Emergency Management plan is complete and all essential City staff members are in compliance with National Incident Management System standards.
- **Economic Development** – The City will focus economic development efforts on increasing the commercial tax base through the attraction of companies and the expansion of existing businesses.
- **Quality Public Infrastructure and Recreational Facilities** – Provide continual cost effective maintenance and upgrades of streets, municipal utilities, and other municipal owned facilities to meet the service and capacity requirements of the community.

Profile of the Government

The City, which was formed in 1956, is located 15 miles northwest of downtown Houston. As of September 30, 2020, the City had a land area of 3.58 square miles and an estimated population of approximately 8,017. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statutes to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City of Jersey Village has adopted a Council-Manager form of government. The Council is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term. Elections are staggered with the Mayor and two Council members elected together in odd years and the three remaining members in the following even year. The City

Manager is appointed by the Council and is responsible for implementation of Council policy and all day-to-day operations of the City.

The City provides a full range of municipal services including public safety (police and fire protection), residential solid waste sanitation services, water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities, and general administrative services. The City also owns and operates a public golf course. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government.

In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds and account groups for which the City, as the primary government, is accountable. The Jersey Village Crime Control and Prevention District (the “District”) is considered to meet the criteria of a component unit and, therefore, has been included in the report as a discretely presented component unit. The District was created by the City under Chapter 363 of the Texas Local Government Code for the purpose of providing additional crime control and prevention to the City. The District held a required election on May 2013 on the continuance of the District, which resulted in an overwhelming support to maintain the District for an additional ten years.

Local Economy

According to the Greater Houston Partnership, September 2020 marked half a year since COVID-19 arrived in our area. In the early states, the pandemic cost Houston more than 365,000 jobs. Only about 110,000 have been recouped to this date.

The following is a comparison of unemployment over the past three years for the City compared to Texas and United States:

	2020	2019	2018
United States	7.8%	3.7%	3.9%
Texas	8.3%	3.6%	3.7%
Jersey Village	9.6%	3.9%	3.9%

Long-term Financial Planning

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

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

Major Initiatives

In 2019, the City of Jersey Village Council approved a Master Development Agreement with Collaborate Special Projects LLC for the development of Village Center, formerly referred to as Jersey Village Crossing. This 43-acre mixed-use development was supposed to break ground in 2020; unfortunately, the COVID-19 pandemic forced the City to postpone the project by a few months. Groundbreaking is now anticipated for Summer 2021.

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jersey Village for its CAFR for the year ended September 30, 2019. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This is the 21st consecutive year that the City has received this prestigious award. We believe our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for compliance review.

Acknowledgements

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

Respectfully submitted,

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

Isabel Kato
Director of Finance

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2020

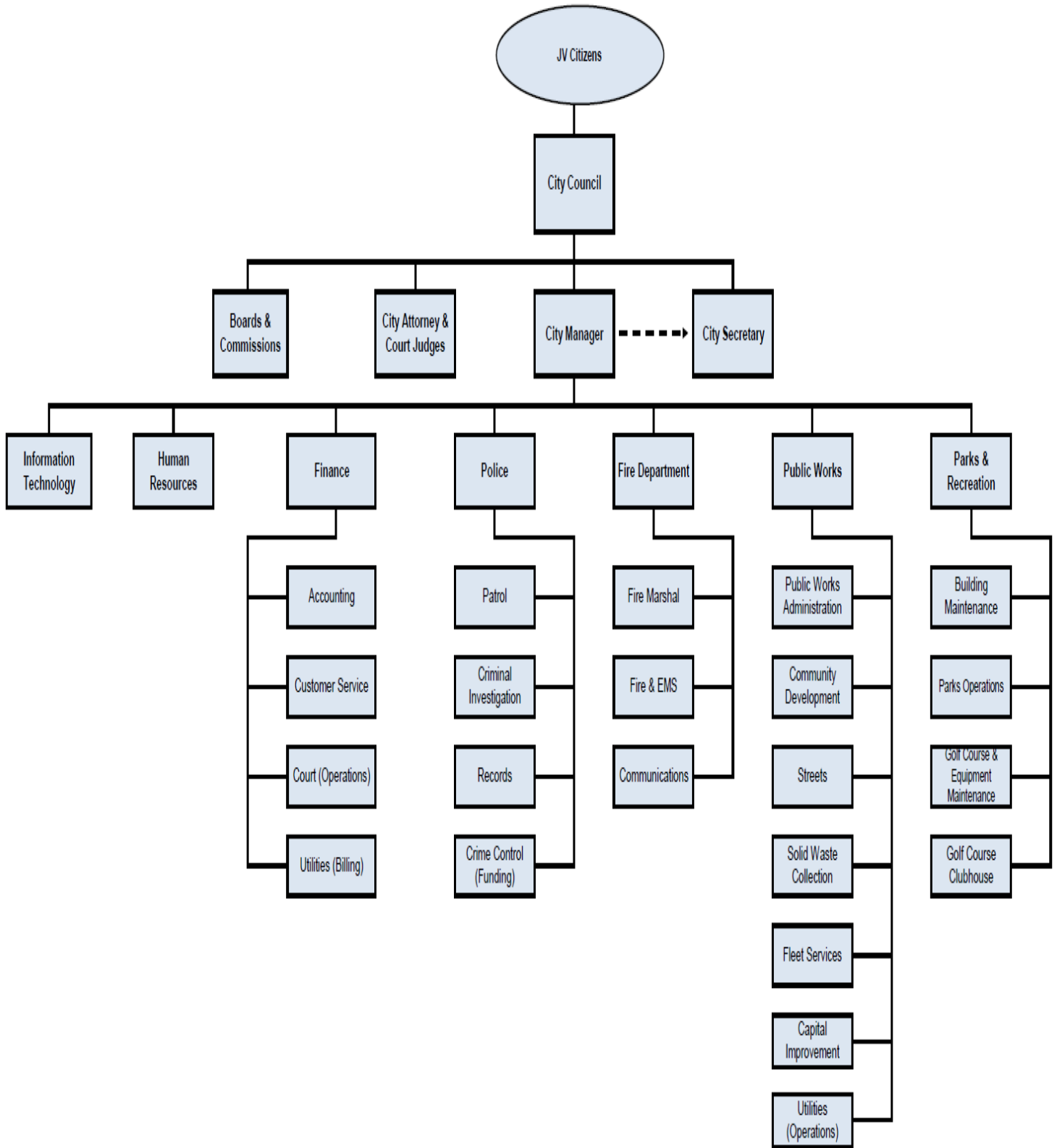
<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Andrew Mitcham	Mayor	05/2021
Drew Wasson	Council Member	05/2022
Greg Holden	Council Member	05/2021
Bobby Warren	Council Member	05/2021
James Singleton	Council Member	05/2022
Gary Wubbenhorst	Council Member	05/2022

<u>Key Staff</u>	<u>Position</u>
Austin Bless	City Manager
Lorri Coody	City Secretary
Justin Pruitt	City Attorney
Robert Basford	Parks and Recreation Director
Harry Ward	Public Works Director
Mark Bitz	Fire Chief
Isabel Kato	Finance Director
Kirk Riggs	Police Chief

CITY OF JERSEY VILLAGE, TEXAS

ORGANIZATIONAL CHART

September 30, 2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Jersey Village
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Jersey Village, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2021

(This page intentionally left blank.)

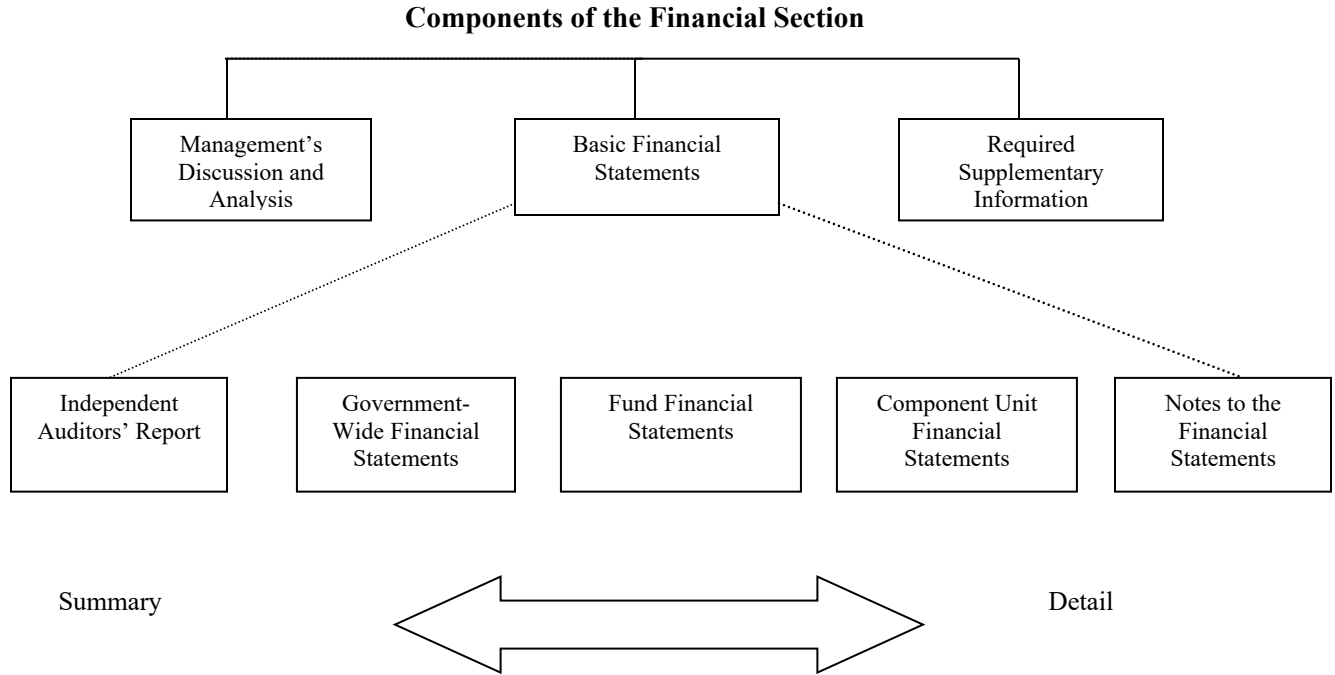
***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

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, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are considered to be major funds. Although the

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

City's debt service fund and traffic safety fund did not technically meet the criteria to be presented as major funds, the City has elected to present them as 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 services and the Jersey Meadow Municipal Golf Course. The proprietary fund financial statements provide separate information for the water and sewer fund and the golf course fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$98,192,429 as of September 30, 2020. The largest portion of the City's net position, 74 percent, reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 25,104,147	\$ 22,847,035	\$ 7,924,079	\$ 7,966,951	\$ 33,028,226	\$ 30,813,986
Capital assets, net	63,854,700	63,134,139	18,305,169	18,426,266	82,159,869	81,560,405
Total Assets	88,958,847	85,981,174	26,229,248	26,393,217	115,188,095	112,374,391
Deferred charge on refunding	358,181	424,231	-	-	358,181	424,231
Deferred outflows - pensions	636,213	1,495,880	98,160	263,090	734,373	1,758,970
Deferred outflows - OPEB	54,324	1,061	8,507	187	62,831	1,248
Total Deferred Outflows of Resources	1,048,718	1,921,172	106,667	263,277	1,155,385	2,184,449
Long-term liabilities	13,630,737	16,160,838	595,343	777,309	14,226,080	16,938,147
Other liabilities	2,071,740	1,278,283	770,200	756,170	2,841,940	2,034,453
Total Liabilities	15,702,477	17,439,121	1,365,543	1,533,479	17,068,020	18,972,600
Deferred inflows - pensions	936,301	513,870	130,266	90,897	1,066,567	604,767
Deferred inflows - OPEB	13,953	6,134	2,511	1,006	16,464	7,140
Total Deferred Inflows of Resources	950,254	520,004	132,777	91,903	1,083,031	611,907
Net Position:						
Net investment in capital assets	54,298,603	51,991,503	18,305,169	18,426,266	72,603,772	70,417,769
Restricted	1,215,263	1,231,295	-	-	1,215,263	1,231,295
Unrestricted	17,840,968	16,720,423	6,532,426	6,604,846	24,373,394	23,325,269
Total Net Position	\$ 73,354,834	\$ 69,943,221	\$ 24,837,595	\$ 25,031,112	\$ 98,192,429	\$ 94,974,333

A portion of the City's net position, \$1,215,263 or 1 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$24,373,394 or 25 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$3,218,096 during the current fiscal year, an increase of 3 percent in comparison to the prior year. This increase is largely the result of the City keeping expenses lower than revenue to assign money for capital projects.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 1,028,530	\$ 2,533,095	\$ 6,568,925	\$ 5,996,443	\$ 7,597,455	\$ 8,529,538
Operating grants and contributions	4,408,579	1,433,555	-	-	4,408,579	1,433,555
General revenues:						
Ad valorem taxes	7,914,769	8,008,209	-	-	7,914,769	8,008,209
Sales taxes	6,262,714	5,977,528	-	-	6,262,714	5,977,528
Franchise fees	549,938	560,994	-	-	549,938	560,994
Other taxes	61,963	78,274	-	-	61,963	78,274
Investment earnings	223,431	581,169	47,387	130,716	270,818	711,885
Other revenues	359,259	84,206	-	-	359,259	84,206
Total Revenues	20,809,183	19,257,030	6,616,312	6,127,159	27,425,495	25,384,189
Expenses						
General government	4,639,473	3,169,452	-	-	4,639,473	3,169,452
Public safety	5,420,766	4,903,199	-	-	5,420,766	4,903,199
Public works	6,920,041	2,992,310	-	-	6,920,041	2,992,310
Parks and recreation	891,452	717,655	-	-	891,452	717,655
Interest and fiscal agent fees on long-term debt	315,625	307,289	-	-	315,625	307,289
Water and sewer systems	-	-	3,905,511	3,148,578	3,905,511	3,148,578
Golf course	-	-	2,114,531	2,135,470	2,114,531	2,135,470
Total Expenses	18,187,357	12,089,905	6,020,042	5,284,048	24,207,399	17,373,953
Increase in Net Position Before Transfers	2,621,826	7,167,125	596,270	843,111	3,218,096	8,010,236
Transfers	789,787	352,022	(789,787)	(352,022)	-	-
Change in Net Position	3,411,613	7,519,147	(193,517)	491,089	3,218,096	8,010,236
Beginning net position	69,943,221	62,424,074	25,031,112	24,540,023	94,974,333	86,964,097
Ending Net Position	\$ 73,354,834	\$ 69,943,221	\$ 24,837,595	\$ 25,031,112	\$ 98,192,429	\$ 94,974,333

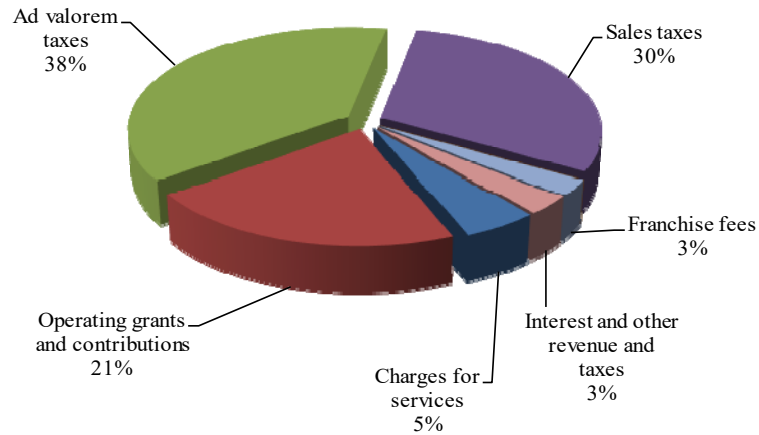
CITY OF JERSEY VILLAGE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

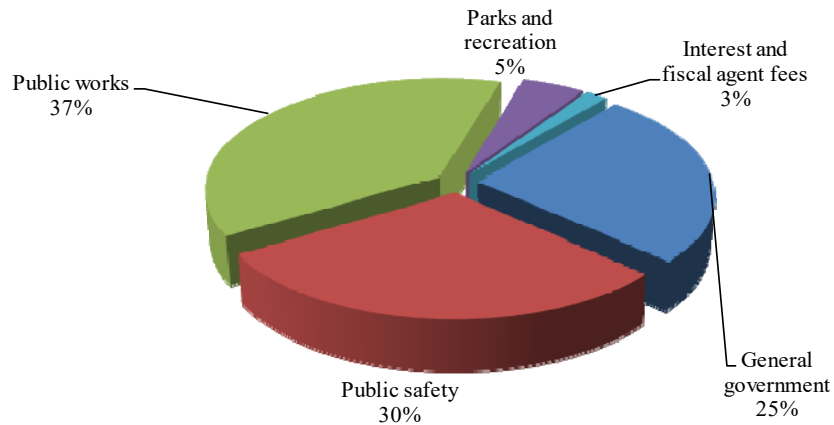
For the Year Ended September 30, 2020

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

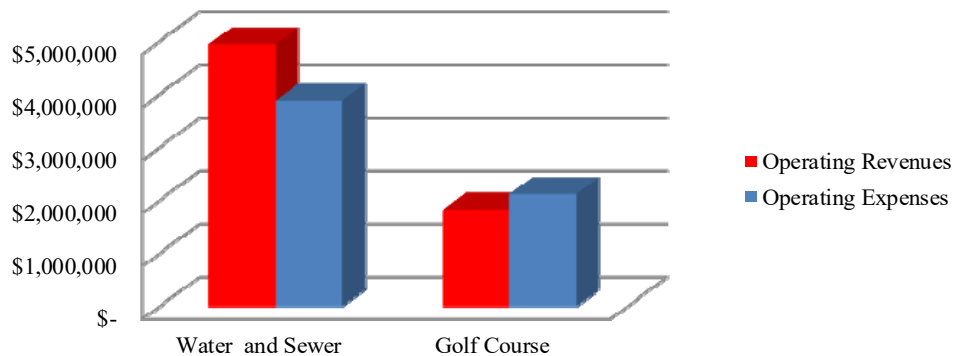
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

For the year ended September 30, 2020, revenues from governmental activities totaled \$20,809,183. Overall, governmental revenues increased from the prior year by 8 percent. Property and sales tax revenue continue to be the City's largest revenue sources. Property tax decreased compared to prior year by \$93,440 primarily due to a decrease in assessed value within the City. Operating grants and contributions increased 208 percent largely due to the City receiving a Federal Emergency Management Agency (FEMA) Flood Mitigation Assistance grant for the elevation of flood prone homes. Sales tax revenues have increased throughout the years due to growth in economic development.

For the year ended September 30, 2020, expenses for governmental activities totaled \$18,187,357, which is a 43 percent increase from the prior year due primarily to an overall increase in public works expenses and general government expenses. The public works expenses increased primarily due to an increase in salaries and benefits.

Operating revenues for business-type activities increased from the prior year. Charges for services increased by \$572,482 from the prior year primarily due to an increase in golf course fees. Operating expenses for business-type activities increased by \$735,994 primarily due to an increase in water and sewer operating expenses.

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 \$18,648,768. Of the total governmental fund balance, \$2,728 is nonspendable for prepaid items, \$1,641,856 is restricted for various purposes, \$9,409,107 is assigned by the City Council for capital projects, and \$7,595,077 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 \$7,595,077, while total fund balance reached \$7,729,733. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54 percent of total general fund expenditures, while total fund balance represents 55 percent of that same amount. The general fund demonstrated an overall decrease of \$487,717 primarily due to a transfer to the capital projects fund and a slight increase in public safety and parks and recreation expenses.

The debt service fund has a total fund balance of \$328,687, all of which is restricted for the payment of debt service.

The capital projects fund fund balance increased \$1,869,860 due to a transfer from the general fund for construction. Unspent bond proceeds in the amount of \$426,593 are restricted for capital outlay for the City's infrastructure. The remaining fund balance of \$9,409,107 is assigned for future capital projects.

The traffic safety fund experienced no change in fund balance due to the red-light camera program no longer being in existence.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$4,083,487 in the general fund. However, the net decrease in fund balance was \$487,717, resulting in a positive variance of \$3,595,770 from the amended budget.

Actual general fund revenues were less than original and amended revenues by \$465,900 during fiscal year 2020. The revenue budget variance was related to revenue categories not trending up as much as originally anticipated because of COVID-19, with the exception of sales tax which exceeded expectations.

Actual expenditures were less than budgeted amounts by \$901,661 for the fiscal year. The greatest positive variance was in public works as a result of less building and grounds expenses and community development expenses than expected.

CAPITAL ASSETS

At the end of fiscal year 2020, the City's governmental and business-type activities had invested \$82,159,869 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$3,324,884.

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

- New Taylor road facility building in the amount of \$1,270,759
- Vehicles for the City fleet in the amount of \$595,541
- Castlebridge wastewater treatment plant improvements in the amount of \$387,819

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 \$9,785,000 in general obligation bonds. During the year, the City had an overall decrease in long-term debt of \$1,300,225. More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

Current underlying ratings on debt issues are as follows.

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

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund revenues and expenditures projected for fiscal year 2020-2021 remain the same when compared to fiscal year 2019-2020 due to the economic uncertainty as the result of the pandemic. As part of the 2016 Comprehensive Plan, City Council adopted the Gateways and Wayfinding Master Plan (the "Plan"). This Plan included new marquee signs, gateway signs, and street signs that incorporated the City logo. For budgetary reasons, the project was split in two phases. Phase 1 was substantially completed by November 20, 2020. Phase 2 will start in fiscal year 2020-2021.

The City will also continue with projects that deal with flood mitigation, such as the Berm and Wall Street Neighborhood Drainage project and the home elevations. These projects are 90% funded by federal grants that our City administration successfully achieved. These projects are expected to break ground late Spring 2021.

Village Center, a mixed-use development located in Jersey Village along Jones Road south of US 290, is expected to break ground in Summer 2021. Centered on the community, Village Center will be a bustling, state-of-the-art hub of communal space including vibrant restaurants, retail shops, residential housing, a modern hotel, flexible learning and workspaces, and an iconic amphitheater and municipal town square – all set in a sustainable eco-community that is as inspirational as the people of Jersey Village and all of Northwest Harris County.

COVID-19

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay at-home orders going into effect. The City navigated through this time by alternating the schedules of its employees due to the various City functions needing to continue to run through this time. The City followed the directions of the State in relations to Municipal Court. The Municipal Court was closed until the City came up with an acceptable plan to monitor social distancing, require masks, and provide hand sanitizers. Subsequent to the second wave of the COVID outbreak, the State is now requiring Municipal Court to be held via Zoom meetings. While the initial event occurred prior to year end, the City was, subsequent to year end, continuing to modify its operations to prevent the spread to customer, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customer and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The City is continuing to monitor exposure levels with customer, staff, and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with open doors; however, the City is ready to modify its plans if necessary.

CITY OF JERSEY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Jersey Village Crime Control and Prevention District
Assets				
Cash and equity in pooled cash and investments	\$ 25,083,761	\$ 5,772,233	\$ 30,855,994	\$ 4,067,229
Receivables, net of allowances	1,744,444	338,797	2,083,241	326,447
Internal balances	(1,726,786)	1,726,786	-	-
Due from primary government	-	-	-	25,400
Inventory	-	86,263	86,263	-
Prepaid items	2,728	-	2,728	-
Capital assets:				
Nondepreciable capital assets	14,403,858	1,572,897	15,976,755	-
Depreciable capital assets, net	49,450,842	16,732,272	66,183,114	-
Total Assets	88,958,847	26,229,248	115,188,095	4,419,076
Deferred Outflows of Resources				
Deferred charge on refunding	358,181	-	358,181	-
Deferred outflows - pensions	636,213	98,160	734,373	-
Deferred outflows - OPEB	54,324	8,507	62,831	-
Total Deferred Outflows of Resources	1,048,718	106,667	1,155,385	-
Liabilities				
Accounts payable and accrued liabilities	2,038,192	629,759	2,667,951	-
Customer deposits	-	136,378	136,378	-
Due to component unit	25,400	-	25,400	-
Accrued bond interest	8,148	-	8,148	-
Unearned revenue	-	4,063	4,063	-
Noncurrent liabilities:				
Due within one year	1,757,161	67,215	1,824,376	-
Due in more than one year	9,152,778	7,467	9,160,245	-
Net pension liability	2,416,132	468,790	2,884,922	-
Total OPEB liability	304,666	51,871	356,537	-
Total Liabilities	15,702,477	1,365,543	17,068,020	-
Deferred Inflows of Resources				
Deferred inflows - pensions	936,301	130,266	1,066,567	-
Deferred inflows - OPEB	13,953	2,511	16,464	-
Total Deferred Inflows of Resources	950,254	132,777	1,083,031	-
Net Position				
Net investment in capital assets	54,298,603	18,305,169	72,603,772	-
Restricted for:				
Public communications	98,850	-	98,850	-
Debt service	328,687	-	328,687	-
Park improvements	16,191	-	16,191	-
Tourism	87,676	-	87,676	-
Public safety	620,000	-	620,000	-
Court technology	63,859	-	63,859	-
Crime control	-	-	-	4,419,076
Unrestricted	17,840,968	6,532,426	24,373,394	-
Total Net Position	\$ 73,354,834	\$ 24,837,595	\$ 98,192,429	\$ 4,419,076

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 4,639,473	\$ -	\$ -
Public safety	5,420,766	905,598	4,408,579
Public works	6,920,041	-	-
Parks and recreation	891,452	122,932	-
Interest on long-term debt	315,625	-	-
Total Governmental Activities	18,187,357	1,028,530	4,408,579
Business-Type Activities			
Water and sewer	3,905,511	4,739,888	-
Golf course	2,114,531	1,829,037	-
Total Business-Type Activities	6,020,042	6,568,925	-
Total Primary Government	\$ 24,207,399	\$ 7,597,455	\$ 4,408,579
Component Unit			
Jersey Village Crime Control and Prevention District	\$ 1,442,527	\$ -	\$ -
	General Revenues:		
	Ad valorem taxes		
	Sales taxes		
	Franchise fees		
	Other taxes		
	Investment earnings		
	Other revenues		
	Transfers		
	Total General Revenues and Transfers		
	Change in Net Position		
	Beginning net position		
	Ending Net Position		

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Jersey Village Crime Control and Prevention District
\$ (4,639,473)	\$ -	\$ (4,639,473)	\$ -
(106,589)	-	(106,589)	-
(6,920,041)	-	(6,920,041)	-
(768,520)	-	(768,520)	-
(315,625)	-	(315,625)	-
<u>(12,750,248)</u>	<u>-</u>	<u>(12,750,248)</u>	<u>-</u>
-	834,377	834,377	-
-	(285,494)	(285,494)	-
-	548,883	548,883	-
<u>(12,750,248)</u>	<u>548,883</u>	<u>(12,201,365)</u>	<u>-</u>
-	-	-	(1,442,527)
7,914,769	-	7,914,769	-
6,262,714	-	6,262,714	2,061,205
549,938	-	549,938	-
61,963	-	61,963	-
223,431	47,387	270,818	34,705
359,259	-	359,259	-
789,787	(789,787)	-	-
<u>16,161,861</u>	<u>(742,400)</u>	<u>15,419,461</u>	<u>2,095,910</u>
3,411,613	(193,517)	3,218,096	653,383
<u>69,943,221</u>	<u>25,031,112</u>	<u>94,974,333</u>	<u>3,765,693</u>
<u>\$ 73,354,834</u>	<u>\$ 24,837,595</u>	<u>\$ 98,192,429</u>	<u>\$ 4,419,076</u>

CITY OF JERSEY VILLAGE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Capital Projects	Traffic Safety
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 10,992,682	\$ 312,496	\$ 7,432,422	\$ 585,019
Receivables, net	1,662,668	70,458	-	-
Prepaid items	259	-	-	-
Due from other funds	53,834	5,159	3,022,048	-
Total Assets	\$ 12,709,443	\$ 388,113	\$ 10,454,470	\$ 585,019
<u>Liabilities:</u>				
Accounts payable and accrued liabilities	\$ 1,487,601	\$ -	\$ 450,218	\$ 391
Due to other funds	2,991,302	-	-	-
Total Liabilities	4,478,903	-	450,218	391
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - ambulance	181,340	-	-	-
Unavailable revenue - flood mitigation grant	-	-	168,552	-
Unavailable revenue - property taxes	319,467	59,426	-	-
Total Deferred Inflows of Resources	500,807	59,426	168,552	-
<u>Fund Balances:</u>				
Nonspendable	259	-	-	-
Restricted:				
Public communications	98,850	-	-	-
Debt service	-	328,687	-	-
Park improvements	16,191	-	-	-
Tourism	-	-	-	-
Public safety	19,356	-	-	584,628
Court technology and security	-	-	-	-
Capital projects	-	-	426,593	-
Assigned:				
Capital projects	-	-	9,409,107	-
Unassigned	7,595,077	-	-	-
Total Fund Balances	7,729,733	328,687	9,835,700	584,628
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,709,443	\$ 388,113	\$ 10,454,470	\$ 585,019

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 451,192	\$ 19,773,811
11,318	1,744,444
2,469	2,728
118,577	3,199,618
<u>\$ 583,556</u>	<u>\$ 24,720,601</u>
\$ 10,142	\$ 1,948,352
403,394	3,394,696
<u>413,536</u>	<u>5,343,048</u>
-	181,340
-	168,552
-	378,893
<u>-</u>	<u>728,785</u>
2,469	2,728
-	98,850
-	328,687
-	16,191
87,676	87,676
16,016	620,000
63,859	63,859
-	426,593
-	9,409,107
-	7,595,077
<u>170,020</u>	<u>18,648,768</u>
<u>\$ 583,556</u>	<u>\$ 24,720,601</u>

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2020

Total fund balances for governmental funds \$ 18,648,768

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

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

Capital assets, nondepreciable	14,403,858
Capital assets, net depreciable	45,743,211

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

728,785

Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.

Current assets and liabilities, net of due to enterprise funds	3,663,002
Capital assets, net depreciable	3,707,631

Long-term liabilities and deferred outflows and deferred inflows related to the net pension and total other postemployment benefits (OPEB) liability are not recognized in the governmental funds.

Deferred outflows - pensions	636,213
Deferred inflows - pensions	(936,301)
Net pension liability	(2,416,132)
Deferred outflows - OPEB	54,324
Deferred inflows - OPEB	(13,953)
Total OPEB liability	(304,666)

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

Accrued interest payable	(8,148)
Noncurrent liabilities due in one year	(1,757,161)
Noncurrent liabilities due in more than one year	(9,152,778)
Deferred charge on refunding	358,181

Net Position of Governmental Activities \$ 73,354,834

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Traffic Safety</u>
<u>Revenues</u>				
Ad valorem taxes	\$ 6,298,538	\$ 1,422,570	\$ -	\$ -
Sales taxes	6,262,714	-	-	-
Franchise fees	549,938	-	-	-
Other taxes	-	-	-	-
Permits, licenses, and fees	116,342	-	-	-
Fines and forfeitures	756,587	-	-	-
Charges for services	122,932	-	-	-
Intergovernmental	1,262,635	-	3,145,944	-
Investment earnings	98,434	3,489	72,864	-
Other revenue	358,732	-	-	-
Total Revenues	15,826,852	1,426,059	3,218,808	-
<u>Expenditures</u>				
Current:				
General government	4,662,740	-	-	-
Public safety	5,919,939	-	-	-
Public works	2,547,672	-	4,320,996	-
Parks and recreation	977,633	-	-	-
Debt Service:				
Principal	-	1,210,000	-	-
Interest and fiscal agent fees	-	308,275	-	-
Total Expenditures	14,107,984	1,518,275	4,320,996	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,718,868	(92,216)	(1,102,188)	-
<u>Other Financing Sources (Uses)</u>				
Transfers in	635,400	89,724	2,972,048	-
Transfers (out)	(2,841,985)	-	-	-
Total Other Financing Sources (Uses)	(2,206,585)	89,724	2,972,048	-
Net Change in Fund Balances	(487,717)	(2,492)	1,869,860	-
Beginning fund balances	8,217,450	331,179	7,965,840	584,628
Ending Fund Balances	\$ 7,729,733	\$ 328,687	\$ 9,835,700	\$ 584,628

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 7,721,108
-	6,262,714
-	549,938
61,963	61,963
-	116,342
32,669	789,256
-	122,932
-	4,408,579
2,358	177,145
527	359,259
97,517	20,569,236
16,999	4,679,739
47,611	5,967,550
-	6,868,668
-	977,633
-	1,210,000
-	308,275
64,610	20,011,865
32,907	557,371
-	3,697,172
(65,400)	(2,907,385)
(65,400)	789,787
(32,493)	1,347,158
202,513	17,301,610
\$ 170,020	\$ 18,648,768

(This page intentionally left blank.)

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, 2020

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

Net changes in fund balances - total governmental funds	\$ 1,347,158
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital asset expenditures	2,640,494
Depreciation expense	(1,919,933)
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Principal payments	1,210,000
Amortization of premiums, discounts, and deferred charges	24,175
<p>Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.</p>	
	193,661
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
	(73,886)
<p>Long-term liabilities and deferred outflows and deferred inflows related to the net pension and total other postemployment benefits (OPEB) liability are not recognized in the governmental funds.</p>	
Net pension liability	1,381,088
Deferred outflows - pensions	(1,485,339)
Deferred inflows - pensions	203,241
Total OPEB liability	(72,139)
Deferred outflows - OPEB	41,208
Deferred inflows - OPEB	4,236
<p>An internal service fund is used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities.</p>	
	<u>(82,351)</u>
Change in Net Position of Governmental Activities	\$ <u>3,411,613</u>

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Golf Course	Total Enterprise Funds	Activities Internal Service
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 5,241,092	\$ 531,141	\$ 5,772,233	\$ 5,309,950
Accounts receivable, net	338,797	-	338,797	-
Inventory	-	86,263	86,263	-
Due from other funds	180	169,937	170,117	-
Total Current Assets	5,580,069	787,341	6,367,410	5,309,950
Noncurrent assets:				
Capital assets:				
Land	445,240	915,000	1,360,240	-
Construction in process	212,657	-	212,657	-
Buildings and improvements	3,271,642	6,402,354	9,673,996	-
Furniture and equipment	2,185,479	706,776	2,892,255	12,390,590
Water and sewer system	20,768,965	-	20,768,965	-
Less: accumulated depreciation	(9,957,790)	(6,645,154)	(16,602,944)	(8,682,959)
Total Capital Assets (Net)	16,926,193	1,378,976	18,305,169	3,707,631
Total Noncurrent Assets	16,926,193	1,378,976	18,305,169	3,707,631
Total Assets	22,506,262	2,166,317	24,672,579	9,017,581
Deferred Outflows of Resources				
Deferred outflows - pensions	98,160	-	98,160	-
Deferred outflows - OPEB	8,507	-	8,507	-
Total Deferred Outflows of Resources	106,667	-	106,667	-

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Golf Course	Total	Internal Service
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 440,366	\$ 189,393	\$ 629,759	\$ 89,840
Customer deposits	136,009	369	136,378	-
Compensated absences	7,423	59,792	67,215	-
Unearned revenue	-	4,063	4,063	-
Due to other funds	-	439	439	-
Total Current Liabilities	583,798	254,056	837,854	89,840
Noncurrent liabilities:				
Compensated absences	825	6,642	7,467	-
Net pension liability	468,790	-	468,790	-
Total OPEB liability	51,871	-	51,871	-
Total Noncurrent Liabilities	521,486	6,642	528,128	-
Total Liabilities	1,105,284	260,698	1,365,982	89,840
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	130,266	-	130,266	-
Deferred inflows - OPEB	2,511	-	2,511	-
Total Deferred Inflows of Resources	132,777	-	132,777	-
<u>Net Position</u>				
Net investment in capital assets	16,926,193	1,378,976	18,305,169	3,707,631
Unrestricted	4,448,675	526,643	4,975,318	5,220,110
Total Net Position	\$ 21,374,868	\$ 1,905,619	23,280,487	\$ 8,927,741
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			1,557,108	
Total Net Position per Government-Wide Financial Statements.			\$ 24,837,595	

See Notes to Financial Statements.

(This page intentionally left blank.)

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

For the Year Ended September 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and</u>	<u>Golf</u>	<u>Total</u>	<u>Activities</u>
	<u>Sewer</u>	<u>Course</u>	<u>Enterprise</u>	<u>Internal</u>
			<u>Funds</u>	<u>Service</u>
<u>Operating Revenues</u>				
Charges for sales and services	\$ 4,641,090	\$ 1,805,827	\$ 6,446,917	\$ 1,176,890
Other revenues	98,798	23,210	122,008	260,000
Total Operating Revenues	<u>4,739,888</u>	<u>1,829,037</u>	<u>6,568,925</u>	<u>1,436,890</u>
<u>Operating Expenses</u>				
Costs of sales and services	2,766,169	947,354	3,713,523	230,278
Personnel	445,645	1,027,275	1,472,920	-
Depreciation	665,585	139,902	805,487	696,898
Total Operating Expenses	<u>3,877,399</u>	<u>2,114,531</u>	<u>5,991,930</u>	<u>927,176</u>
Operating Income (Loss)	<u>862,489</u>	<u>(285,494)</u>	<u>576,995</u>	<u>509,714</u>
<u>Nonoperating Revenues</u>				
Investment earnings	45,318	2,069	47,387	46,286
Interest expense	-	-	-	(36,712)
Total Nonoperating Revenues	<u>45,318</u>	<u>2,069</u>	<u>47,387</u>	<u>9,574</u>
Income (Loss) Before Transfers	<u>907,807</u>	<u>(283,425)</u>	<u>624,382</u>	<u>519,288</u>
Transfers in	-	169,937	169,937	-
Transfers (out)	(959,724)	-	(959,724)	-
Change in Net Position	<u>(51,917)</u>	<u>(113,488)</u>	<u>(165,405)</u>	<u>519,288</u>
Beginning net position	<u>21,426,785</u>	<u>2,019,107</u>		<u>8,408,453</u>
Ending Net Position	<u>\$ 21,374,868</u>	<u>\$ 1,905,619</u>		<u>\$ 8,927,741</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(28,112)</u>	
Change in Net Position per Government-Wide Financial Statements			<u>\$ (193,517)</u>	

See Notes to Financial Statements.

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Golf Course	Total Enterprise Funds	Internal Service
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 4,885,413	\$ 1,806,184	\$ 6,691,597	\$ 1,436,890
Payments to suppliers	(2,899,165)	(673,555)	(3,572,720)	(152,400)
Payments to employees	(439,514)	(1,016,664)	(1,456,178)	-
Net Cash Provided by Operating Activities	1,546,734	115,965	1,662,699	1,284,490
<u>Cash Flows from Noncapital</u>				
<u>Financing Activities</u>				
Transfer to (from) other funds	(959,724)	169,937	(789,787)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(959,724)	169,937	(789,787)	-
<u>Cash Flows from Capital and Related</u>				
<u>Financing Activities</u>				
Acquisition and construction of capital assets	(668,218)	(16,173)	(684,391)	(1,326,648)
Interest paid on capital debt	-	-	-	(36,712)
Net Cash (Used) by Capital and Related Financing Activities	(668,218)	(16,173)	(684,391)	(1,363,360)
<u>Cash Flows from Investing Activities</u>				
Interest received	45,318	2,069	47,387	46,286
Net Cash Provided by Investing Activities	45,318	2,069	47,387	46,286
Net Increase (Decrease) in Cash and Cash Equivalents	(35,890)	271,798	235,908	(32,584)
Beginning cash and cash equivalents	5,276,982	259,343	5,536,325	5,342,534
Ending Cash and Cash Equivalents	\$ 5,241,092	\$ 531,141	\$ 5,772,233	\$ 5,309,950

CITY OF JERSEY VILLAGE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Golf Course	Total Enterprise Funds	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 862,489	\$ (285,494)	\$ 576,995	\$ 509,714
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	665,585	139,902	805,487	696,898
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	145,525	(23,159)	122,366	-
Deferred outflows - pensions	156,610	-	156,610	-
Due from component unit	-	128,303	128,303	-
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	(132,996)	145,496	12,500	77,128
Customer deposits	1,224	-	1,224	-
Compensated absences	3,710	10,611	14,321	-
Net pension liability	(207,105)	-	(207,105)	-
Deferred inflows - pensions	39,369	306	39,675	-
Deferred inflows - OPEB	1,505	-	1,505	-
Total OPEB liability	10,818	-	10,818	-
Due to other funds	-	-	-	750
	Net Cash Provided by Operating Activities	\$ 115,965	\$ 1,662,699	\$ 1,284,490
	\$ 1,546,734	\$ 115,965	\$ 1,662,699	\$ 1,284,490

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

Discretely Presented Component Unit

Jersey Village Crime Control and Prevention District

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund did not meet the technical criteria to be presented as a major fund for reporting purposes, but the City has elected to present it as major due to its significance.

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

The City reports the following enterprise funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

E. Measurement Focus and Basis of Accounting

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

2. Investments

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

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

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

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City’s fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

6. Compensated Employee Absences

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

7. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

8. Net Position Flow Assumption

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

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

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

11. Estimates

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

12. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget as defined by the charter is the department level in the general fund and all others are at the fund level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2020. The hotel occupancy tax fund, court security and technology fees fund, and asset forfeiture fund are all special revenue funds that have adopted budgets.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2020, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	\$ 32,457,653	0.10
Total Fair Value	\$ 32,457,653	
Portfolio weighted average maturity		0.10

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

Credit risk. State law and the City’s investment policy limit investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. Further, commercial paper must be rated not less than “A-1” or “P-1” or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2020, the City’s investments in TexPool were rated “AAAm” by Standard & Poor’s.

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, 2020, 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, 2020

TexPool

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

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

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>
Ad valorem taxes	\$ 1,036,199	\$ 74,339	\$ -
Other taxes	221,502	-	-
Intergovernmental	476	-	-
Other	782,745	-	11,318
Less allowance	(378,254)	(3,881)	-
Total	<u>\$ 1,662,668</u>	<u>\$ 70,458</u>	<u>\$ 11,318</u>

	<u>Water and Sewer</u>	<u>Component Unit</u>
Other taxes	\$ (8)	\$ 326,447
Accounts	491,461	-
Less allowance	(152,656)	-
Total	<u>\$ 338,797</u>	<u>\$ 326,447</u>

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

C. Capital Assets

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

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 11,809,428	\$ 26,500	\$ -	\$ 11,835,928
Construction in progress	3,250,018	-	(682,088)	2,567,930
Total capital assets not being depreciated	15,059,446	26,500	(682,088)	14,403,858
Other capital assets:				
Buildings and improvements	9,318,343	1,809,845	-	11,128,188
Machinery and equipment	14,419,119	1,486,237	-	15,905,356
Infrastructure	50,455,588	-	-	50,455,588
Total other capital assets	74,193,050	3,296,082	-	77,489,132
Less accumulated depreciation for:				
Buildings and improvements	(4,489,042)	(964,667)	-	(5,453,709)
Machinery and equipment	(10,557,025)	(955,262)	-	(11,512,287)
Infrastructure	(11,072,290)	(4)	-	(11,072,294)
Total accumulated depreciation	(26,118,357)	(1,919,933)	-	(28,038,290)
Other capital assets, net	48,074,693	1,376,149	-	49,450,842
Governmental Activities Capital Assets, Net	\$ 63,134,139	\$ 1,402,649	\$ (682,088)	63,854,700
			Plus deferred charge on refunding	358,181
			Plus unspent bond proceeds	426,593
			Less associated debt	(10,340,871)
			Net Investment in Capital Assets	\$ 54,298,603

Depreciation was charged to governmental functions as follows:

General government	\$ 62,953
Public safety	266,534
Public works	814,226
Parks and recreation	79,323
Capital assets held by the City's internal service fund are charged to various functions based on their usage of the assets	696,897
Total Governmental Activities Depreciation Expense	\$ 1,919,933

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Expenditures</u>	<u>Remaining Commitment</u>
Golf course reclaimed water	\$ 800,000	224,525	\$ 575,475
Convention center club house	2,770,000	144,626	2,625,374
Long-term flood recovery plan	5,880,000	427,140	5,452,860
Wall Street engineering	3,880,000	107,124	3,772,876
Castlebridge wastewater treatment plant	700,000	24,375	675,625
Gateway phase 1	1,000,000	283,088	716,912
Total	<u>\$ 15,530,000</u>	<u>\$ 1,710,878</u>	<u>\$ 13,819,122</u>

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,360,240	\$ -	\$ -	\$ 1,360,240
Construction in progress	1,637,966	-	(1,425,309)	212,657
Total capital assets not being depreciated	<u>2,998,206</u>	<u>-</u>	<u>(1,425,309)</u>	<u>1,572,897</u>
Other capital assets:				
Buildings	7,590,674	2,083,322	-	9,673,996
Water and sewer system	20,768,965	-	-	20,768,965
Machinery and equipment	2,865,878	26,377	-	2,892,255
Total other capital assets	<u>31,225,517</u>	<u>2,109,699</u>	<u>-</u>	<u>33,335,216</u>
Less accumulated depreciation for:				
Buildings	(6,194,264)	(279,318)	-	(6,473,582)
Water and sewer system	(8,027,783)	(326,791)	-	(8,354,574)
Machinery and equipment	(1,575,410)	(199,378)	-	(1,774,788)
Total accumulated depreciation	<u>(15,797,457)</u>	<u>(805,487)</u>	<u>-</u>	<u>(16,602,944)</u>
Other capital assets, net	<u>15,428,060</u>	<u>1,304,212</u>	<u>-</u>	<u>16,732,272</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,426,266</u>	<u>\$ 1,304,212</u>	<u>\$ (1,425,309)</u>	<u>\$ 18,305,169</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 665,585
Golf course	<u>139,902</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 805,487</u>

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Expenditures</u>	<u>Remaining Commitment</u>
Scada project	\$ 187,570	\$ 197,487	\$ (9,917)
Seattle well tv survey	15,170	15,170	-
	<u>\$ 202,740</u>	<u>\$ 212,657</u>	<u>\$ (9,917)</u>

D. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 10,995,000	\$ -	\$ 1,210,000	\$ 9,785,000	* \$ 1,245,000
Premium on bonds	646,096	-	90,225	555,871	*
	<u>11,641,096</u>	<u>-</u>	<u>1,300,225</u>	<u>10,340,871</u>	<u>1,245,000</u>
Other liabilities:					
Net pension liability	3,797,220	-	1,381,088	2,416,132	-
Total OPEB liability	232,527	72,139	-	304,666	-
Compensated absences	489,995	215,162	136,089	569,068	512,161
Total Governmental Activities	<u>\$ 16,160,838</u>	<u>\$ 287,301</u>	<u>\$ 2,817,402</u>	<u>\$ 13,630,737</u>	<u>\$ 1,757,161</u>

Long-term debt due in more than one year \$ 11,873,576

***Debt associated with governmental activity capital assets** \$ 10,340,871

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Net pension liability	\$ 675,895	\$ -	\$ 207,105	\$ 468,790	\$ -
Total OPEB liability	41,053	10,818	-	51,871	-
Compensated absences	60,361	29,140	14,819	74,682	67,215
Total Business-Type Activities	<u>\$ 777,309</u>	<u>\$ 39,958</u>	<u>\$ 221,924</u>	<u>\$ 595,343</u>	<u>\$ 67,215</u>

Long-term debt due in more than one year \$ 528,128

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>			
General Obligation Bonds			
Series 2012	\$ 9,050,000	2.00-4.00%	\$ 3,700,000
Series 2016	\$ 6,710,000	2.00-3.00%	6,085,000
	Total General Obligation Bonds		<u>\$ 9,785,000</u>

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

Year Ending Sep. 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 1,245,000	\$ 273,325	\$ 1,518,325
2022	1,290,000	236,850	1,526,850
2023	1,325,000	197,625	1,522,625
2024	1,370,000	157,200	1,527,200
2025	1,410,000	115,500	1,525,500
2026-2029	3,145,000	95,175	3,240,175
Total	<u>\$ 9,785,000</u>	<u>\$ 1,075,675</u>	<u>\$ 10,860,675</u>

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

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

Federal Arbitrage

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

E. Interfund Transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General	Golf course	\$ 439
General	Component unit	25,400
General	Nonmajor	53,395
Golf course	General	169,937
Debt service	General	5,159
Nonmajor	General	118,577
Capital projects	General	2,672,048
Capital projects	Nonmajor	350,000
Water and sewer	General	180
	Total	\$ 3,395,135

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

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
General	Water and sewer	\$ 570,000
General	Nonmajor	65,400
Debt service	Water and sewer	89,724
Capital projects	General	2,972,048
Golf course	General	169,937
	Total	\$ 3,867,109

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

F. Fund Equity

As of September 30, 2020, \$771,535 of the City’s total fund balance is restricted by enabling legislation.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

The City is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the City's management that resolution of this matter will not have a material adverse effect on the financial condition of the City.

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.

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.tmr.com.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

Benefits Provided

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

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

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

	2020	2019
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to, but not yet receiving, benefits	100
Active employees	95
Total	252

Contributions

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.66 percent and 15.74 percent in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$867,530, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5 percent and 3.0 percent minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rate is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 1,012,984	\$ -	\$ 1,012,984
Interest	1,656,227	-	1,656,227
Change in current period benefits	-	-	-
Difference between expected and actual experience	44,949	-	44,949
Changes in assumptions	55,925	-	55,925
Contributions - employer	-	867,530	(867,530)
Contributions - employee	-	412,261	(412,261)
Net investment income	-	3,096,514	(3,096,514)
Benefit payments, including refunds of employee contributions	(955,247)	(955,247)	-
Administrative expense	-	(17,501)	17,501
Other changes	-	(526)	526
Net Changes	1,814,838	3,403,031	(1,588,193)
Balance at December 31, 2018	24,507,823	20,034,708	4,473,115
Balance at December 31, 2019	\$ 26,322,661	\$ 23,437,739	\$ 2,884,922

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 6,779,141	\$ 2,884,922	\$ (270,113)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$139,734.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 58,685	\$ (363,237)
Changes in actuarial assumptions	38,664	-
Difference between projected and actual investment earnings	-	(703,330)
Contributions subsequent to the measurement date	637,024	-
Total	\$ 734,373	\$ (1,066,567)

\$637,024 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Pension Expense
2021	(368,423)
2022	(310,098)
2023	58,135
2024	(348,832)
Total	\$ (969,218)

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

D. Other Postemployment Benefits

TMRS Supplemental Death Benefits

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	42	
Inactive employees entitled to, but not yet receiving, benefits	29	
Active employees	95	
Total	166	

Total OPEB Liability

The City's total OPEB liability of \$356,537 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 11,190
Interest	10,314
Differences between expected and actual experience	2,169
Changes of assumptions	61,640
Benefit payments*	(2,356)
Net Changes	82,957
Beginning balance	273,580
Ending Balance	\$ 356,537

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The discount rate decreased from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

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

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	\$ 437,429	\$ 356,537	\$ 295,468

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$30,699. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,734	\$ (3,399)
Changes in actuarial assumptions	59,283	(13,065)
Contributions subsequent to the measurement date	1,814	-
Total	\$ 62,831	\$ (16,464)

\$1,814 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2021.

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

Fiscal Year Ended September 30	OPEB Expense
2021	\$ 12,117
2022	12,117
2023	9,512
2024	10,807
Total	\$ 44,553

CITY OF JERSEY VILLAGE, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

E. Chapter 380 Economic Development Program Agreements

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

Southwest Developers, LLC

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

Collaborate Development Group LLC

On June 22, 2019, the City entered into a Chapter 380 economic development program agreement (the “Program”) with Collaborate Development Group, LLC. (the “Developer”). The City administers the program of grants to the Developer for a limited time in amounts equal to a portion of City sales tax relating to certain property that would promote local economic development and stimulate business and commercial activity within the City. The Developer will provide development services for the City including purchasing land to develop a commercial retail, hotel, and restaurant project with certain public improvements for the benefit of the City on approximately 43 acres of land. The Developer estimates the total capital investment in the project to be approximately \$145,000,000.

Gordon NW Village, LP

On January 21, 2020, the City entered into a Chapter 380 economic development program agreement (the “Program”) with Gordon NW Village, LP. (the “Developer”). The City administers the Program of grants to the Developer for a limited time in amounts equal to a portion of City sales tax relating to certain property that would promote local economic development and stimulate business and commercial activity within the City. The Developer will provide development services for the City including finding a suitable third party to locate a retail sales center (the “Retail Sales Center”) in the City and assistance with identifying a location for the Retail Sales Center, and has applied to the City under its Program for financial assistance to locate such Retail Sales Center in the City.

(This page intentionally left blank.)

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, 2020

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Taxes and fees:				
Ad valorem	\$ 6,369,000	\$ 6,369,000	\$ 6,298,538	\$ (70,462)
Sales	5,745,000	5,745,000	6,262,714	517,714
Franchise	594,000	594,000	549,938	(44,062)
Permits, licenses, and fees	120,100	120,100	116,342	(3,758)
Charges for services	312,900	312,900	122,932	(189,968)
Fines	1,018,000	1,018,000	756,587	(261,413)
Investment earnings	350,000	350,000	98,434	(251,566)
Intergovernmental	1,542,587	1,542,587	1,262,635	(279,952)
Other revenues	241,165	241,165	358,732	117,567
Total Revenues	<u>16,292,752</u>	<u>16,292,752</u>	<u>15,826,852</u>	<u>(465,900)</u>
Expenditures				
General government:				
Administration	672,708	672,709	727,625	(54,916)
Legal	2,440,921	2,526,671	2,468,590	58,081
Information technology	668,044	668,044	658,097	9,947
Purchasing	21,600	21,600	19,266	2,334
Finance	358,233	388,433	379,909	8,524
Customer service	133,648	133,648	128,105	5,543
Court	457,933	457,933	281,148	176,785
Total General Government	<u>4,753,087</u>	<u>4,869,038</u>	<u>4,662,740</u>	<u>206,298</u>
Public safety:				
Police	3,473,496	3,473,496	3,242,871	230,625
Dispatch	817,362	817,362	806,979	10,383
Fire	1,911,492	1,921,492	1,870,089	51,403
Total Public Safety	<u>6,202,350</u>	<u>6,212,350</u>	<u>5,919,939</u>	<u>292,411</u>
Public works:				
Public works administration	308,891	308,891	289,065	19,826
Community development	472,678	472,678	400,588	72,090
Streets	726,070	726,070	671,502	54,568
Building and grounds	367,112	367,112	248,729	118,383
Sanitation	466,926	466,926	425,367	41,559
Fleet services	554,647	554,647	512,421	42,226
Total Public Works	<u>2,896,324</u>	<u>2,896,324</u>	<u>2,547,672</u>	<u>348,652</u>
Parks and recreation	1,031,933	1,031,933	977,633	54,300
Total Expenditures	<u>14,883,694</u>	<u>15,009,645</u>	<u>14,107,984</u>	<u>901,661</u>
Excess of Revenues Over Expenditures	<u>1,409,058</u>	<u>1,283,107</u>	<u>1,718,868</u>	<u>435,761</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, 2020

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 635,400	\$ 635,400	\$ 635,400	\$ -
Transfers (out)	(6,087,744)	(6,001,994)	(2,841,985)	3,160,009
Total Other Financing (Uses)	<u>(5,452,344)</u>	<u>(5,366,594)</u>	<u>(2,206,585)</u>	<u>3,160,009</u>
Net Change in Fund Balance	<u>\$ (4,043,286)</u>	<u>\$ (4,083,487)</u>	(487,717)	<u>\$ 3,595,770</u>
Beginning fund balance			<u>8,217,450</u>	
Ending Fund Balance			<u>\$ 7,729,733</u>	

Notes to Required Supplementary Information:

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

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 812,970	\$ 850,095	\$ 872,680	\$ 890,859
Interest (on the total pension liability)	1,315,698	1,369,339	1,410,647	1,497,966
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(448,345)	(105,426)	(59,041)	144,265
Change of assumptions	-	198,859	-	-
Benefit payments, including refunds of employee contributions	(839,314)	(1,025,857)	(949,496)	(930,014)
Net Change in Total Pension Liability	<u>841,009</u>	<u>1,287,010</u>	<u>1,274,790</u>	<u>1,603,076</u>
Beginning total pension liability	<u>18,808,863</u>	<u>19,649,872</u>	<u>20,936,882</u>	<u>22,211,672</u>
Ending Total Pension Liability	<u>\$ 19,649,872</u>	<u>\$ 20,936,882</u>	<u>\$ 22,211,672</u>	<u>\$ 23,814,748</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 679,660	\$ 741,645	\$ 730,340	\$ 784,097
Contributions - employee	337,066	340,427	343,575	357,569
Net investment income	885,763	24,391	1,120,508	2,469,825
Benefit payments, including refunds of employee contributions	(839,314)	(1,025,857)	(949,496)	(930,014)
Administrative expense	(9,246)	(14,861)	(12,670)	(12,808)
Other	(760)	(734)	(683)	(649)
Net Change in Plan Fiduciary Net Position	<u>1,053,169</u>	<u>65,012</u>	<u>1,231,574</u>	<u>2,668,021</u>
Beginning plan fiduciary net position	<u>15,481,567</u>	<u>16,534,736</u>	<u>16,599,748</u>	<u>17,831,322</u>
Ending Plan Fiduciary Net Position	<u>\$ 16,534,736</u>	<u>\$ 16,599,748</u>	<u>\$ 17,831,322</u>	<u>\$ 20,499,343</u>
Net Pension Liability	<u>\$ 3,115,136</u>	<u>\$ 4,337,134</u>	<u>\$ 4,380,350</u>	<u>\$ 3,315,405</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.15%	79.28%	80.28%	86.08%
Covered Payroll	\$ 4,815,231	\$ 4,863,246	\$ 4,908,210	\$ 5,108,134
Net Pension Liability as a Percentage of Covered Payroll	64.69%	89.18%	89.25%	64.90%

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

Measurement Year*	
2018	2019
\$ 943,869	\$ 1,012,984
1,603,724	1,656,227
-	-
(798,906)	44,949
-	55,925
(1,055,612)	(955,247)
<u>693,075</u>	<u>1,814,838</u>
<u>23,814,748</u>	<u>24,507,823</u>
<u>\$ 24,507,823</u>	<u>\$ 26,322,661</u>
\$ 830,647	\$ 867,530
386,605	412,261
(613,787)	3,096,514
(1,055,612)	(955,247)
(11,868)	(17,501)
(620)	(526)
<u>(464,635)</u>	<u>3,403,031</u>
<u>20,499,343</u>	<u>20,034,708</u>
<u>\$ 20,034,708</u>	<u>\$ 23,437,739</u>
<u>\$ 4,473,115</u>	<u>\$ 2,884,922</u>
81.75%	89.04%
\$ 5,522,931	\$ 5,889,441
80.99%	48.98%

CITY OF JERSEY VILLAGE, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2020

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year *		
2018	2019	2020
\$ 825,456	\$ 837,570	\$ 891,645
<u>825,456</u>	<u>837,570</u>	<u>891,645</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,458,931</u>	<u>\$ 5,654,707</u>	<u>\$ 6,262,569</u>
15.12%	14.81%	14.24%

(This page intentionally left blank.)

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

For the Year Ended September 30, 2020

	Measurement Year*		
	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 9,195	\$ 11,598	\$ 11,190
Interest (on the total OPEB liability)	9,251	9,446	10,314
Difference between expected and actual experience	-	(5,411)	2,169
Changes in assumptions	22,595	(20,796)	61,640
Benefit payments	(1,532)	(1,657)	(2,356)
Net Change in Total OPEB Liability	39,509	(6,820)	82,957
Beginning total OPEB liability	240,891	280,400	273,580
Ending Total OPEB Liability	\$ 280,400	\$ 273,580	\$ 356,537
Covered Payroll	\$ 5,108,134	\$ 5,522,931	\$ 5,889,441
Total OPEB Liability as a Percentage of Covered Payroll	5.49%	4.95%	6.05%

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

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who became disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

(This page intentionally left blank.)

***COMBINING STATEMENTS
AND SCHEDULES***

(This page intentionally left blank.)

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, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Ad valorem taxes	\$ 1,466,000	\$ 1,422,570	\$ (43,430)
Investment earnings	10,000	3,489	(6,511)
Total Revenues	1,476,000	1,426,059	(49,941)
<u>Expenditures</u>			
Debt service:			
Principal	1,210,000	1,210,000	-
Interest and fiscal agent fees	316,025	308,275	7,750
Total Expenditures	1,526,025	1,518,275	7,750
(Deficiency) of Revenues (Under) Expenditures	(50,025)	(92,216)	(42,191)
<u>Other Financing Sources (Uses)</u>			
Transfers in	89,724	89,724	-
Total Other Financing Sources	89,724	89,724	-
Net Change in Fund Balance	\$ 39,699	(2,492)	\$ (42,191)
Beginning fund balance		331,179	
Ending Fund Balance		\$ 328,687	

Notes to Supplementary Information:

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

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

SPECIAL REVENUE FUNDS

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

Hotel Occupancy Tax Fund

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

Court Security and Technology Fees Fund

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

Asset Forfeiture Fund

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

CITY OF JERSEY VILLAGE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Hotel Occupancy Tax	Court Security and Technology Fees	Asset Forfeiture	
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 426,358	\$ -	\$ 24,834	\$ 451,192
Receivables, net	11,318	-	-	11,318
Prepaid items	248	-	2,221	2,469
Due from other funds	-	118,577	-	118,577
Total Assets	\$ 437,924	\$ 118,577	\$ 27,055	\$ 583,556
 <u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 1,324	\$ 8,818	\$ 10,142
Due to other funds	350,000	53,394	-	403,394
Total Liabilities	350,000	54,718	8,818	413,536
 <u>Fund Balances</u>				
Nonspendable	248	-	2,221	2,469
Restricted:				
Tourism	87,676	-	-	87,676
Public safety	-	-	16,016	16,016
Court technology	-	63,859	-	63,859
Total Fund Balances	87,924	63,859	18,237	170,020
Total Liabilities and Fund Balances	\$ 437,924	\$ 118,577	\$ 27,055	\$ 583,556

CITY OF JERSEY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Hotel Occupancy Tax	Court Security and Technology Fees	Asset Forfeiture	
Revenues				
Occupancy tax	\$ 61,963	\$ -	\$ -	\$ 61,963
Fines	-	32,669	-	32,669
Investment earnings	2,170	-	188	2,358
Other revenue	-	-	527	527
Total Revenues	64,133	32,669	715	97,517
Expenditures				
Current:				
General government	16,999	-	-	16,999
Public safety	-	31,105	16,506	47,611
Total Expenditures	16,999	31,105	16,506	64,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,134	1,564	(15,791)	32,907
Other Financing Sources (Uses)				
Transfer (out)	(18,000)	(47,400)	-	(65,400)
Total Other Financing (Uses)	(18,000)	(47,400)	-	(65,400)
Net Change in Fund Balances	29,134	(45,836)	(15,791)	(32,493)
Beginning fund balances	58,790	109,695	34,028	202,513
Ending Fund Balances	\$ 87,924	\$ 63,859	\$ 18,237	\$ 170,020

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2020

		Hotel Occupancy Tax		
		Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Occupancy tax		\$ 150,000	\$ 61,963	\$ (88,037)
Investment earnings		9,000	2,170	(6,830)
	Total Revenues	159,000	64,133	(94,867)
Expenditures				
General government		39,900	16,999	22,901
	Total Expenditures	39,900	16,999	22,901
	Excess of Revenues Over Expenditures	119,100	47,134	(71,966)
Other Financing Sources (Uses)				
Transfers (out)		(18,000)	(18,000)	-
	Total Other Financing Sources	(18,000)	(18,000)	-
	Net Change in Fund Balance	\$ 101,100	29,134	\$ (71,966)
Beginning fund balance			58,790	
	Ending Fund Balance		\$ 87,924	

Notes to 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
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2020

	Court Security and Technology Fees		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines	\$ 41,300	\$ 32,669	\$ (8,631)
<u>Expenditures</u>			
Public safety	36,825	31,105	5,720
Excess of Revenues Over Expenditures	4,475	1,564	(2,911)
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(47,400)	(47,400)	-
Total Other Financing Sources	(47,400)	(47,400)	-
Net Change in Fund Balance	\$ (42,925)	(45,836)	\$ (2,911)
Beginning fund balance		109,695	
Ending Fund Balance		\$ 63,859	

Notes to 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
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2020

	Asset Forfeiture		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Investment earnings	\$ 900	\$ 188	\$ (712)
Other revenue	-	527	527
Total Revenues	900	715	(185)
Expenditures			
Public safety	19,120	16,506	2,614
Total Expenditures	19,120	16,506	2,614
Net Change in Fund Balance	\$ (18,220)	(15,791)	\$ 2,429
Beginning fund balance		34,028	
Ending Fund Balance		\$ 18,237	

Notes to Supplementary Information:

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

(This page intentionally left blank.)

STATISTICAL SECTION

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

Contents	Page
Financial Trends	102
<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	112
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	122
<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	131
<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	135
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF JERSEY VILLAGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 25,644,695	\$ 23,205,799	\$ 29,072,714	\$ 30,316,564
Restricted	1,706,438	7,298,473	3,646,658	3,329,342
Unrestricted	8,906,717	8,025,517	10,085,847	-
Total Governmental Activities Net Position	<u>\$ 36,257,850</u>	<u>\$ 38,529,789</u>	<u>\$ 42,805,219</u>	<u>\$ 33,645,906</u>
Business-Type Activities				
Net investment in capital assets	\$ 17,991,847	\$ 18,085,993	\$ 17,746,030	\$ 17,205,752
Unrestricted	4,282,824	4,422,826	5,297,596	18,541,697
Total Business-Type Activities Net Position	<u>\$ 22,274,671</u>	<u>\$ 22,508,819</u>	<u>\$ 23,043,626</u>	<u>\$ 35,747,449</u>
Primary Government				
Net investment in capital assets	\$ 43,636,542	\$ 41,291,792	\$ 46,818,744	\$ 47,522,316
Restricted	1,706,438	7,298,473	3,646,658	3,329,342
Unrestricted	13,189,541	12,448,343	15,383,443	18,541,697
Total Primary Government Net Position	<u>\$ 58,532,521</u>	<u>\$ 61,038,608</u>	<u>\$ 65,848,845</u>	<u>\$ 69,393,355</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 31,654,577	\$ 31,824,350	\$ 35,856,808	\$ 40,819,897	\$ 51,991,503	\$ 54,298,603
2,930,096	2,830,414	2,549,847	1,878,602	1,231,295	1,215,263
14,575,527	18,541,697	18,930,408	19,725,575	16,720,423	17,840,968
<u>\$ 49,160,200</u>	<u>\$ 53,196,461</u>	<u>\$ 57,337,063</u>	<u>\$ 62,424,074</u>	<u>\$ 69,943,221</u>	<u>\$ 73,354,834</u>
\$ 17,000,490	\$ 17,629,271	\$ 17,347,834	\$ 17,132,700	\$ 18,426,266	\$ 18,305,169
6,320,937	6,588,580	7,104,061	7,407,323	6,604,846	6,532,426
<u>\$ 23,321,427</u>	<u>\$ 24,217,851</u>	<u>\$ 24,451,895</u>	<u>\$ 24,540,023</u>	<u>\$ 25,031,112</u>	<u>\$ 24,837,595</u>
\$ 48,655,067	\$ 49,453,621	\$ 53,204,642	\$ 57,952,597	\$ 70,417,769	\$ 72,603,772
2,930,096	2,830,414	2,549,847	1,878,602	1,231,295	1,215,263
20,896,464	25,130,277	26,034,469	27,132,898	23,325,269	24,373,394
<u>\$ 72,481,627</u>	<u>\$ 77,414,312</u>	<u>\$ 81,788,958</u>	<u>\$ 86,964,097</u>	<u>\$ 94,974,333</u>	<u>\$ 98,192,429</u>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 1,852,750	\$ 1,979,509	\$ 1,744,782	\$ 1,741,875
Public safety	5,038,540	5,221,610	5,029,549	4,840,944
Public works	2,460,625	2,929,708	2,399,621	2,447,946
Parks and recreation	197,711	163,273	158,351	225,551
Interest and fiscal agent fees on long-term debt	1,025,458	850,924	797,826	703,579
Total Governmental Activities Expenses	<u>10,575,084</u>	<u>11,145,024</u>	<u>10,130,129</u>	<u>9,959,895</u>
Business-type activities				
Water and sewer	2,798,185	3,040,413	2,838,464	2,612,155
Golf course	1,740,698	1,649,470	1,662,206	1,716,718
Total Business-Type Activities Expenses	<u>4,538,883</u>	<u>4,689,883</u>	<u>4,500,670</u>	<u>4,328,873</u>
Total Primary Government Expenses	<u>\$ 15,113,967</u>	<u>\$ 15,834,907</u>	<u>\$ 14,630,799</u>	<u>\$ 14,288,768</u>
Program Revenues				
Governmental activities				
Charges for services				
Public safety	\$ 2,405,134	\$ 3,090,178	\$ 2,881,707	\$ 1,431,320
Parks and recreation	333,423	212,593	272,562	363,058
Operating grants and contributions	1,118,822	609,286	750,143	1,063,628
Total Governmental Activities Program Revenues	<u>3,857,379</u>	<u>3,912,057</u>	<u>3,904,412</u>	<u>2,858,006</u>
Business-type activities				
Charges for services				
Water and sewer	4,194,006	3,894,131	4,092,417	4,000,806
Golf course	1,414,004	1,466,549	1,435,975	1,333,700
Total Business-Type Activities Program Revenues	<u>5,608,010</u>	<u>5,360,680</u>	<u>5,528,392</u>	<u>5,334,506</u>
Total Primary Government Program Revenues	<u>\$ 9,465,389</u>	<u>\$ 9,272,737</u>	<u>\$ 9,432,804</u>	<u>\$ 8,192,512</u>
Net (Expense)/Revenue				
Governmental activities	\$ (6,717,705)	\$ (7,232,967)	\$ (6,225,717)	\$ (7,101,889)
Business-type activities	1,069,127	670,797	1,027,722	1,005,633
Total Primary Government Net Expense	<u>\$ (5,648,578)</u>	<u>\$ (6,562,170)</u>	<u>\$ (5,197,995)</u>	<u>\$ (6,096,256)</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,683,153	\$ 1,529,880	\$ 3,683,493	\$ 3,399,058	\$ 3,169,452	\$ 4,639,473
5,075,686	4,593,094	4,386,395	4,748,633	4,903,199	5,420,766
2,916,512	5,338,993	3,430,767	4,792,733	2,992,310	6,920,041
119,532	651,178	581,277	519,638	717,655	891,452
719,422	648,442	491,413	439,389	307,289	315,625
<u>10,514,305</u>	<u>12,761,587</u>	<u>12,573,345</u>	<u>13,899,451</u>	<u>12,089,905</u>	<u>18,187,357</u>
2,571,317	3,049,180	3,512,761	3,638,432	3,148,578	3,905,511
1,775,044	1,743,055	1,873,377	1,900,360	2,135,470	2,114,531
<u>4,346,361</u>	<u>4,792,235</u>	<u>5,386,138</u>	<u>5,538,792</u>	<u>5,284,048</u>	<u>6,020,042</u>
<u>\$ 14,860,666</u>	<u>\$ 17,553,822</u>	<u>\$ 17,959,483</u>	<u>\$ 19,438,243</u>	<u>\$ 17,373,953</u>	<u>\$ 24,207,399</u>
\$ 1,100,279	\$ 1,111,375	\$ 1,188,568	\$ 1,181,524	\$ 1,292,758	\$ 905,598
509,817	462,972	285,291	238,846	1,240,337	122,932
1,897,233	980,511	1,313,987	3,552,993	1,433,555	4,408,579
<u>3,507,329</u>	<u>2,554,858</u>	<u>2,787,846</u>	<u>4,973,363</u>	<u>3,966,650</u>	<u>5,437,109</u>
4,150,845	4,595,167	4,518,707	4,670,098	4,496,215	4,739,888
1,187,249	1,196,934	1,281,283	1,387,282	1,500,228	1,829,037
<u>5,338,094</u>	<u>5,792,101</u>	<u>5,799,990</u>	<u>6,057,380</u>	<u>5,996,443</u>	<u>6,568,925</u>
<u>\$ 8,845,423</u>	<u>\$ 8,346,959</u>	<u>\$ 8,587,836</u>	<u>\$ 11,030,743</u>	<u>\$ 9,963,093</u>	<u>\$ 12,006,034</u>
\$ (7,006,976)	\$ (10,206,729)	\$ (9,785,499)	\$ (8,926,088)	\$ (8,123,255)	\$ (12,750,248)
991,733	999,866	413,852	518,588	712,395	548,883
<u>\$ (6,015,243)</u>	<u>\$ (9,206,863)</u>	<u>\$ (9,371,647)</u>	<u>\$ (8,407,500)</u>	<u>\$ (7,410,860)</u>	<u>\$ (12,201,365)</u>

CITY OF JERSEY VILLAGE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes and fees				
Ad valorem taxes	\$ 6,099,750	\$ 5,511,884	\$ 6,146,643	\$ 6,269,652
Sales taxes	2,565,651	3,035,624	2,998,515	3,282,372
Franchise fees and local taxes	667,970	666,253	673,888	674,027
Investment earnings	23,718	20,768	17,834	6,346
Other revenues	222,280	134,121	169,946	258,962
Transfers	434,601	438,718	494,321	1,188,206
Total Governmental Activities	10,013,970	9,807,368	10,501,147	11,679,565
Business-type activities				
Investment earnings	2,657	2,069	1,406	1,037
Transfers	(434,601)	(438,718)	(494,321)	(1,188,206)
Total Business-Type Activities	(431,944)	(436,649)	(492,915)	(1,187,169)
Total Primary Government	\$ 9,582,026	\$ 9,370,719	\$ 10,008,232	\$ 10,492,396
Change in Net Position				
Governmental activities	\$ 3,296,265	\$ 2,574,401	\$ 4,275,430	\$ 4,577,676
Business-type activities	637,183	234,148	534,807	(181,536)
Total Primary Government	\$ 3,933,448	\$ 2,808,549	\$ 4,810,237	\$ 4,396,140

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 6,899,774	\$ 8,216,808	\$ 8,047,479	\$ 7,631,592	\$ 8,008,209	\$ 7,914,769
3,333,531	4,932,020	4,625,417	4,769,278	5,977,528	6,262,714
635,236	636,178	615,525	610,312	560,994	549,938
14,733	76,726	185,333	473,167	581,169	223,431
173,688	262,531	236,105	251,130	162,480	421,222
110,781	118,727	216,242	481,440	352,022	789,787
<u>11,167,743</u>	<u>14,242,990</u>	<u>13,926,101</u>	<u>14,216,919</u>	<u>15,642,402</u>	<u>16,161,861</u>
2,295	15,285	36,434	86,947	130,716	47,387
<u>(110,781)</u>	<u>(118,727)</u>	<u>(216,242)</u>	<u>(481,440)</u>	<u>(352,022)</u>	<u>(789,787)</u>
<u>(108,486)</u>	<u>(103,442)</u>	<u>(179,808)</u>	<u>(394,493)</u>	<u>(221,306)</u>	<u>(742,400)</u>
<u>\$ 11,059,257</u>	<u>\$ 14,139,548</u>	<u>\$ 13,746,293</u>	<u>\$ 13,822,426</u>	<u>\$ 15,421,096</u>	<u>\$ 15,419,461</u>
\$ 4,160,767	\$ 4,036,261	\$ 4,140,602	\$ 5,290,831	\$ 7,519,147	\$ 3,411,613
883,247	896,424	234,044	124,095	491,089	(193,517)
<u>\$ 5,044,014</u>	<u>\$ 4,932,685</u>	<u>\$ 4,374,646</u>	<u>\$ 5,414,926</u>	<u>\$ 8,010,236</u>	<u>\$ 3,218,096</u>

CITY OF JERSEY VILLAGE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 674
Restricted	19,192	24,297	24,875	31,012
Unassigned	10,779,487	5,770,244	7,886,398	10,018,365
Total General Fund	\$ 10,798,679	\$ 5,794,541	\$ 7,911,273	\$ 10,050,051
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 2,221
Restricted				
Capital project funds	4,918,996	4,204,651	5,001	-
Debt service funds	399,560	450,332	474,716	500,482
Special revenue funds	1,005,618	2,579,531	3,141,766	2,793,875
Assigned				
Capital projects funds	-	-	-	1,116,824
Total All Other Governmental Funds	\$ 6,324,174	\$ 7,234,514	\$ 3,621,483	\$ 4,413,402

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ -	\$ 4,853	\$ 259	\$ 259	\$ 259	\$ 259
39,109	61,587	79,447	95,468	115,444	134,397
12,697,557	14,441,008	17,275,139	16,521,110	8,101,748	7,595,077
<u>\$ 12,736,666</u>	<u>\$ 14,507,448</u>	<u>\$ 17,354,845</u>	<u>\$ 16,616,837</u>	<u>\$ 8,217,451</u>	<u>\$ 7,729,733</u>
\$ 2,221	\$ 3,276	\$ 2,469	\$ 2,469	\$ 2,469	\$ 2,469
7,549,019	4,521,659	3,669,948	634,352	74,229	426,593
463,977	456,038	441,734	393,737	331,179	328,687
2,554,137	2,312,789	2,028,666	1,389,397	784,672	752,179
840,778	3,008,415	966,776	2,826,617	7,891,610	9,409,107
<u>\$ 11,410,132</u>	<u>\$ 10,302,177</u>	<u>\$ 7,109,593</u>	<u>\$ 5,246,572</u>	<u>\$ 9,084,159</u>	<u>\$ 10,919,035</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 9,354,873	\$ 9,596,403	\$ 9,861,843	\$ 10,389,401
Permits, licenses, and fees	99,301	131,129	133,471	131,473
Charges for services	333,423	212,593	272,562	363,058
Fines and forfeitures	2,305,833	2,959,049	2,748,236	1,299,847
Investment earnings	20,454	17,212	14,235	5,041
Intergovernmental	1,118,822	609,286	750,143	1,063,628
Other revenues	172,696	58,474	112,545	181,063
Total Revenues	<u>13,405,402</u>	<u>13,584,146</u>	<u>13,893,035</u>	<u>13,433,511</u>
Expenditures				
General government	1,779,389	1,771,567	1,711,971	1,765,524
Public safety	5,202,586	4,975,131	5,270,514	4,876,359
Public works	2,888,384	5,303,688	6,171,265	2,323,893
Parks and recreation	534,455	530,295	552,260	556,575
Capital outlay	3,515,027	264,013	13,425	-
Debt service				
Principal	689,520	1,235,000	1,405,000	1,495,000
Interest and fiscal fees	1,538,227	1,032,575	759,220	673,669
Paid to escrow agent for current bond refunding	-	135,000	-	-
Total Expenditures	<u>16,147,588</u>	<u>15,247,269</u>	<u>15,883,655</u>	<u>11,691,020</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,742,186)	(1,663,123)	(1,990,620)	1,742,491
Other Financing Sources (Uses)				
Sale of capital assets	-	6,615	-	-
Transfers in	721,956	7,353,718	560,397	2,025,025
Transfers out	(287,355)	(6,915,000)	(66,076)	(836,819)
Proceeds paid to escrow agent	-	(9,382,129)	-	-
Issuance of debt	-	9,050,000	-	-
Premium on debt issued	-	492,088	-	-
Total Other Financing Sources (Uses)	<u>434,601</u>	<u>605,292</u>	<u>494,321</u>	<u>1,188,206</u>
Net Change in Fund Balances	<u>\$ (2,307,585)</u>	<u>\$ (1,057,831)</u>	<u>\$ (1,496,299)</u>	<u>\$ 2,930,697</u>
Debt service as a percentage of noncapital expenditures	20.75%	19.30%	21.94%	19.97%

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 11,007,424	\$ 13,878,811	\$ 13,367,966	\$ 13,195,464	\$ 14,601,658	\$ 14,595,723	
172,065	203,454	180,908	126,564	116,748	116,342	
509,817	397,070	259,218	238,846	1,240,337	122,932	
928,214	907,921	1,007,660	1,054,960	1,176,010	789,256	
12,526	63,057	155,039	408,902	476,131	177,145	
1,897,233	980,511	1,313,987	3,552,993	1,433,555	4,408,579	
62,786	168,790	156,624	90,731	84,206	359,259	
<u>14,590,065</u>	<u>16,599,614</u>	<u>16,441,402</u>	<u>18,668,460</u>	<u>19,128,645</u>	<u>20,569,236</u>	
1,911,015	3,513,200	3,553,380	3,555,860	12,450,129	4,679,739	
4,856,290	4,560,262	4,829,164	5,185,533	5,524,631	5,967,550	
3,760,747	4,867,383	5,668,902	4,049,980	3,747,071	6,868,668	
587,791	623,509	554,607	779,801	803,985	977,633	
-	-	-	-	-	-	
1,050,000	1,765,000	1,875,000	7,710,000	1,180,000	1,210,000	
577,906	782,639	521,778	469,755	336,650	308,275	
-	-	-	-	-	-	
<u>12,743,749</u>	<u>16,111,993</u>	<u>17,002,831</u>	<u>21,750,929</u>	<u>24,042,466</u>	<u>20,011,865</u>	
1,846,316	487,621	(561,429)	(3,082,469)	(4,913,821)	557,371	
-	-	-	-	-	-	
625,341	2,029,632	578,913	10,600,678	6,472,762	3,697,172	
(514,560)	(1,910,905)	(362,671)	(10,119,238)	(6,120,740)	(2,907,385)	
-	(7,281,990)	-	-	-	-	
8,000,000	6,710,000	-	-	-	-	
-	628,469	-	-	-	-	
<u>8,110,781</u>	<u>175,206</u>	<u>216,242</u>	<u>481,440</u>	<u>(4,561,799)</u>	<u>789,787</u>	
<u>\$ 9,957,097</u>	<u>\$ 662,827</u>	<u>\$ (345,187)</u>	<u>\$ (2,601,029)</u>	<u>\$ (9,475,620)</u>	<u>\$ 1,347,158</u>	
14.87%	19.45%	19.39%	41.08%	6.83%	8.74%	

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

Last Ten Years
(modified accrual basis of accounting)

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Ad valorem taxes	\$ 6,071,668	\$ 5,825,494	\$ 6,132,039	\$ 6,355,103
Sales taxews	2,565,651	3,035,624	2,998,515	3,282,372
Franchise fees	667,970	666,253	673,888	674,027
Other	49,584	69,032	57,401	77,899
Totals	\$ 9,285,086	\$ 9,596,403	\$ 9,596,403	\$ 9,861,843

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 6,927,755	\$ 8,216,872	\$ 8,047,543	\$ 7,655,475	\$ 7,984,862	\$ 7,721,108
3,333,531	4,932,020	4,625,417	4,769,278	5,977,528	6,262,714
635,236	636,178	615,525	610,312	560,994	549,938
110,902	93,741	79,481	160,399	78,274	61,963
\$ 11,007,424	\$ 13,878,811	\$ 13,367,966	\$ 13,195,464	\$ 14,601,658	\$ 14,595,723

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

	Fiscal Year			
	2011	2012	2013	2014
Residential property	\$ 491,005,824	\$ 491,833,349	\$ 496,740,074	\$ 520,849,850
Commercial property	190,621,214	195,666,311	204,473,889	224,196,999
Other	307,527,234	254,734,037	252,948,984	284,337,338
Less: Tax exempt property	<u>(161,632,749)</u>	<u>(161,049,212)</u>	<u>(138,212,692)</u>	<u>(176,397,106)</u>
Total Taxable Assessed Value (1)	<u>\$ 827,521,523</u>	<u>\$ 781,184,485</u>	<u>\$ 815,950,255</u>	<u>\$ 852,987,081</u>
Total Direct Tax Rate	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250

Source: Harris County Certified / Uncertified Tax Roll

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

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 556,078,428	\$ 609,105,279	\$ 657,487,846	\$ 697,956,307	\$ 716,831,184	\$ 721,153,724	
242,011,499	254,969,262	268,838,386	280,814,558	296,336,420	312,527,948	
279,381,642	436,409,458	378,991,944	267,381,542	274,421,586	288,860,243	
(149,483,522)	(187,496,940)	(202,797,027)	(203,955,593)	(207,287,908)	(275,262,666)	
\$ 927,988,047	\$ 1,112,987,059	\$ 1,102,521,149	\$ 1,042,196,814	\$ 1,080,301,282	\$ 1,047,279,249	
\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250	

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

	Fiscal Year			
	2011	2012	2013	2014
City of Jersey Village by fund:				
General	\$ 0.48160	\$ 0.46259	\$ 0.48566	\$ 0.49415
Debt service	0.26091	0.27991	0.25684	0.24835
Total Direct Rates	\$ 0.74250	\$ 0.74250	\$ 0.74250	\$ 0.74250
Cypress-Fairbanks Independent School District	\$ 1.43000	\$ 1.43000	\$ 1.45000	\$ 1.45000
Harris County	0.39117	0.40021	0.40021	0.41455
Harris County Flood Control District	0.02809	0.02809	0.02809	0.02827
Port of Houston Authority	0.01856	0.01952	0.01952	0.01716
Harris County Hospital District	0.19216	0.18216	0.18216	0.17000
Harris County Department of Education	0.00658	0.00662	0.00662	0.00636
Lone Star College System	-	-	0.11600	0.10810
Total Direct and Overlapping Rates (1)	\$ 2.80906	\$ 2.80910	\$ 2.94510	\$ 2.93694

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

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

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 0.58252	\$ 0.52635	\$ 0.53148	\$ 0.53058	\$ 0.61640	\$ 0.60612
0.15998	0.21615	0.21102	0.21192	0.12610	0.13638
<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>	<u>\$ 0.74250</u>
\$ 1.44000	\$ 1.44000	\$ 1.44000	\$ 1.44000	\$ 1.37000	\$ 1.37000
0.41731	0.41923	0.41801	0.41858	0.40713	0.40713
0.02736	0.28290	0.28310	0.02877	0.27920	0.27920
0.01531	0.01334	0.01256	0.01155	0.10740	0.10740
0.17000	0.17179	0.17110	0.17108	0.16591	0.16591
0.00600	0.00520	0.00520	0.00519	0.00500	0.00500
0.10790	0.10780	0.10780	0.10780	0.10780	0.10780
<u>\$ 2.92638</u>	<u>\$ 3.18276</u>	<u>\$ 3.18027</u>	<u>\$ 2.92547</u>	<u>\$ 3.18494</u>	<u>\$ 3.18494</u>

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Prologis	\$ 81,830,470	1	7.81%	\$ 39,196,173	3	5.57%
AROP Promenade Jersey Vil LLC	59,624,672	2	5.69%	-	N/A	-
GWR Trails CC Owner LLC**	36,259,065	3	3.46%	-	N/A	-
Gordon NW Village LP	25,486,991	4	2.43%	-	N/A	-
Trails Rock Creek Holdings LP	24,753,610	5	2.36%	12,822,305	10	1.82%
BHA Real State Holdings LLC	23,113,142	6	2.21%	-	N/A	-
Sonic LS Chevrolet	19,215,483	7	1.83%	13,336,136	8	1.90%
Joe Myers Automotive, LLC*	18,804,162	8	1.80%	39,597,179	2	5.63%
NNN Auto Owner II, LLC	16,127,335	9	1.54%	-	N/A	-
Joe Myers Ford II, LLC	13,753,643	10	1.31%	-	N/A	-
Car Son LMC LP	-	N/A	-	13,819,251	7	1.97%
Goodman Manufacturing Corp.	-	N/A	-	42,398,490	1	6.03%
Baceline Value Fund I	-	N/A	-	15,326,718	6	2.18%
Prologis Texas III LLC	-	N/A	-	-	N/A	-
PCM Steeplechase LLC	-	N/A	-	31,537,000	4	4.48%
Trails Corinthian Creek LTD	-	N/A	-	20,789,619	5	2.96%
National Oilwell Inc	-	N/A	-	13,014,210	9	1.85%
Subtotal	<u>318,968,573</u>		<u>30.46%</u>	<u>241,837,081</u>		<u>34.39%</u>
Other Taxpayers	<u>728,310,676</u>		<u>69.54%</u>	<u>461,345,123</u>		<u>65.61%</u>
Total	<u><u>\$ 1,047,279,249</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 703,182,204</u></u>		<u><u>100.00%</u></u>

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

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

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

CITY OF JERSEY VILLAGE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Tax levy	\$ 6,144,347	\$ 5,800,295	\$ 6,058,430	\$ 6,306,997
Current tax collected*	6,060,483	5,746,879	6,014,066	6,288,377
Percentage of current tax collections	98.64%	99.08%	99.27%	99.70%
Net collections and refunds in subsequent years**	61,387	39,664	31,352	1,601
Total Tax Collections	\$ 6,121,870	\$ 5,786,543	\$ 6,045,418	\$ 6,289,978
Total collections as a percentage of current levy	99.63%	99.76%	99.79%	99.73%

Source: Harris County Tax Assessor-Collector

* Collected within the year of the levy.

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

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	6,890,311	\$ 8,265,028	\$ 8,185,070	\$ 7,738,311	\$ 8,021,237	\$ 7,776,048
	6,837,787	8,225,760	7,731,341	7,700,027	7,970,669	7,672,971
	99.24%	99.52%	94.46%	99.51%	99.37%	98.67%
	25,743	38,018	(95,859)	(78,328)	(83,530)	-
\$	6,863,530	\$ 8,263,778	\$ 7,635,482	\$ 7,621,699	\$ 7,887,139	\$ 7,672,971
	99.61%	99.98%	93.29%	98.49%	98.33%	98.67%

CITY OF JERSEY VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 15,280,000	\$ 18,900,000	\$ 17,770,000	\$ 16,570,000
Certificates of obligation	5,525,000	880,000	605,000	310,000
Capital leases	305,666	229,511	777,534	396,073
Premium on bonds	225,171	634,591	586,559	538,527
	Total Primary Government	\$ 20,644,102	\$ 19,739,093	\$ 17,814,600
	\$ 21,335,837	\$ 20,644,102	\$ 19,739,093	\$ 17,814,600
 Personal Income	 \$ 311,825,640	 \$ 346,330,800	 \$ 346,330,800	 \$ 347,500,000
 Debt as a Percentage of Personal Income	 6.84%	 5.96%	 5.70%	 5.13%
 Population	 7,700	 7,785	 7,862	 7,901
 Debt Per Capita	 \$ 2,771	 \$ 2,652	 \$ 2,511	 \$ 2,255

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

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 15,830,000	\$ 14,440,000	\$ 13,320,000	\$ 12,175,000	\$ 10,995,000	\$ 9,785,000
8,000,000	7,320,000	6,565,000	-	-	-
-	-	-	-	-	-
490,495	925,134	830,728	736,321	646,096	555,871
<u>\$ 24,320,495</u>	<u>\$ 22,685,134</u>	<u>\$ 20,715,728</u>	<u>\$ 12,911,321</u>	<u>\$ 11,641,096</u>	<u>\$ 10,340,871</u>
\$ 348,000,000	\$ 349,000,000	\$ 378,195,480	\$ 410,008,680	\$ 410,008,680	\$ 544,610,844
6.99%	6.50%	5.48%	3.15%	2.84%	1.90%
7,898	7,928	7,929	7,970	7,992	8,017
\$ 3,079	\$ 2,861	\$ 2,613	\$ 1,620	\$ 1,457	\$ 1,290

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

	Fiscal Year			
	2011	2012	2013	2014
Net Taxable Assessed Value				
All property	\$ 827,521,523	\$ 781,184,485	\$ 815,950,255	\$ 852,987,081
Net Bonded Debt				
Gross bonded debt	\$ 21,110,666	\$ 20,009,511	\$ 19,152,534	\$ 17,276,073
Less debt service funds	(426,947)	(450,332)	(474,716)	(500,482)
Net Bonded Debt	\$ 20,683,719	\$ 19,559,179	\$ 18,677,818	\$ 16,775,591
Ratio of Net Bonded Debt To Assessed Value	2.50%	2.50%	2.29%	1.97%
Population	7,700	7,785	7,862	7,901
Net Bonded Debt Per Capita	\$ 2,686	\$ 2,512	\$ 2,376	\$ 2,123

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>\$ 927,988,047</u>	<u>\$ 1,112,987,059</u>	<u>\$ 1,102,521,149</u>	<u>\$ 1,042,196,814</u>	<u>\$ 1,080,301,282</u>	<u>\$ 1,047,279,249</u>
<u>\$ 23,830,000</u> <u>(463,978)</u>	<u>\$ 22,685,134</u> <u>(456,038)</u>	<u>\$ 20,715,728</u> <u>(441,734)</u>	<u>\$ 12,911,321</u> <u>(393,737)</u>	<u>\$ 11,641,096</u> <u>(331,179)</u>	<u>\$ 9,785,000</u> <u>(328,687)</u>
<u>\$ 23,366,022</u>	<u>\$ 22,229,096</u>	<u>\$ 20,273,994</u>	<u>\$ 12,517,584</u>	<u>\$ 11,309,917</u>	<u>\$ 9,456,313</u>
2.52%	2.00%	1.84%	1.20%	1.05%	0.90%
7,898	7,928	7,929	7,970	7,992	8,017
\$ 2,958	\$ 2,804	\$ 2,557	\$ 1,571	\$ 1,415	\$ 1,180

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
For the Year Ended September 30, 2020

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Cypress-Fairbanks Independent School District	\$ 2,844,780,000	1.440%	\$ 40,964,832
Harris County	\$ 1,795,622,000	0.419%	7,516,115
Harris County Department of Education	\$ 15,219,286	0.005%	7,610
Lone Star College District	\$ 528,665,000	0.108%	5,709,582
Harris County Flood Control District	\$ 543,164,000	0.029%	1,575,176
Port of Houston Authority	\$ 45,541,067	0.012%	54,649
Subtotal, overlapping debt			<u>55,827,963</u>
City Direct Debt	\$ 9,785,000	100.000%	<u>9,785,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 65,612,963</u></u>

Source: Various governmental units mentioned above

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

CITY OF JERSEY VILLAGE, TEXAS

PLEGDED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Gross Revenues (1)	\$ 4,228,053	\$ 3,895,964	\$ 4,093,684	\$ 4,001,738
Operating Expenses (2)	\$ 2,630,168	\$ 2,750,154	\$ 2,608,672	\$ 2,356,645
Net Revenues Available for Debt Service	\$ 1,597,885	\$ 1,145,810	\$ 1,485,012	\$ 1,645,093
Debt Service Requirements (3)				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Coverage	0.00	0.00	0.00	0.00

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 4,152,908	\$ 4,595,167	\$ 4,518,707	\$ 4,670,098	\$ 4,496,215	\$ 4,739,888
\$ 2,728,013	\$ 2,655,492	\$ 2,974,499	\$ 3,079,683	\$ 2,646,874	\$ 3,784,604
\$ 1,424,895	\$ 1,939,675	\$ 1,544,208	\$ 1,590,415	\$ 1,849,341	\$ 955,284
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
0.00	0.00	0.00	0.00	0.00	0.00

(This page intentionally left blank.)

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)
2011	7,700	\$ 311,825,640	\$ 40,922	37.8	4,232	8.1%
2012	7,785	\$ 346,330,800	\$ 45,272	32.7	4,300	6.9%
2013	7,862	\$ 346,330,800	\$ 44,051	37.8	4,400	6.2%
2014	7,901	\$ 347,500,000	\$ 43,982	37.8	4,500	5.0%
2015	7,898	\$ 348,000,000	\$ 44,062	39.0	4,500	4.9%
2016	7,928	\$ 349,000,000	\$ 46,000	43.6	4,600	4.9%
2017	7,929	\$ 378,195,480	\$ 47,304	44.7	4,650	4.1%
2018	7,970	\$ 410,008,680	\$ 51,444	38.3	4,677	3.9%
2019	7,992	\$ 476,083,440	\$ 59,570	38.5	4,690	3.2%
2020	8,017	\$ 544,610,844	\$ 67,932	39.0	5,000	9.6%

Data sources:

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

(This page intentionally left blank.)

CITY OF JERSEY VILLAGE, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Jersey Village High School	306	1	7.02%	293	1	9.41%
Joe Myers Toyota	180	2	4.13%	196	2	6.30%
Joe Myers Ford	178	3	4.08%	191	6	6.13%
Sonic-LS Chevrolet	159	4	3.65%	212	3	6.81%
Sam's East, Inc.	155	5	3.56%	170	4	5.46%
City of Jersey Village	153	6	3.51%	146	5	4.69%
Post Elementary School	118	7	2.71%	93	9	2.99%
Foundry Methodist	68	8	1.56%	153	8	4.91%
CEMEX	54	9	1.24%	-	N/A	-
Champion Forest Baptist Church - JV	37	10	0.85%	55	7	1.77%
Total	1,408		32.29%	1,509		48.47%

Source: Personnel department of each employer above

(This page intentionally left blank.)

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Administrative										
Administration	3	3	3	3	3	3	2	2	2	2
Information Technology	2	2	2	2	2	2	2	3	3	3
Municipal Court	4	4	4	4	4	4	4	4	4	3
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	4	4	4	4	4	4	4	4	4	4
Public Safety										
Police	30	28	30	30	30	30	30	29	29	29
Fire	4	6	6	6	6	6	6	6	6	6
Communications	8	7	7	7	7	7	7	7	9	9
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Streets	3	3	3	3	3	3	3	3	3	3
Community Development	4	4	4	4	4	4	4	4	4	4
Fleet Services	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Parks	8	7	8	8	8	8	8	9	10	10
General Fund Total	75	73	76	76	76	76	75	76	79	78
Enterprise Fund:										
Water and sewer	5	5	5	5	5	5	5	5	5	5
Golf Course	13	13	13	13	13	13	13	13	13	13
Enterprise Fund Total	18	18	18	18	18	18	18	18	18	18
Special Revenue Fund:										
Police	2	2	2	1	1	-	1	1	1	1
Special Revenue Fund Total	2	2	2	1	1	-	1	1	1	1
Total City Positions	95	93	96	95	95	94	94	95	98	97

NOTES:

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

CITY OF JERSEY VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Police				
Physical arrests	272	814	1153	778
Parking violations	67	82	30	20
Traffic violations	6,871	11,074	11,489	9,553
Fire				
Calls for service	1,138	1,634	1,615	1,216
Water				
Service calls	1,699	1,634	1,716	2,014
Water main breaks	31	15	12	4
Average daily consumption (thousands of gallons)	1758.0	1368.0	1478.0	1285.0
Total consumption (thousands of gallons)	641.5	499.5	539.6	469.2
Peak daily consumption (thousands of gallons)	3.3	3.9	3.6	4.9
Sewer				
Average daily sewage treatment (thousands of gallons)	0.2	0.2	0.2	0.3
Peak daily consumption (thousands of gallons)	0.4	0.5	0.5	0.5

Source: Various City departments

Fiscal Year					
2015	2016	2017	2018	2019	2020
849	1034	919	803	715	418
47	32	26	37	20	17
9,702	11,687	7,455	11,624	12,282	8,540
1,123	1,188	1,312	1,360	1,248	1,303
211	1,641	2,295	1,989	1,511	996
2	4	6	2	3	12
1285.0	1265.0	1194.0	1056.0	1224.0	1194.0
469.2	461.8	466.4	378.9	449.5	311.8
4.9	3.2	1.8	3.2	3.2	1.8
0.3	0.3	0.3	0.4	0.7	0.8
0.8	0.8	0.8	0.5	0.9	1.1

CITY OF JERSEY VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Police				
Stations	1	1	1	1
Patrol units	16	16	16	16
Fire				
Stations	1	1	1	1
Volunteers	37	32	33	33
Other public works				
Streets (miles - centerlines)	28.8	29.6	29.6	29.6
Streetlights	47	47	47	47
Traffic signals	11	11	11	11
Parks and recreation				
Parks	4	4	4	4
Parks acreage	12.1	12.1	12.1	12.1
Swimming pools	1	1	1	1
Water				
Water wells	4	4	4	4
Water mains (miles)	35.8	36.6	36.6	36.6
Fire hydrants	455	466	468	468
Storage capacity (thousands of gallons)	2,550	2,550	2,550	2,550
Sewer				
Sanitary sewers (miles)	35.2	36.2	36.2	36.2
Storm sewers (miles)	20.7	21.7	21.7	21.7
Treatment capacity (thousands of gallons)	800	800	800	800

Source: Various City departments

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
16	16	16	16	16	16
1	1	1	1	1	1
40	43	34	31	35	37
29.6	29.6	29.6	29.6	29.6	29.6
47	47	47	47	47	47
11	11	11	11	11	11
4	4	4	4	4	4
12.1	12.1	12.1	12.1	12.1	12.1
1	1	1	1	1	1
4	4	4	4	4	3
36.6	36.6	35.8	35.8	35.8	35.8
468	468	455	455	455	455
2,550	2,550	2,550	2,550	2,550	2,550
36.2	36.2	35.2	35.2	35.2	35.2
21.7	21.7	20.7	20.7	20.7	20.7
800	800	800	800	800	800

(This page intentionally left blank.)

SINGLE AUDIT REPORTS

**CITY OF JERSEY VILLAGE,
TEXAS**

**For the Year Ended
September 30, 2020**

CITY OF JERSEY VILLAGE, TEXAS

SINGLE AUDIT REPORTS

For the Year Ended September 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
SCHEDULES	
<i>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</i>	8
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	9
<i>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</i>	10
<i>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</i>	11



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Jersey Village, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Jersey Village, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated March 23, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2021

CITY OF JERSEY VILLAGE, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2020

No prior findings.

CITY OF JERSEY VILLAGE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City.
2. No material weaknesses or significant deficiencies in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.
7. The programs included as major programs included:

<u>CFDA Number</u>	<u>Program Title</u>
97.029	Flood Mitigation Assistance

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City did not qualify as a low-risk auditee in the context of Uniform Guidance.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

CITY OF JERSEY VILLAGE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Pass-through Texas Water Development Board</i>			
Flood Mitigation Assistance	97.029	1700012330	\$ 2,779,191
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>2,779,191</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-through Texas General Land Office:</i>			
Community Development Block Grant, GLO Contract 19-076-011-B3	14.228	B-16-DL-48-0001	30,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>30,000</u>
U.S. DEPARTMENT OF TREASURY			
<i>Pass-through Harris County</i>			
Coronavirus Relief Fund (CRF)	21.019	N/A	437,910
TOTAL U.S. DEPARTMENT OF TREASURY			<u>437,910</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 3,247,101</u>

CITY OF JERSEY VILLAGE, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the City. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principal contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The City elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The City did not receive any donated PPE during the reporting year.