

**CITY OF JACKSBORO, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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**Prepared By**

**The Department of Finance**

**Debbie Goodner  
Director of Finance**

# CITY OF JACKSBORO, TEXAS

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## *INTRODUCTORY SECTION*



March 31, 2015

The Honorable Mayor, Aldermen, and the Citizens of the City of Jacksboro

Chapter 103 of the Texas Municipal Code requires that a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. This statutory requirement is addressed in the City of Jacksboro (City) financial management plan, which includes the objective that a Comprehensive Annual Financial Report (CAFR) will be prepared by the Finance Department. The Comprehensive Annual Financial Report includes 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. Accordingly, the Comprehensive Annual Financial Report for the City of Jacksboro, Texas for the fiscal year ended September 30, 2014, is hereby issued.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making representations, the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by MWH Group, P.C., Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2014, are free of material misstatements. 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 statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis

(MD&A). This 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 auditor.

### **Profile of the City**

The City of Jacksboro, the county seat of Jack County, was incorporated in 1875 and is a General Law "A" municipal corporation under Texas law. The City occupies approximately 5.8 square miles and serves an estimated population of 4,523. As a municipal corporation, the City is empowered by state statutes to levy a tax on real and business personal property located within the corporate boundaries.

The City of Jacksboro operates under the Aldermanic form of government where policymaking and legislative authority are vested in a governing council consisting of the Mayor and five (5) Aldermen (the "City Council"). The City Council is responsible for adopting the annual program of services (budget), appointing committees, employing the City Attorney, City Manager, City Secretary and Municipal Judge, as well as enacting ordinances and establishing the tax rate.

The City Manager is responsible for appointing the various department directors, implementing the policies and ordinances adopted by the City Council, and managing the day-to-day operations of the City. The City Manager also serves as liaison to the Jacksboro Economic Development Corporation as an ex officio member. The Mayor and Council Members are elected at-large to serve two (2) year terms.

The basic financial statements of the City include all governmental activities, functions, and organizations for which it is financially accountable pursuant to and as defined by the Governmental Accounting Standards Board (GASB). This includes all funds of the primary government, as well as the Jacksboro Economic Development Corporation, a discretely presented component unit.

### **Services Provided**

The City of Jacksboro is a full service city and provides the following: maintenance of streets and infrastructure; parks and recreation and cultural activities; public safety including emergency management, fire and police; solid waste services through a third party contract; and, water and wastewater distribution systems.

### **Economic Conditions and Outlook**

The current economic climate is substantial as plans for business, commercial, and residential development are being prepared. We have experienced an increase in the oil and gas exploration activities that have been a benefit to the City in the past. Consequently, this increase and the current state of the economy have caused us to see an increase in Sales tax revenues.

An estimated 10,000 plus vehicles per day (Texas Department of Transportation) pass through the center of downtown. Jacksboro is equidistant to Fort Worth and Wichita Falls and is the transfer point for two (2) U.S. Highways (281, 380) and four (4) State Highways (59, 114, 148, 199). Ease of access is a contributing factor to new business growth.

## **Local Economy**

The City currently enjoys a favorable economic environment as a number of new businesses have located here in recent years. Fort Richardson State Park hosts an estimated 180,000 visitors annually and contributes approximately \$900,000 to the local economy. The City maintains two (2) lakes, Lake Jacksboro and Lost Creek Reservoir, which are primary contributors to an expanding recreation base.

Tourism is the third largest industry in the State of Texas and Jacksboro is the recipient of those dollars based upon hunting and fishing and enhanced recreation facilities. That includes adult and youth baseball facilities, a state grant funded playground (Texas Parks & Wildlife) and growth in league play due to increased interest countywide.

The City works closely with the Jacksboro Chamber of Commerce and the Jacksboro Economic Development Corporation to restore historic facilities to attract new business and tourism. This includes the restoration of the former Gulf Texas & Western Railroad Depot which is now a tourism/visitor center and houses the Jacksboro Economic Development Corporation.

Funding for this work began as a result of the development of the Community Advancement Foundation of the Chamber, a 501(c)(3) tax exempt organization. In 2009 the restoration project of the former Gulf Texas & Western Railroad Depot was taken over by the Jacksboro Economic Development Corporation, which issued debt to fund the additional \$350,000 needed to complete the project. These restoration efforts have spurred local interest in redevelopment of existing structures to provide additional space for new business and professional office services.

Due to an increase in property values, the property tax rate remains unchanged at \$1.180 per one hundred dollars of assessed valuation. The 2014 certified taxable value of real and personal property is \$120,390,960. This is a 2.99% increase to the 2013 tax year value of \$116,886,890.

## **Accounting System and Budgetary Control**

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

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual program of services serves as the foundation of the City's financial planning and control. State law requires the annual program of services to be adopted by the City Council before the start of the fiscal year. The proposed budget must be submitted to the City Secretary no later than thirty (30) days before the date set for a public hearing by the City Council to consider adoption of the annual program of services.

Prior to adoption, the City Manager and city department directors prepare program expenditure estimates for the remainder of the current fiscal year and for the upcoming fiscal year, and these are compared to estimates of revenue for the same periods. Adjustments are made to the program expenditure and expense estimates as necessary to ensure that the proposed program of services is presented within total estimated income and available beginning fund resources.

The City Manager is authorized to transfer budgeted amounts between line items within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the fund level. Financial reports are produced showing budget and actual expenditures by line item and are distributed monthly to the departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at the position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

A budget-to-actual comparison for the General Fund is provided later in this report.

**Debt Management.** The City funds its capital program from a combination of current revenues and capital debt. Annual debt service requirements for general obligation debt are well below the statutory legal limit of \$1.50 per \$100 assessed property value.

**Cash Management.** The City utilizes its investment policy in the management of all cash. The City's investment policy embraces current state regulations on the investment of public funds and authorizes the City to invest in certificates of deposit from the bank depository, direct obligations of the United States Government, obligations of an agency of the United States Government and local government investment pools. State law requires public funds deposits be collateralized. Collateral is monitored to ensure that the market value of the pledged securities equals or exceeds the related deposit or investment balance. All collateral shall be subject to verification by the Finance Director and the City's independent auditors.

**Tax Appraisal/Collection Responsibilities.** Under Texas law enacted in 1979, and subsequent revisions of the State Property Tax Code, the appraised value of taxable property in Jacksboro is established by the Jack County Appraisal District. The City of Jacksboro and other taxing jurisdictions in Jack County provide a pro-rata share of the budgeted expenditures incurred by the Appraisal District, based on individual levy. The Jack County Tax Assessor-Collector provides tax collection services for the City and other taxing jurisdictions in Jack County.

**Risk Management.** A city government is constantly exposed to risk of all kinds, including damage to public property and liability resulting from injury to persons and damage to their property. As a means of providing reasonable protection against these risks, the City participates in the Texas Municipal League Joint Self-Insurance Fund for its property loss and liability coverage. As a member of the program, the City is provided the most extensive protection available to Texas cities in the areas of comprehensive general liability, auto liability, losses to municipal building and contents, and for law enforcement and public officials' liability coverage.

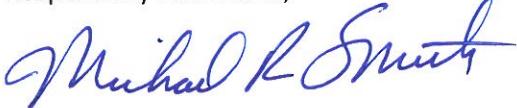
**Awards.** In accordance with the City's financial management plan, the City of Jacksboro was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The current comprehensive annual financial report was prepared with the objective of meeting the Certificate of Achievement Program's requirements and is being submitted to GFOA to determine its eligibility for the certificate.

**Acknowledgements.** The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the City. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,



Michael R. Smith  
City Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Jacksboro  
Texas**

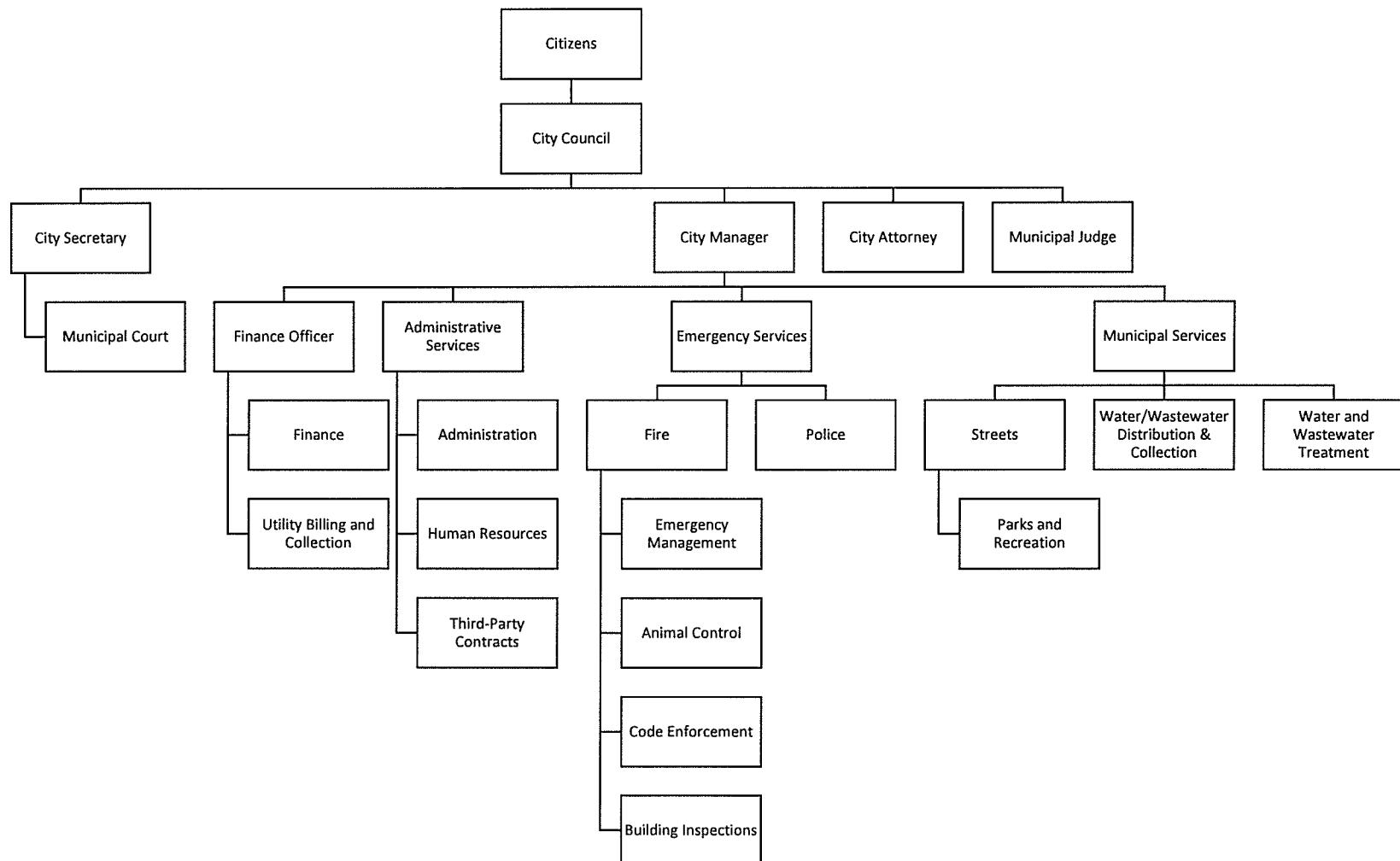
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

A handwritten signature in black ink, appearing to read "Jeffrey P. Ecker".

Executive Director/CEO

## City of Jacksboro Organizational Chart



City of Jacksboro, Texas  
Principal Officials

2013-2014  
Elected Officials

Lewis James ..... Mayor  
Alton Morris ..... Mayor Pro-Tem  
Gary Oliver ..... Alderman  
Jeff Miller ..... Alderman  
Bryan Isbell ..... Alderman  
Joe Mitchell ..... Alderman

Appointed Officials

Michael Smith ..... City Manager  
Shirley J. Grantham ..... City Secretary  
Terry McDaniel ..... Chief of Police  
Debbie Goodner ..... Director of Finance

## *FINANCIAL SECTION*



City Council  
City of Jacksboro, Texas  
Jacksboro, 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 Jacksboro, Texas, as of and for the year ended September 30, 2014, 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.

### **Auditor's 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 auditor's 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 entity'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 entity'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 of Jacksboro, Texas, as of September 30, 2014, 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 and Texas Municipal Retirement System Schedule of Funding Progress on pages 11 through 19 and page 47 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 of Jacksboro, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements 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 31, 2015, on our consideration of the City of Jacksboro, Texas' 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 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 City of Jacksboro, Texas' internal control over financial reporting and compliance.

*MWH Group, P.C.*  
MWH GROUP, P.C.

Wichita Falls, Texas  
March 31, 2015



## Management's Discussion and Analysis

As management of The City of Jacksboro, Texas (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$11,319,423 (net position). Of this amount \$2,306,244 (unrestricted net position) may be used to meet the City's obligations.
- Net position increased \$2,341,738. This increase in net position is attributed to: 1) capital grants and contributions of \$1,018,118 2) the receipt of reimbursement for legal fees and expenses involved with the IESI Landfill, 3) increased revenues in sales tax collections, 4) increased revenues in building permits due to new construction, and 5) expenditures less than budgeted in the General Fund.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,498,598, an increase of \$1,039,233 in comparison with the prior year. The increase is primarily due to the one-time reimbursement from IESI and higher than expected sales tax revenues.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,260,330, or 49.3% percent of total general fund expenditures.
- The City of Jacksboro's total outstanding bonds payable decreased by \$760,000 in the governmental activities and \$110,000 in the business-type activities because no new debt was issued during the current fiscal year and required debt payments were made on time.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City of Jacksboro's basic financial statements are comprised of three components:

- 1) *Government-wide Financial Statements*
- 2) *Fund Financial Statements, and*
- 3) *Notes to the Financial Statements*

This report also contains other supplementary information in addition to the basic financial statements themselves.

#### *Government-wide financial statements*

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the City of Jacksboro, Texas in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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. The statement of activities presents information showing how the government's net position changed during the most recent fiscal 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, general government, public safety, streets, and culture, and recreation. The business-type activities of the City include the water, sewer, and solid waste utilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate component unit, Jacksboro Economic Development Corporation (JEDC), for which the City is financially accountable. Financial information for the JEDC is presented as a discrete component and is not included with the primary government. The JEDC is presented in a separate column in the government-wide financial statements. The government-wide financial statements and the JEDC fund financial statements can be found in the pages that follow this discussion.

#### *Fund financial statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

#### *Governmental funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 fiscal year. Such information may be useful in evaluating a government'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 government'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 three major governmental funds and six nonmajor 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 major general, debt service, and capital projects funds. The nonmajor funds are summarized in the other governmental funds column. The nonmajor funds combining schedules are included in the Combining and Individual Statements and Schedules section of this report.

The City adopts an annual appropriated budget for the general, capital projects, debt services, special revenue, and utility funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This comparison can be found in the Fund Statements section of this report. The Notes to the Financial Statements, including Note 3, are an integral part of this statement.

### *Proprietary funds*

The City of Jacksboro, Texas maintains a single enterprise fund, the water, sewer, and solid waste utility fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water, sewer, and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer enterprise fund which is a major fund of the City.

### *Notes to the financial statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. More detailed information on long-term debt activity and capital asset activity is presented in the relevant disclosures in the notes to the financial statements. The notes to the financial statements can be found on the pages immediately following the financial statements.

### **Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$11,319,423 at the close of the most recent fiscal year.

The largest portion (77.3%) of the City's net position reflects its net investment in capital assets. 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 capital assets themselves cannot be used to liquidate these liabilities.

The following table is a comparative summary of net position as of September 30, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,895,975	\$ 780,146	\$ 1,543,829	\$ 1,197,237	\$ 3,439,804	\$ 1,977,383
Capital assets, net of accumulated depreciation	10,066,511	9,690,119	6,587,969	6,719,449	16,654,480	16,409,568
Total assets	11,962,486	10,470,265	8,131,798	7,916,686	20,094,284	18,386,951
Current liabilities	129,508	112,492	380,119	165,156	509,627	277,648
Long-term liabilities outstanding	6,508,899	7,264,585	1,756,335	1,867,033	8,265,234	9,131,618
Total liabilities	6,638,407	7,377,077	2,136,454	2,032,189	8,774,861	9,409,266
Net assets						
Net investment in capital assets	3,665,049	2,526,939	5,081,552	5,245,700	8,746,601	7,772,639
Restricted net assets						
Capital projects	45,209	64,208	-	-	45,209	64,208
Debt service	165,206	151,453	-	-	165,206	151,453
Specific purposes	56,163	36,188	-	-	56,163	36,188
Unrestricted	1,392,452	314,400	913,792	638,797	2,306,244	953,197
Total net assets	\$ 5,324,079	\$ 3,093,188	\$ 5,995,344	\$ 5,884,497	\$ 11,319,423	\$ 8,977,685

An additional portion of the City's net position (2.4%) represents resources that are subject to external restrictions on how they may be used.

## Governmental Activities

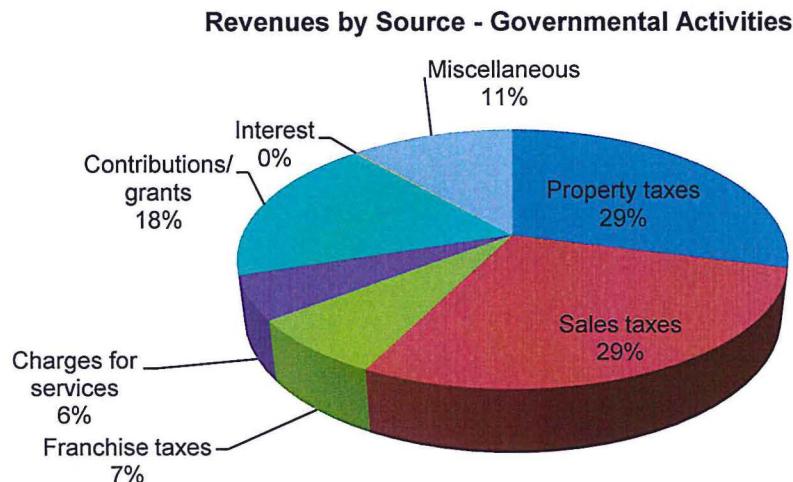
Governmental activities increased net position by \$2,230,891, and business-type activities increased net position by \$110,847, for a total increase in net position of \$2,341,738. The key elements of this City wide increase are shown in the following table:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 263,764	\$ 163,492	\$ 3,122,515	\$ 3,237,058	\$ 3,386,279	\$ 3,400,550
Operating grants and contributions	54,256	66,111	-	-	54,256	66,111
Capital grants and contributions	837,048	490,000	181,070	-	1,018,118	490,000
General revenues						
Property taxes	1,403,182	1,395,287	-	-	1,403,182	1,395,287
Sales taxes	1,380,733	959,232	-	-	1,380,733	959,232
Franchise taxes	347,857	368,177	-	-	347,857	368,177
Interest	4,025	3,006	2,024	2,426	6,049	5,432
Miscellaneous	550,702	41,747	16,473	21,922	567,175	63,669
Total revenues	<u>4,841,567</u>	<u>3,487,052</u>	<u>3,322,082</u>	<u>3,261,406</u>	<u>8,163,649</u>	<u>6,748,458</u>
<b>Expenses:</b>						
Legislative	48,662	22,255	-	-	48,662	22,255
General government	918,091	1,013,319	-	-	918,091	1,013,319
Public safety	1,287,930	1,221,844	-	-	1,287,930	1,221,844
Streets	367,113	367,827	-	-	367,113	367,827
Culture and recreation	472,599	439,893	-	-	472,599	439,893
Interest on debt service	314,621	357,818	-	-	314,621	357,818
Water and sewer utilities	-	-	2,412,895	2,450,529	2,412,895	2,450,529
Total expenses	<u>3,409,016</u>	<u>3,422,956</u>	<u>2,412,895</u>	<u>2,450,529</u>	<u>5,821,911</u>	<u>5,873,485</u>
Increase in net assets before transfers	1,432,551	64,096	909,187	810,877	2,341,738	874,973
Net transfers	798,340	877,058	(798,340)	(877,058)	-	-
Increase (decrease) in net assets	<u>2,230,891</u>	<u>941,154</u>	<u>110,847</u>	<u>(66,181)</u>	<u>2,341,738</u>	<u>874,973</u>
Net assets - beginning	<u>3,093,188</u>	<u>2,152,034</u>	<u>5,884,497</u>	<u>5,950,678</u>	<u>8,977,685</u>	<u>8,102,712</u>
Net assets - ending	<u><u>\$ 5,324,079</u></u>	<u><u>\$ 3,093,188</u></u>	<u><u>\$ 5,995,344</u></u>	<u><u>\$ 5,884,497</u></u>	<u><u>\$ 11,319,423</u></u>	<u><u>\$ 8,977,685</u></u>

The \$2,341,738 increase in net position for the City is represented by the degree in which ongoing revenues exceeded expenses. The key factors of the increase in net position (before transfers) of the governmental activities were capital contributions and increased sales taxes. The key factor in the increase in net position of the business-type activities was due to capital grant for infrastructure.

### Revenues by source – governmental activities

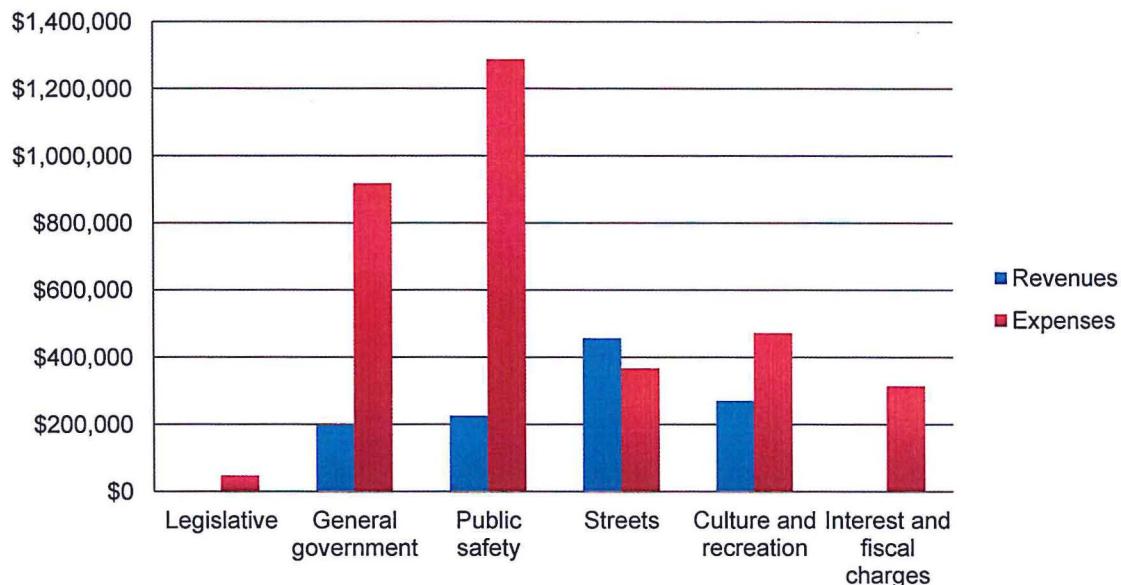
Property taxes, sales taxes, franchise taxes, and charges for services provide 71% of the revenues for the governmental activities. The chart below provides a graphic representation of the City's revenues by source:



#### *Expenses and program revenues – governmental activities*

Public safety, general government, and streets make up 75% of the expenses for the governmental activities. The chart below provides a graphic representation of the City's governmental expenses and any directly related revenues by source.

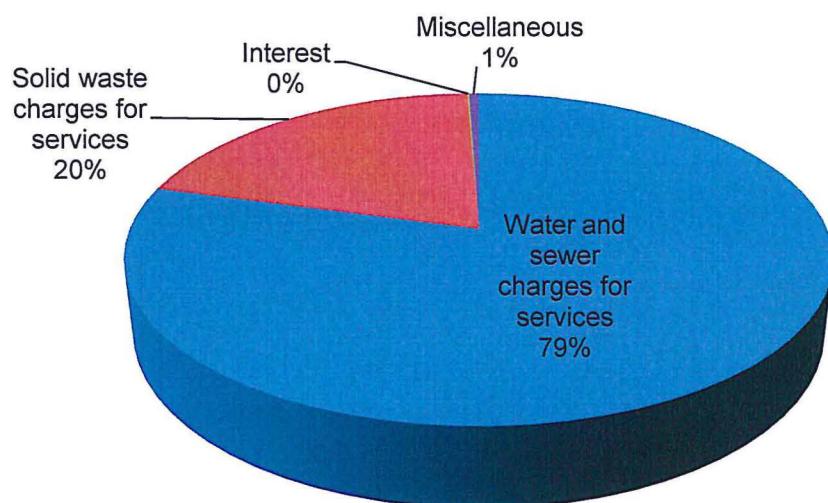
**Expenses and Program Revenues - Governmental Activities**



#### *Revenues by source – business-type activities*

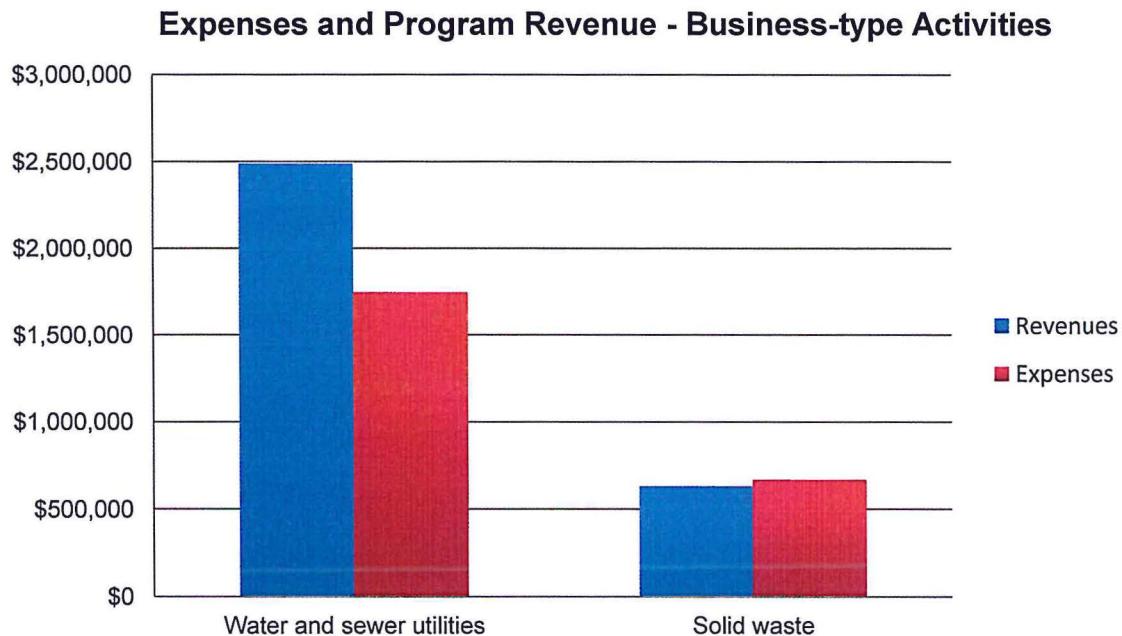
Water, sewer, and solid waste charges for services account for 99% of the revenue for business-type activities. This is comparable to 2013 income. The following chart provides a breakdown of all business-type revenues by source.

**Revenues by Source - Business-type Activities**



### *Expenses and program revenues – business-type activities*

The City's business-type activities include water, sewer, and solid waste utilities. The City's water and sewer utilities make up 72% of operating expenses, and solid waste makes up the remaining 28%. The chart below provides a graphic representation of the City's business-type operating expenses and any directly related revenues by source.



### **Financial Analysis of the City's Funds**

The City uses fund accounting to ensure and demonstrate 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,498,598, an increase of \$1,039,233 in comparison with the prior year. Approximately 84% of this total amount, \$1,260,330, constitutes unassigned fund balance in the general fund, which is available for spending at the City's discretion. The remainder of fund balance is restricted to indicate it is required to be set aside for specific purposes as follows: 1) debt service \$135,149, 2) tourism \$19,703, 3) court technology \$7,865, 4) court security \$750, 5) school safety \$4,253, 6) crossing guard fund \$9,469, 7) capital projects \$60,938, and 8) other \$2,809.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,260,330. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 49.3% of total general fund expenditures. The fund balance of the general fund increased \$1,047,200 during the current fiscal year.

The debt service fund has a total fund balance of \$135,149, all of which is restricted for the payment of debt service. Debt service payments were made when due. After transfers in from the utility fund, the net increase in fund balance during the current year in the debt service fund was \$1,587.

The capital projects fund has a total fund balance of \$60,938, which is restricted for capital expenditures. The net decrease in 2014 was \$18,993, mainly due to the purchase of a Small Brush Truck for the Fire Department with the help of a cost-share assistance grant that was partially funded by capital contributions.

### *Proprietary Funds*

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

Unrestricted net position of the water and sewer fund at the end of the current fiscal year amounted to \$913,792. Net position increased \$110,847 from the prior year. Factors regarding the finances were addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

Revenues were \$988,311 higher than the City's budgeted projections, and expenditures were less than the final budget by \$107,281. The positive revenue variance was primarily due to higher than anticipated sales tax revenues and receipt of unanticipated funds related to the IESI landfill. The positive expenditure variance was primarily due to lower than anticipated costs in several areas including municipal court costs, personnel and public safety.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to \$16,654,480 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, the Lost Creek Dam and Reservoir, streets, machinery and equipment, water and sewer system, and construction in progress.

Additional information on the City's capital assets can be found in note 4.A.4 of this report.

**TABLE III**  
**CITY OF JACKSBORO CAPITAL ASSETS (NET OF DEPRECIATION)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>2014</b>	<b>2013</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>		
Land	\$ 289,178	\$ 289,178	\$ -	\$ -	\$ 289,178	\$ 289,178
Construction in progress	-	-	225,805	10,205	225,805	10,205
Buildings and improvements	3,008,441	2,922,147	-	-	3,008,441	2,922,147
Lost Creek Dam & Reservoir	5,023,086	5,190,522	-	-	5,023,086	5,190,522
Streets	1,057,300	642,166	-	-	1,057,300	642,166
Water and sewer system	-	-	5,988,592	6,386,679	5,988,592	6,386,679
Furniture and fixtures	-	-	5,237	5,237	5,237	5,237
Machinery and equipment	688,506	646,106	368,335	317,328	1,056,841	963,434
<b>Total</b>	<b>\$ 10,066,511</b>	<b>\$ 9,690,119</b>	<b>\$ 6,587,969</b>	<b>\$ 6,719,449</b>	<b>\$ 16,654,480</b>	<b>\$ 16,409,568</b>

### *Long-term Liabilities*

At the end of the 2014 fiscal year, the City had total long-term liabilities of \$8,265,234.

TABLE IV  
CITY OF JACKSBORO OUTSTANDING LONG TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds payable	\$ 6,420,000	\$ 7,180,000	\$ 1,730,000	\$ 1,840,000	\$ 8,150,000	\$ 9,020,000
Capital leases payable	-	1,711	-	-	-	1,711
Compensated absences	88,899	82,874	26,335	27,033	115,234	109,907
<b>Total</b>	<b>\$ 6,508,899</b>	<b>\$ 7,264,585</b>	<b>\$ 1,756,335</b>	<b>\$ 1,867,033</b>	<b>\$ 8,265,234</b>	<b>\$ 9,131,618</b>

Additional information on the City's long-term debt can be found in note 4.B.1-4. of this report.

### **Economic Factors and Next Year's Program of Services (Budget) and Rates**

- The 2014 appraised net taxable value used for the FY 2014-15 budget preparation was \$120,390,960, which is a 3% increase over the 2013 appraised net taxable value of \$116,886,890.
- The FY 2014-15 overall property tax rate remained unchanged from the prior fiscal year at \$1.180 per one hundred dollars of assessed valuation.
- The FY 2014-15 adopted general operating fund budget increases expenditures by 21% compared to the final FY 2013-14 actual amount, from \$2,555,084 actual in FY 2013-14 to a budgeted \$3,102,245 in FY 2014-15.

These indicators were taken into account when adopting the FY 2014-15 general fund budget. Beginning actual fund balance available for appropriation in the FY 2014-15 general fund budget is \$1,263,139. In total, the City's adopted FY 2014-15 general fund budget is projected to decrease the ending fund balance by \$8,727.

### **Component Unit**

The financial statements for the Jacksboro Economic Development Corporation (JEDC) , a component unit of the City of Jacksboro, are included in this report.

### **Component Unit Financial Highlights**

- The assets of the JEDC exceeded its liabilities by \$1,414,598 September 30, 2014.
- Net position decreased by \$223,384 in comparison with the prior year infrastructure improvements to new developments.

**Table V**  
**Jacksboro Economic Development Corporation Net Assets**

	Governmental Activities	
	2014	2013
Current and other assets	\$ 1,678,842	\$ 2,226,035
Capital assets, net of accumulated depreciation	25,000	25,000
Total assets	<u>1,703,842</u>	<u>2,251,035</u>
Current liabilities	34,244	198,053
Long-term liabilities outstanding	255,000	415,000
Total liabilities	<u>289,244</u>	<u>613,053</u>
Net assets		
Invested in capital assets, net of related debt	25,000	25,000
Unrestricted	1,389,598	1,612,982
Total net assets	<u>\$ 1,414,598</u>	<u>\$ 1,637,982</u>

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City of Jacksboro's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Secretary, 112 West Belknap, Jacksboro, Texas, 76458.

## *BASIC FINANCIAL STATEMENTS*

**City of Jacksboro, Texas**  
**Statement of Net Position**  
**September 30, 2014**

	<b>Primary Government</b>				
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 899,602	\$ 631,679	\$ 1,531,281	\$ 778,235	
Receivables (net of allowance for uncollectibles)	729,141	507,787	1,236,928	82,823	
Due from component unit	5,098	-	5,098	-	
Due from primary government	-	-	-	40,854	
Property held for sale	-	-	-	776,930	
Internal balances	63,200	(63,200)	-	-	
Restricted assets:					
Cash and cash equivalents	198,934	467,563	666,497	-	
Capital assets not being depreciated:					
Land	289,178	-	289,178	15,000	
Construction in progress	-	225,805	225,805	-	
Capital assets:					
Buildings and improvements	4,627,112	-	4,627,112	10,000	
Streets	1,478,237	-	1,478,237	-	
Lost Creek Dam and Reservoir	8,355,568	-	8,355,568	-	
Water and sewer system	-	11,520,624	11,520,624	-	
Machinery and equipment	1,961,322	934,274	2,895,596	-	
Furniture and fixtures	3,767	50,436	54,203	-	
Accumulated depreciation	(6,648,673)	(6,143,170)	(12,791,843)	-	
Total assets	<u>11,962,486</u>	<u>8,131,798</u>	<u>20,094,284</u>	<u>1,703,842</u>	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	32,958	289,363	322,321	27,021	
Wages payable	21,112	11,296	32,408	-	
Retainage payable	-	18,280	18,280	-	
Due to primary government	-	-	-	5,098	
Due to component unit	40,854	-	40,854	-	
Accrued interest payable	34,584	11,635	46,219	2,125	
Customer deposits	-	49,545	49,545	-	
Non-current liabilities:					
Due within one year	824,559	114,385	938,944	85,000	
Due in more than one year	5,684,340	1,641,950	7,326,290	170,000	
Total liabilities	<u>6,638,407</u>	<u>2,136,454</u>	<u>8,774,861</u>	<u>289,244</u>	
<b>NET POSITION</b>					
Net investment in capital assets	3,665,049	5,081,552	8,746,601	25,000	
Restricted for capital projects	45,209	-	45,209	-	
Restricted for debt service	165,206	-	165,206	-	
Restricted for tourism	19,703	-	19,703	-	
Restricted for technology	7,865	-	7,865	-	
Restricted for security and safety	14,472	-	14,472	-	
Restricted for purposes of grantors	14,123	-	14,123	-	
Unrestricted	1,392,452	913,792	2,306,244	1,389,598	
Total net position	<u>\$ 5,324,079</u>	<u>\$ 5,995,344</u>	<u>\$ 11,319,423</u>	<u>\$ 1,414,598</u>	

**City of Jacksboro, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2014**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>				<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>		
<b>Primary government:</b>									
Governmental activities:									
Legislative	\$ 48,662	\$ -	\$ -	\$ -	\$ (48,662)	\$ -	\$ (48,662)	\$ -	
General government	918,091	148,687	26,025	25,000	(718,379)	-	(718,379)	-	
Public safety	1,287,930	83,311	25,373	118,000	(1,061,246)	-	(1,061,246)	-	
Streets	367,113	-	-	457,755	90,642	-	90,642	-	
Culture and recreation	472,599	31,766	2,858	236,293	(201,682)	-	(201,682)	-	
Interest and fiscal charges	314,621	-	-	-	(314,621)	-	(314,621)	-	
Total governmental activities	<u>3,409,016</u>	<u>263,764</u>	<u>54,256</u>	<u>837,048</u>	<u>(2,253,948)</u>	<u>-</u>	<u>(2,253,948)</u>	<u>-</u>	
Business-type activities:									
Water, sewer, and solid waste utilities	2,412,895	3,122,515	-	181,070	-	890,690	890,690	-	
Total business-type activities	<u>2,412,895</u>	<u>3,122,515</u>	<u>-</u>	<u>181,070</u>	<u>-</u>	<u>890,690</u>	<u>890,690</u>	<u>-</u>	
<b>Total Primary Government</b>	<b>\$ 5,821,911</b>	<b>\$ 3,386,279</b>	<b>\$ 54,256</b>	<b>\$ 1,018,118</b>	<b>(2,253,948)</b>	<b>890,690</b>	<b>(1,363,258)</b>	<b>-</b>	
<b>Component unit:</b>									
Economic Development Corporation	\$ 1,013,364	\$ -	\$ 329,563	\$ -	-	-	-	(683,801)	
<b>Total Component Unit</b>	<b>\$ 1,013,364</b>	<b>\$ -</b>	<b>\$ 329,563</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(683,801)</b>	
General revenues:									
Property taxes					1,403,182	-	1,403,182	-	
Sales taxes					1,380,733	-	1,380,733	459,305	
Franchise taxes					347,857	-	347,857	-	
Interest					4,025	2,024	6,049	1,112	
Miscellaneous					550,702	16,473	567,175	-	
Transfers in (out)					798,340	(798,340)	-	-	
Total general revenues and transfers					<u>4,484,839</u>	<u>(779,843)</u>	<u>3,704,996</u>	<u>460,417</u>	
Net change in net position					<u>2,230,891</u>	<u>110,847</u>	<u>2,341,738</u>	<u>(223,384)</u>	
Net position - beginning					<u>3,093,188</u>	<u>5,884,497</u>	<u>8,977,685</u>	<u>1,637,982</u>	
Net position - ending					<b>\$ 5,324,079</b>	<b>\$ 5,995,344</b>	<b>\$ 11,319,423</b>	<b>\$ 1,414,598</b>	

**City of Jacksboro, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2014**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 899,602	\$ -	\$ -	\$ -	\$ 899,602
Receivables (net of allowance for uncollectibles)					
Property taxes	71,272	70,330	-	-	141,602
Sales taxes	248,469	-	-	-	248,469
Municipal court	172,387	-	-	-	172,387
Other	27,383	-	118,000	21,300	166,683
Due from other funds	168,855	-	63,000	-	231,855
Due from component unit	5,098	-	-	-	5,098
Restricted cash	2,809	142,724	18,538	34,863	198,934
<b>Total assets</b>	<b>\$ 1,595,875</b>	<b>\$ 213,054</b>	<b>\$ 199,538</b>	<b>\$ 56,163</b>	<b>\$ 2,064,630</b>
<b>Liabilities:</b>					
Accounts payable and other current liabilities	\$ 32,958	\$ -	\$ -	\$ -	\$ 32,958
Wages payable	21,112	-	-	-	21,112
Due to other funds	-	13,264	138,600	16,791	168,655
Due to component unit	40,854	-	-	-	40,854
<b>Total liabilities</b>	<b>94,924</b>	<b>13,264</b>	<b>138,600</b>	<b>16,791</b>	<b>263,579</b>
<b>Deferred inflows of resources:</b>					
Deferred revenue	237,812	64,641	-	-	302,453
<b>Fund balances:</b>					
Unassigned, reported in					
General fund	1,260,330	-	-	-	1,260,330
Special revenue funds	-	-	-	(2,668)	(2,668)
Restricted, reported in					
General fund	2,809	-	-	-	2,809
Debt service fund	-	135,149	-	-	135,149
Special revenue funds	-	-	-	42,040	42,040
Capital projects fund	-	-	60,938	-	60,938
<b>Total fund balances</b>	<b>1,263,139</b>	<b>135,149</b>	<b>60,938</b>	<b>39,372</b>	<b>1,498,598</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,595,875</b>	<b>\$ 213,054</b>	<b>\$ 199,538</b>	<b>\$ 56,163</b>	<b>\$ 2,064,630</b>

**City of Jacksboro, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**September 30, 2014**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 1,498,598
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,066,511
Long-term liabilities, including bonds payable, leases payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(6,508,899)
Accrued interest is reported in the statement of net position but does not require the use of current financial resources, therefore, it is not reported in the governmental funds.	(34,584)
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>302,453</u>
Net position of governmental activities	<u><u>\$ 5,324,079</u></u>

**City of Jacksboro, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2014**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property	\$ 702,812	\$ 684,310	\$ -	\$ -	\$ 1,387,122
Sales	1,380,733	-	-	-	1,380,733
Franchise	319,825	-	-	28,032	347,857
Charges for services	9,677	-	-	-	9,677
Licenses, permits, and fees	142,348	-	-	-	142,348
Recreation fees	24,168	-	-	-	24,168
Court fines	41,571	-	-	2,574	44,145
Rentals	4,260	-	-	-	4,260
Contributions	28,883	-	719,048	-	747,931
Intergovernmental	-	-	118,000	25,373	143,373
Interest income	2,139	1,798	7	81	4,025
Miscellaneous	554,595	(3,893)	-	-	550,702
Total revenues	<u>3,211,011</u>	<u>682,215</u>	<u>837,055</u>	<u>56,060</u>	<u>4,786,341</u>
<b>EXPENDITURES</b>					
Current:					
Legislative	48,662	-	-	-	48,662
General government	846,125	-	-	20,750	866,875
Public safety	1,053,750	-	-	34,598	1,088,348
Streets	282,083	-	-	-	282,083
Culture and recreation	212,584	-	-	-	212,584
Capital outlay:					
General government	44,378	-	25,000	-	69,378
Public safety	44,879	-	137,000	-	181,879
Streets	14,720	-	457,755	-	472,475
Culture and recreation	6,185	-	236,293	-	242,478
Debt service:					
Principal retirement	1,711	760,000	-	-	761,711
Interest	7	316,943	-	-	316,950
Paying agent fees	-	2,025	-	-	2,025
Total expenditures	<u>2,555,084</u>	<u>1,078,968</u>	<u>856,048</u>	<u>55,348</u>	<u>4,545,448</u>
Deficiency of revenues under expenditures	<u>655,927</u>	<u>(396,753)</u>	<u>(18,993)</u>	<u>712</u>	<u>240,893</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	400,000	398,340	-	8,727	807,067
Transfers out	(8,727)	-	-	-	(8,727)
Total other financing sources (uses)	<u>391,273</u>	<u>398,340</u>	<u>-</u>	<u>8,727</u>	<u>798,340</u>
Net change in fund balances	1,047,200	1,587	(18,993)	9,439	1,039,233
Fund balances - beginning	215,939	133,562	79,931	29,933	459,365
Fund balances - ending	<u>\$ 1,263,139</u>	<u>\$ 135,149</u>	<u>\$ 60,938</u>	<u>\$ 39,372</u>	<u>\$ 1,498,598</u>

**City of Jacksboro, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**September 30, 2014**

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

Net change in fund balances - total governmental funds	\$ 1,039,233
Governmental funds report capital outlay 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. This is the amount by which capital outlays exceeded depreciation in the current period.	376,392
The issuance of long-term debt (e.g., bonds, leases) 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 in the statement of activities. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	761,711
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.	(1,671)
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	<u>55,226</u>
Change in net position of governmental activities	<u><u>\$ 2,230,891</u></u>

**City of Jacksboro, Texas**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Positive (Negative)</b>	
					<b>\$</b>	<b>\$</b>
	<b>Original</b>	<b>Final</b>	<b>\$</b>	<b>\$</b>		
<b>REVENUES</b>						
Taxes:						
Property	\$ 708,000	708,000	\$ 702,812	\$ (5,188)		
Sales	901,500	901,500	1,380,733	479,233		
Franchise	362,000	362,000	319,825	(42,175)		
Charges for services	1,500	11,500	9,677	(1,823)		
Licenses, permits, and fees	25,000	85,000	142,348	57,348		
Recreation fees	24,000	24,000	24,168	168		
Court fines	120,000	120,000	41,571	(78,429)		
Rentals	-	-	4,260	4,260		
Contributions	-	-	28,883	28,883		
Interest income	700	700	2,139	1,439		
Miscellaneous	10,000	10,000	554,595	544,595		
Total revenues	<u>2,152,700</u>	<u>2,222,700</u>	<u>3,211,011</u>	<u>988,311</u>		
<b>EXPENDITURES</b>						
Current:						
Legislative	48,196	76,321	48,662	27,659		
General government	898,714	898,714	890,503	8,211		
Public safety	1,062,184	1,147,184	1,098,629	48,555		
Streets	316,932	316,932	296,803	20,129		
Culture and recreation	198,969	208,969	218,769	(9,800)		
Debt service:						
Capital lease principal	13,697	13,697	1,711	11,986		
Capital lease interest	548	548	7	541		
Total expenditures	<u>2,539,240</u>	<u>2,662,365</u>	<u>2,555,084</u>	<u>107,281</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>(386,540)</u>	<u>(439,665)</u>	<u>655,927</u>	<u>1,095,592</u>		
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	400,000	440,000	400,000	(40,000)		
Transfers out	-	-	(8,727)	8,727		
Total other financing sources and uses	<u>400,000</u>	<u>440,000</u>	<u>391,273</u>	<u>(31,273)</u>		
Net change in fund balances	13,460	335	1,047,200	1,064,319		
Fund balances - beginning	<u>215,939</u>	<u>215,939</u>	<u>215,939</u>	<u>-</u>		
Fund balances - ending	<u>\$ 229,399</u>	<u>\$ 216,274</u>	<u>\$ 1,263,139</u>	<u>\$ 1,064,319</u>		

**City of Jacksboro, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2014**

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 631,679
Receivables (net of allowance for uncollectibles)	507,787
Restricted assets:	
Cash and cash equivalents	467,563
Total current assets	<u>1,607,029</u>
Noncurrent assets:	
Capital assets:	
Water and sewer system	11,520,624
Machinery and equipment	934,274
Furniture and fixtures	50,436
Construction in progress	225,805
Less: accumulated depreciation	(6,143,170)
Total capital assets (net of accumulated depreciation)	<u>6,587,969</u>
Total noncurrent assets	<u>6,587,969</u>
Total assets	<u>8,194,998</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and other current liabilities	289,363
Wages payable	11,296
Retainage payable	18,280
Due to other funds	63,200
Utility customer deposits	49,545
Compensated absences current	14,385
Bonds payable current	100,000
Accrued interest payable	11,635
Total current liabilities	<u>557,704</u>
Noncurrent liabilities:	
Bonds payable	1,630,000
Compensated absences	11,950
Total noncurrent liabilities	<u>1,641,950</u>
Total liabilities	<u>2,199,654</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,081,552
Unrestricted	<u>913,792</u>
Total net position	<u>\$ 5,995,344</u>

**City of Jacksboro, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2014**

	<b>Water and Sewer Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for sales and services:	
Water sales	\$ 1,488,602
Sewer charges	876,665
Solid waste	633,415
Penalties	68,975
Tap fees	(25)
Miscellaneous	16,473
Total operating revenues	<u>3,084,105</u>
<b>OPERATING EXPENSES:</b>	
Costs of sales and services:	
Salaries and benefits	624,620
Supplies and maintenance	523,529
Contractual services	89,292
Sanitation contractual services	667,937
Depreciation	417,148
Total operating expenses	<u>2,322,526</u>
Operating income	<u>761,579</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Investment earnings	2,024
Interest expense	(90,369)
Capital improvement fees	54,883
Intergovernmental revenues	181,070
Total nonoperating revenue (expenses)	<u>147,608</u>
Income before contributions and transfers	909,187
Net transfers	<u>(798,340)</u>
Net change in net position	<u>110,847</u>
Net position - beginning	<u>5,884,497</u>
Net position - ending	<u>\$ 5,995,344</u>

**City of Jacksboro, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2014**

	<b>Water and Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,030,483
Cash payments to suppliers for goods and services	(313,006)
Cash payments to employees and professional contractors for services	<u>(1,379,327)</u>
Net cash provided by operating activities	<u>1,338,150</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer to other funds	(790,908)
Net cash used by noncapital financing activities	<u>(790,908)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(285,668)
Principal and interest paid on capital debt	(200,369)
Capital contribution	181,070
Capital improvement fees	54,883
Net cash used by capital and related financing activities	<u>(250,084)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	2,024
Net cash provided by investing activities	<u>2,024</u>
Net increase in cash and cash equivalents	299,182
Cash and cash equivalents - beginning	800,060
Cash and cash equivalents - ending	<u>\$ 1,099,242</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 761,579
Adjustments to reconcile operating income to net cash provided by operating	
Depreciation and amortization	417,148
Decrease in bad debts	90,082
Increase in accounts receivable	(144,924)
Increase in accounts payable and other liabilities	210,523
Increase in wages payable	3,220
Increase in customer deposits	1,220
Decrease in compensated absences	<u>(698)</u>
Net cash provided by operating activities	<u>\$ 1,338,150</u>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>	
Unrestricted cash and cash equivalents	\$ 631,679
Restricted cash and cash equivalents	<u>467,563</u>
Total cash and cash equivalents	<u>\$ 1,099,242</u>

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**1. Summary of Significant Accounting Policies**

The financial statements of the City of Jacksboro, Texas (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The City is incorporated as a general law municipal corporation under the laws of the State of Texas. The City operates under a Mayor / Aldermanic form of government and provides the following services: legislative, general administrative services, public safety (police and fire), streets, and culture and recreation. Other services include water, sewer, and solid waste operations. The City, for financial purposes, includes all of the funds relevant to the operations of the City of Jacksboro, Texas.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The component unit of the City includes the separately administered organization that is controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Discretely Presented Component Unit** - The Jacksboro Economic Development Corporation (JEDC) serves all the citizens of the City and is governed by a board of directors that are appointed by and serve at the discretion of the City Council. The City Council has ultimate authority over the actions of the JEDC. The JEDC is reported as a governmental entity and its accounts are maintained on the modified accrual basis of accounting. Separate financial statements are not issued for the JEDC.

**B. Government-wide financial statements and fund financial statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on activities of the primary government and its component unit in a discrete presentation.

Governmental activities are supported in part by property taxes, sales taxes, franchise taxes, and grant revenues from the federal government and the State of Texas. Governmental activities are reported separately from business-type activities, which rely to a large extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services and sanitation fees.

The statement of activities reports the change in the City's net position from October 1, 2013 to September 30, 2014. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Specifically, the City has identified the following functions of government: legislative, general government, public safety, streets, culture and recreation, and water, sewer, and solid waste services. Direct expenses are those that are clearly identifiable with a specific function of city government. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues in the statement of activities.

In addition to the government-wide financial statements, the City also reports separate financial statements for major governmental funds and the proprietary fund; these funds are classified as fund financial statements. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for in the individual funds

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds are organized into two distinct categories: governmental and proprietary. Information in the fund financial statements is reported on a major fund basis. The calculation of major funds is conducted by the City each year according to governmental accounting standards. Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.

The major funds at September 30, 2014, are general fund, debt service fund, capital projects fund, and the water, sewer, and solid waste fund. The non-major governmental funds are as follows:

- Hotel/motel fund which is supported by a portion of franchise taxes and used to promote tourism
- Grant fund which is supported by intergovernmental grants and used for the purpose specified in the grant contract
- Court technology fund which is supported by court fines and used for technology purchases
- Court security, school safety, and crossing guard funds which are supported by court fines and used for security and safety purposes

Major governmental funds include the following:

**General Fund:** The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except for those required to be accounted for in another fund.

**Debt Service Fund:** This governmental debt service fund is used to account for the annual debt service requirements of the City.

**Capital Projects Fund:** This governmental capital projects fund is used to account for the use of debt proceeds to acquire or construct capital assets.

The major enterprise fund is the water, sewer, and solid waste fund and includes the following:

**Water, Wastewater, and Solid Waste Utility Services:** This is used to account for the water, wastewater, and sanitation services provided by the City.

**C. Measurement Focus and Basis of Accounting**

**1) Governmental Funds**

The City uses the modified accrual basis of accounting and the flow of current financial resources measurement focus for all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when both "measurable and available." Measurable means knowing, or being capable of calculating or estimating the amount to be received. Available means collectible within the current period or soon enough thereafter to pay current liabilities (generally 60 days). Also, under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded in the period when the related fund liability is incurred.

Major revenue sources susceptible to accrual in the governmental funds include:

Sales taxes are collected by the State and remitted to the City in 60 days arrears. The City allocates its sales tax revenues to the General Fund and JEDC pursuant to City ordinances.

Franchise taxes are remitted regularly by franchise owners for utilities operating in the City.

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

Property taxes are billed and collected by the Jack County Tax Assessor based on assessed taxable values each January 1 as determined by the Central Appraisal District using exemptions approved by the City. Taxes are levied the next October and are past due after February 1 of the following year. Property taxes at the fund level are recorded on October 1 as receivables, including a reserve estimate for uncollectible accounts, and deferred revenue when taxes are assessed. Property tax revenues are recorded as taxes are collected. Delinquent tax payments are recognized as revenue when both measurable and available. Amounts estimated to be collectible in time to be a resource payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with GAAP have been recognized as revenue.

Assigned fund balance indicates the intent of the City to use resources for a specific purpose. The City Council is authorized to assign or rescind amounts for specific purposes through city ordinances. When the City incurs an expenditure or expense for which both assigned and unassigned resources may be used, it is the City's policy to use assigned resources first, then unassigned resources.

**2) Government-Wide Financial Statements and Proprietary Funds**

The accrual basis of accounting and flow of economic resources measurement focus are used in the government-wide financial statements and the proprietary fund. All assets and liabilities (whether current or noncurrent) are included in the statement of net position, and the statement of activities presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, and expenses (including depreciation) are recorded when the liability is incurred.

The accounting objectives for the proprietary fund are the determination of net income, financial position and cash flows. Proprietary fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Proprietary funds distinguish operating revenues and expense from non-operating 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 proprietary funds are charges to customers for water sales, wastewater utilities, and sanitation services. Operating expenses for enterprise funds 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 non-operating revenues and expenses.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income (loss) is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The water, sewer, and solid waste enterprise fund of the City is classified as a business-type activity in the government-wide statements of net position and activities.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**D. Assets, Liabilities, Deferred Inflows of Resources, Fund Balance/Net Position, and Other**

**1) Pooled Cash, Investments, and Temporary Deposits**

The City's cash, investments, and temporary deposits are pooled for investment. For purposes of the statement of cash flows, the City considers cash on hand, demand deposits, and investments with original maturities of three months or less to be cash equivalents.

**2) Capital Assets and Depreciation**

Capital assets (i.e. land, building, equipment, improvements, infrastructure, and construction in progress) of all the funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial, individual cost is \$5,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method. The useful lives of all depreciable assets are as follows:

Building	20-50 years
Machinery, equipment, furniture, and fixtures	5-15 years
Infrastructure	20-50 years

**3) Compensated Absences**

Employees are granted vacation benefits in varying amounts depending on tenure with the City. These benefits accumulate pro rata by pay period. The valuation of accrued compensated absences includes salary related payments such as the City's share of Social Security, Medicare taxes, and contributions to the retirement plan in accordance with GASB Accounting Standards Codification Section C60.

**4) Deferred Inflows of Resources**

The City's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The City will not recognize the related revenues until a future event occurs. The City has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, deferred property taxes and municipal court fines are reported in the governmental funds balance sheet. The City did not have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year.

**5) 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; injuries to employees; and natural disasters. The City purchases commercial insurance with Texas Municipal League (TML) to reduce exposure to these risks. TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsurance through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance.

The City accounts for risk management issues in accordance with GASB Accounting Standards Codification Sections C50 and Po20. There were no significant reductions in insurance coverage and the City had not been declined coverage for any exposures or limits of liability and/or scheduled

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

covered amounts from the previous year. Settled claims for risks have not exceeded coverage for the past three fiscal years.

**6) Interfund Activity**

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**7) Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

**2. Reconciliation of government-wide financial and fund financial statements**

**A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position**

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, leases payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$6,508,899 difference are as follows:

Bonds payable	\$ 6,420,000
Compensated absences	88,899
<i>Net adjustment to reconcile fund balance - total governmental funds to net position - governmental activities</i>	
	<u>\$ 6,508,899</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlay 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." The details of this \$376,392 difference are as follows:

**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

Capital outlay	\$ 966,210
Depreciation expense	<u>(589,818)</u>
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds to changes in net position of governmental activities</i>	<u>\$ 376,392</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds, leases) 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$761,711 difference are as follows:

Debt principal repayments:	
General obligation debt	\$ 760,000
Capital leases	<u>1,711</u>
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds to changes in net position of governmental activities</i>	<u>\$ 761,711</u>

Another element of that reconciliation states that "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". The details of this \$1,671 difference are as follows:

Accrued interest	\$ 4,354
Compensated absences	<u>(6,025)</u>
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds to changes in net position of governmental activities</i>	<u>\$ (1,671)</u>

Another element of that reconciliation states that "some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds". The details of this \$55,226 difference are as follows:

Ad valorem taxes	\$ 16,060
Municipal court fines	<u>39,166</u>
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds to changes in net position of governmental activities</i>	<u>\$ 55,226</u>

### **3. Stewardship, Compliance, and Accountability**

#### **A. Budget and Budgetary Accounting**

The City Council adopts an annual budget for the general, capital projects, special revenue, debt service, and water, sewer, and solid waste funds. The general fund budget is legally adopted. The annual budgets for the general, capital projects, debt service, and special revenue funds are adopted on a modified accrual basis. The budget for the water, sewer, & solid waste fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

The following procedures are followed in establishing the budgetary data reflected in the Basic Financial Statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

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Once a budget is approved, it can only be amended by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. All budget appropriations lapse at year end.

**B. Budget Amendments**

For the year ended September 30, 2014 the General Fund budget was amended to reflect: 1) the creation of the Tourism Department within the General Fund, which includes annual expenses for non-personnel related items. The tourism expenses are funded through an agreement with Jacksboro EDC, in which the EDC reimburses actual tourism expenses. 2) additional revenue received from new construction building permits and the additional expenses for the contracted inspection services, and 3) the establishment of a budget for the 2014 TX CDBG Project for Wastewater System Improvements. The net effect of the budget amendments in the General Fund balance is a decrease of \$13,125.

**4. Detailed Notes on All Funds**

**A. Assets**

**1) Deposits**

At September 30, 2014, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$1,782,100, and the combined bank account balances amounted to \$1,818,965. The difference of \$36,866 is due to a combination of deposits in transit and outstanding checks. The City's cash deposits at September 30, 2014 and during the fiscal year ended September 30, 2014, were entirely covered by FDIC insurance or by collateral pledged by the City's bank and held by the City's agent bank in the City's name.

**2) Investments**

State statutes authorize the City's investments. These investments include obligations of the United States Government agencies and instrumentalities and obligations of the State of Texas and other political subdivisions rated "A" or above by Standard and Poor's Corporation or Moody's. The City did not engage in repurchase or reverse repurchase agreement transactions during the year.

The Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investments pools (including TexSTAR) and authorize eligible governmental entities to invest their public funds through the investment pools. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc. and is rated AAA by Standard and Poor's.

At September 30, 2014, the book value and the combined account balances of the City's deposits in the TexSTAR local government investment pool was \$414,167. The average monthly rate of the pool was 0.0317%, the weighted average maturity of the pool was 50 days and the net asset value of the pool was 1.000070. These investments are considered cash equivalents in the financial statements. The fair value of these investments is the same as the value of the pooled shares.

GASB Accounting Standards Codification Sections C20 and I50 require a determination as to whether the City was exposed to the following specific investment risks at year end, and if so, the reporting of certain related disclosures:

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**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The City's Investment Policy is to minimize credit risk by:

1. Limiting investments to suitable and authorized investments including obligations of the United States, bank certificates of deposits, fully collateralized direct repurchase agreements, money market mutual funds, and local government investment pools meeting requirements under the Public Funds Investment Act, rated no lower than AAA that are authorized by City Council action.
2. Pre-qualifying the financial institutions and broker/dealers with which the City will do business.
3. Investment portfolio diversification so that losses on individual securities are minimized.

**b. Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

**c. Concentration of Credit Risk**

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. This is controlled through the City's investment policies on diversification as follows:

1. Investments are limited to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. treasury securities).
2. Limiting investments in securities that have higher credit risks.
3. Investing in securities with varying maturities.
4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

**d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policies regarding interest rate risk are:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

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e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end the City was not exposed to foreign currency risk.

3) Receivables

Receivables as of the year ended September 30, 2014 for the City's individual major funds, including the allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects	Other Governmental Funds	Utility Fund	Total
<b>Receivables:</b>						
Property tax	\$ 79,191	\$ 78,144	\$ -	\$ -	\$ -	\$ 157,335
Sales tax	248,469	-	-	-	-	248,469
Hotel/motel tax	-	-	-	7,177	-	7,177
Franchise tax	23,357	-	-	-	-	23,357
Municipal court fines	344,774	-	-	-	-	344,774
Customer accounts	-	-	-	-	479,021	479,021
Grants	-	-	118,000	-	139,195	257,195
Miscellaneous	4,026	-	-	14,123	-	18,149
<b>Gross Receivables</b>	<b>699,817</b>	<b>78,144</b>	<b>118,000</b>	<b>21,300</b>	<b>618,216</b>	<b>1,535,477</b>
<b>Less: Allowance for uncollectibles</b>						
Property tax	(7,919)	(7,814)	-	-	-	(15,733)
Municipal court fines	(172,387)	-	-	-	-	(172,387)
Customer accounts	-	-	-	-	(110,429)	(110,429)
	<b>(180,306)</b>	<b>(7,814)</b>	<b>-</b>	<b>-</b>	<b>(110,429)</b>	<b>(298,549)</b>
<b>Net total receivables</b>	<b>\$ 519,511</b>	<b>\$ 70,330</b>	<b>\$ 118,000</b>	<b>\$ 21,300</b>	<b>\$ 507,787</b>	<b>\$ 1,236,928</b>

4) Capital Assets

Capital assets, additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2014 were as follows:

	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 289,178	\$ -	\$ -	\$ 289,178
Capital assets, being depreciated:				
Furniture and fixtures	3,767	-	-	3,767
Machinery and equipment	1,775,960	185,362	-	1,961,322
Streets	1,005,762	472,475	-	1,478,237
Lost Creek Dam and Reservoir	8,355,568	-	-	8,355,568
Buildings and improvements	4,318,739	308,373	-	4,627,112
Totals, capital assets being depreciated	<b>15,459,796</b>	<b>966,210</b>	<b>-</b>	<b>16,426,006</b>
Less: accumulated depreciation for:				
Furniture and fixtures	(3,767)	-	-	(3,767)
Machinery and equipment	(1,129,854)	(142,962)	-	(1,272,816)
Streets	(363,596)	(57,341)	-	(420,937)
Lost Creek Dam and Reservoir	(3,165,046)	(167,436)	-	(3,332,482)
Buildings and improvements	(1,396,592)	(222,079)	-	(1,618,671)
Total accumulated depreciation	<b>(6,058,855)</b>	<b>(589,818)</b>	<b>-</b>	<b>(6,648,673)</b>
Total capital assets being depreciated, net	<b>9,400,941</b>	<b>376,392</b>	<b>-</b>	<b>9,777,333</b>
<b>City capital assets, net</b>	<b>\$ 9,690,119</b>	<b>\$ 376,392</b>	<b>\$ -</b>	<b>\$ 10,066,511</b>

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	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases and Transfers</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 10,205	\$ 215,600	\$ -	\$ 225,805
Capital assets, being depreciated:				
Furniture and fixtures	50,436	-	-	50,436
Machinery and equipment	764,475	70,068	99,731	934,274
Water and sewer system	11,620,355	-	(99,731)	11,520,624
Totals, capital assets being depreciated	<u>12,435,266</u>	<u>70,068</u>	<u>-</u>	<u>12,505,334</u>
Less: accumulated depreciation for:				
Furniture and fixtures	(45,199)	-	-	(45,199)
Machinery and equipment	(447,147)	(118,792)	-	(565,939)
Water and sewer system	(5,233,676)	(298,356)	-	(5,532,032)
Total accumulated depreciation	<u>(5,726,022)</u>	<u>(417,148)</u>	<u>-</u>	<u>(6,143,170)</u>
Total capital assets being depreciated, net	<u>6,709,244</u>	<u>(347,080)</u>	<u>-</u>	<u>6,362,164</u>
<b>City capital assets, net</b>	<b>\$ 6,719,449</b>	<b>\$ (131,480)</b>	<b>\$ -</b>	<b>\$ 6,587,969</b>

Depreciation expense was charged to governmental functions as follows:

	<b>Amount</b>
General government	\$ 48,798
Public safety	196,614
Streets	84,733
Culture and recreation	<u>259,673</u>
<b>Total Depreciation</b>	<b>\$ 589,818</b>

**B. Liabilities**

1) Changes in general long term liabilities:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable	\$ 7,180,000	\$ -	\$ (760,000)	\$ 6,420,000	\$ 795,000
Capital leases payable	1,711	-	(1,711)	-	-
Compensated absences	82,874	35,507	(29,482)	88,899	29,559
<b>Governmental activity long-term liabilities</b>	<b>\$ 7,264,585</b>	<b>\$ 35,507</b>	<b>\$ (791,193)</b>	<b>\$ 6,508,899</b>	<b>\$ 824,559</b>
<b>Business-type activities:</b>					
Bonds payable	\$ 1,840,000	\$ -	\$ (110,000)	\$ 1,730,000	\$ 100,000
Compensated absences	27,033	13,656	(14,354)	26,335	14,385
<b>Business-type activity long-term liabilities</b>	<b>\$ 1,867,033</b>	<b>\$ 13,656</b>	<b>\$ (124,354)</b>	<b>\$ 1,756,335</b>	<b>\$ 114,385</b>

For governmental activities, compensated absences are generally liquidated by the general fund.

2) Bonds payable

Bonded indebtedness of the City is reflected in the statement of net position, and current requirements for principal and interest expenditures are accounted for in the general debt service fund and proprietary funds. A summary of the changes in governmental activities and business-type activities long-term debt for the fiscal year ended September 30, 2014, is as follows:

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Description	Series	Interest Rate	Amounts		Beginning Balance	Issued	Retired	Ending Balance
			Original Issue					
<b>Governmental Activities:</b>								
General Obligation Refunding Bonds **	1999	3.9 - 5.2% [3]	\$ 5,760,000		\$ 790,000	\$ -	\$ (220,000)	\$ 570,000
Comb Tax & Rev- Cert of Obligation	2004	4.65% [3]	273,000		190,000	-	(15,000)	175,000
Comb Tax & Rev- Cert of Obligation	2006	4.73% [3]	455,000		320,000	-	(20,000)	300,000
Comb Tax & Rev- Cert of Obligation	2008	4.00% [3]	1,600,000		1,205,000	-	(65,000)	1,140,000
General Obligation Refunding Bonds	2008	4.98% [1]	2,635,000		2,635,000	-	(365,000)	2,270,000
Comb Tax & Rev- Cert of Obligation	2011	3.0 - 4.0% [3]	2,060,000		2,040,000	-	(75,000)	1,965,000
<b>Total Governmental Activities</b>			<b>\$12,783,000</b>		<b>\$7,180,000</b>	<b>\$ -</b>	<b>\$ (760,000)</b>	<b>\$6,420,000</b>
<b>Business-type activities:</b>								
<b>Water and wastewater fund</b>								
Comb Tax & Rev- Cert of Obligation	2004	4.65% [3]	\$ 262,000		\$ 180,000	\$ -	\$ (15,000)	\$ 165,000
Comb Tax & Rev- Cert of Obligation	2006	4.71% [3]	545,000		420,000	-	(25,000)	395,000
Comb Tax & Rev- Cert of Obligation	2008	4.00% [3]	200,000		150,000	-	(10,000)	140,000
Comb Tax & Rev- Cert of Obligation **	2008A	4.98% - 6.85% [3]	350,000		295,000	-	(20,000)	275,000
Comb Tax & Rev- Cert of Obligation **	2009	5.35% - 6.75% [3]	920,000		795,000	-	(40,000)	755,000
<b>Total Business-type Activities</b>			<b>\$ 2,277,000</b>		<b>\$ 1,840,000</b>	<b>\$ -</b>	<b>\$ (110,000)</b>	<b>\$1,730,000</b>

\*\* The interest rates increase over the term of the debt.

[1] Issued for current refunding of \$830,000 of the City's outstanding General Obligation Refunding Bonds, Series 1999, \$125,000 of the Series 1994A Combination Tax & Revenue Certificates of Obligation Bonds, and \$1,610,000 of the Series 1997 Combination Tax & Revenue Certificates of Obligation Bonds.

[2] Issued to purchase the Lost Creek Reservoir

[3] Issued for capital purchases and improvements, including streets and drainage, water and sewer system, public safety, and city parks

Annual debt service requirements are as follows:

Years ending September 30:	Principal	Interest	Total Requirements
<b>Governmental activities:</b>			
2015	\$ 795,000	\$ 279,408	\$ 1,074,408
2016	820,000	240,746	1,060,746
2017	710,000	201,561	911,561
2018	520,000	167,596	687,596
2019	560,000	144,343	704,343
2020-2024	1,560,000	435,122	1,995,122
2025-2029	1,135,000	183,007	1,318,007
2030-2031	320,000	19,400	339,400
	<b>\$ 6,420,000</b>	<b>\$ 1,671,183</b>	<b>\$ 8,091,183</b>

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Years ending September 30:	Principal	Interest	Total Requirements
<b>Business-type activities:</b>			
2015	\$ 100,000	\$ 96,701	\$ 196,701
2016	110,000	91,859	201,859
2017	110,000	85,538	195,538
2018	115,000	79,532	194,532
2019	120,000	76,156	196,156
2020-2024	715,000	264,505	979,505
2025-2029	460,000	77,672	537,672
	<u>\$ 1,730,000</u>	<u>\$ 771,963</u>	<u>\$ 2,501,963</u>

3) Defeasance of Prior Debt

In 2009, the City defeased certain outstanding bonds by placing the proceeds from the issuance of new refunding bonds in irrevocable trusts which will provide amounts sufficient for future redemption or payments of principal and interest of the issues refunded. Accordingly, the trust accounts and the liability for the refunded (defeased) bonds are not reflected in the financial statements of the City.

At September 30, 2014, the following refunded debt outstanding is as follows:

Series 1997 Combination Tax & Revenue Certificates of Obligation \$ 785,000

4) Capital leases

The Public Property Finance Act gives the City authority to enter into capital leases for the acquisition of personal property. Principal repayments due after September 30, 2014 are accounted for in the Statement of Net Position. The assets acquired through capital leases are as follows:

	Net Asset Book Value	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>						
Fire truck	\$ 92,769	\$ 1,711	\$ -	\$ (1,711)	\$ -	\$ -

5) Retirement Plan

Pension Plan

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the system. This report may be obtained from the TMRS website at [www.TMRS.com](http://www.TMRS.com).

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

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	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years 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 Reporting	70% of CPI Reporting

**Contributions**

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost (APC) and net pension obligation (NPO) are as follows:

<b>Fiscal Year Ending September 30</b>	<b>APC</b>	<b>Actual Contribution Made</b>	<b>Percentage of APC Contributed</b>	<b>NPO</b>
2012	\$ 173,375	\$ 173,375	100%	\$ -
2013	194,923	194,923	100%	-
2014	179,205	179,205	100%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2012 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

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Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	26.1 years - closed period	25.1 years - closed period	30.0 years - closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment return *	7.0%	7.0%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost of living adjustments	2.1%	2.1%	2.1%

**Funded Status and Funding Progress**

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Valuation Assets	Actuarial Accrued Liability (AAL)	Actuarial Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	\$4,408,287	\$5,503,670	80.1%	\$1,095,383	\$1,470,055	74.5%

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

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

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**6) Other Post-Employment Benefits**

**OPEB – Supplemental Death Benefits Plan**

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). Retired employees are insured for \$7,500. This coverage is considered an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to prefund retiree term life insurance during employees' entire careers.

The City's contributions for the years ended September 30, 2014, 2013, and 2012 were \$653, \$630, and \$622, respectively, which equaled the required contributions each year.

**C. Restricted Assets**

Restricted assets consist of cash held for specific purposes in accordance with bond covenants or other legal restrictions. At September 30, 2014, restricted assets are comprised of the following:

**Governmental funds restricted cash:**

Special revenue funds:

Hotel/motel fund	\$ 12,526
Court technology fund	7,865
Court security fund	750
School safety fund	4,253
Crossing guard fund	9,469
Debt service fund	142,724
Capital projects fund	18,538
Landfill capital projects	2,405
Other specific activities	404

**Total governmental funds restricted cash:**

\$ 198,934

**Utility fund restricted cash:**

Utility capital projects fund	\$ 418,018
Utility customer deposits	49,545

**Total utility fund restricted cash:**

\$ 467,563

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Restrictions on general and special revenue funds are restricted to the respective reserve fund balances within those funds, pending expenditure for the purpose for which those accounts were intended. These restrictions generally do not extend to the segregation of cash; however, interest-bearing accounts and/or interest income allocation are required under certain programs.

**D. Transfers**

Transfers are indicative of funding for capital projects, lease payments, debt service, and subsidies of various City operations. The following schedule briefly summarizes the City's transfer activity:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
Proprietary funds	General fund	\$ 400,000	Provide subsidy to cover City operations
Proprietary funds	Debt Service fund	398,340	Transfer to pay for general long-term debt
General fund	Grant fund	8,727	Matching portion of an intergovernmental grant

The following schedule presents significant transactions between the primary government and its component unit during the year ended September 30, 2014:

<u>Component Unit</u>	<u>Significant Transactions</u>
Jacksboro Economic Development Corporation	Transfer of sales tax revenues from the general fund to the JEDC in the amount of \$459,305.
	Contributions to the City of a new ball park, valued at \$236,293, and street and other infrastructure improvements for the industrial park, valued at \$457,755.

**E. Jacksboro Economic Development Corporation**

Jacksboro Economic Development Corporation (JEDC) was established under the provisions of Section 4B of the Development Corporation Act of 1979 as a Texas Municipal Corporation. JEDC was organized specifically for public purposes to study and fund permissible projects prescribed in the Development Corporation Act.

Discrete methodology is used to present the JEDC in the financial statements of the City of Jacksboro, Texas. This methodology was selected after evaluation of all the circumstances and available standards.

JEDC is supported principally through the collection of a one-half percent sales tax on goods and services sold within the City of Jacksboro, Texas. These taxes are collected by the State of Texas, remitted to the City of Jacksboro, Texas, and then distributed to the Corporation by the City offices. The JEDC records all sales taxes earned during the fiscal year as revenue when earned and available.

At September 30, 2014, the carrying amount of JEDC's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$76,400, and the combined bank account balances amounted to \$95,437. The difference of \$19,037 is due to a combination of deposits in transit and outstanding checks. JEDC's cash deposits were entirely covered by FDIC insurance as of September 30, 2014.

**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

Capital Asset Activity:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Buildings	10,000	-	-	10,000
Capital assets	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>

Long Term Debt Activity:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Note payable - TIB	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
Note payable - land	340,000	-	(85,000)	255,000	85,000
Capital assets	<u>\$ 415,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 255,000</u>	<u>\$ 85,000</u>

Annual debt service requirements are as follows:

Years ending September 30:	Principal	Interest	Requirements
2015	\$ 85,000	\$ 6,375	\$ 91,375
2016	85,000	4,250	89,250
2017	85,000	2,125	87,125
	<u>\$ 255,000</u>	<u>\$ 12,750</u>	<u>\$ 267,750</u>

**F. Commitments and Contingencies**

The City is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management and the Council that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the City.

The City participates in certain federal and state assisted grant programs. Those programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**G. New Accounting Pronouncement**

The GASB has issued the following statements which will become effective in future years.

Statement No. 68, "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." – This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date. This statement will become effective for the City in fiscal year 2015. Management has not yet determined the effect of these statements on the financial statements; however, the impact of Statement No. 68 is expected to be significant as they will now reflect a previously unrecorded liability. The City also expects the largest deferred inflows and outflows to be pension related.

*REQUIRED SUPPLEMENTARY INFORMATION*

**Required Supplementary Information**

**Employee Retirement Plan**  
**Schedule of Funding Progress for TMRS**

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a) / c)
12/31/2011	\$ 3,910,061	\$ 5,054,016	\$ 1,143,955	77.4%	\$ 1,313,842	87.1%
12/31/2012	4,164,883	5,261,107	1,096,224	79.2%	1,361,502	80.5%
12/31/2013	4,408,287	5,503,670	1,095,383	80.1%	1,470,055	74.5%

*COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES*

**City of Jacksboro, Texas**  
**Combining Statement of Assets, Liabilities, and Fund Balances**  
**Nonmajor Governmental Funds**  
**September 30, 2014**

<b>Special Revenue Funds</b>							<b>Total Nonmajor Governmental Funds</b>
<b>Hotel/Motel Tax Fund</b>	<b>Court Technology Fund</b>	<b>Court Security Fund</b>	<b>School Safety Fund</b>	<b>Crossing Guard Fund</b>	<b>Grant Fund</b>		
<b>ASSETS</b>							
Restricted cash and cash equivalents	\$ 12,526	\$ 7,865	\$ 750	\$ 4,253	\$ 9,469	\$ -	\$ 34,863
Receivables (net of allowance for uncollectibles)	7,177	-	-	-	-	14,123	21,300
Total assets	<u>19,703</u>	<u>7,865</u>	<u>750</u>	<u>4,253</u>	<u>9,469</u>	<u>14,123</u>	<u>56,163</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Due to other funds	-	-	-	-	-	16,791	16,791
Total liabilities	-	-	-	-	-	<u>16,791</u>	<u>16,791</u>
Fund balances:							
Unassigned	-	-	-	-	-	(2,668)	(2,668)
Restricted	19,703	7,865	750	4,253	9,469	-	42,040
Total fund balances	<u>19,703</u>	<u>7,865</u>	<u>750</u>	<u>4,253</u>	<u>9,469</u>	<u>(2,668)</u>	<u>39,372</u>
Total liabilities and fund balances	<u>\$ 19,703</u>	<u>\$ 7,865</u>	<u>\$ 750</u>	<u>\$ 4,253</u>	<u>\$ 9,469</u>	<u>\$ 14,123</u>	<u>\$ 56,163</u>

**City of Jacksboro, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2014**

	Special Revenue						Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Court Technology Fund	Court Security Fund	School Safety Fund	Crossing Guard Fund	Grant Fund	
<b>REVENUES</b>							
Taxes:							
Franchise	\$ 28,032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,032
Court fines	-	882	267	675	750	-	2,574
Interest income	28	19	1	10	23	-	81
Intergovernmental	-	-	-	-	-	25,373	25,373
Total revenues	<u>28,060</u>	<u>901</u>	<u>268</u>	<u>685</u>	<u>773</u>	<u>25,373</u>	<u>56,060</u>
<b>EXPENDITURES</b>							
Current:							
General government	20,750	-	-	-	-	-	20,750
Public safety	-	335	-	-	-	34,263	34,598
Capital outlay:							
General government	-	-	-	-	-	-	-
Total expenditures	<u>20,750</u>	<u>335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,263</u>	<u>55,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,310</u>	<u>566</u>	<u>268</u>	<u>685</u>	<u>773</u>	<u>(8,890)</u>	<u>712</u>
<b>OTHER FINANCING SOURCES</b>							
Transfers in	-	-	-	-	-	8,727	8,727
Total other financing sources	-	-	-	-	-	8,727	8,727
Net change in fund balances	7,310	566	268	685	773	(163)	9,439
Fund balances - beginning	<u>12,393</u>	<u>7,299</u>	<u>482</u>	<u>3,568</u>	<u>8,696</u>	<u>(2,505)</u>	<u>29,933</u>
Fund balances - ending	<u>\$ 19,703</u>	<u>\$ 7,865</u>	<u>\$ 750</u>	<u>\$ 4,253</u>	<u>\$ 9,469</u>	<u>\$ (2,668)</u>	<u>\$ 39,372</u>

**City of Jacksboro, Texas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

					<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>			
	<b>Original</b>	<b>Final</b>				
<b>REVENUES</b>						
Taxes:						
Property taxes	\$ 646,223	\$ 646,223	\$ 652,541	\$ 6,318		
Delinquent taxes	10,000	10,000	19,779	9,779		
Penalty and interest	10,000	10,000	11,990	1,990		
Interest income	2,000	2,000	1,798	(202)		
Miscellaneous	-	-	(3,893)	(3,893)		
Total revenues	<u>668,223</u>	<u>668,223</u>	<u>682,215</u>	<u>13,992</u>		
<b>EXPENDITURES</b>						
Debt service						
Principal retirement	407,375	407,375	760,000	(352,625)		
Interest	870,000	870,000	316,943	553,057		
Paying agent fees	4,500	4,500	2,025	2,475		
Total expenditures	<u>1,281,875</u>	<u>1,281,875</u>	<u>1,078,968</u>	<u>202,907</u>		
Deficiency of revenues under expenditures	<u>(613,652)</u>	<u>(613,652)</u>	<u>(396,753)</u>	<u>216,899</u>		
<b>OTHER FINANCING SOURCES</b>						
Transfers in	598,709	598,709	398,340	(200,369)		
Total other financing sources	<u>598,709</u>	<u>598,709</u>	<u>398,340</u>	<u>(200,369)</u>		
Net change in fund balance	<u>(14,943)</u>	<u>(14,943)</u>	<u>1,587</u>	<u>16,530</u>		
Fund balance - beginning	<u>133,562</u>	<u>133,562</u>	<u>133,562</u>	<u>-</u>		
Fund balance - ending	<u>\$ 118,619</u>	<u>\$ 118,619</u>	<u>\$ 135,149</u>	<u>\$ 16,530</u>		

**City of Jacksboro, Texas**  
**Hotel/Motel Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>			
<b>REVENUES</b>					
Taxes:					
Franchise	\$ 25,000	\$ 25,000	\$ 28,032	\$ 3,032	
Interest income	150	150	28	(122)	
Total revenues	<u>25,150</u>	<u>25,150</u>	<u>28,060</u>	<u>2,910</u>	
<b>EXPENDITURES</b>					
Current:					
General government	25,000	25,000	20,750	4,250	
Capital outlay:					
General government	-	-	-	-	
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>20,750</u>	<u>4,250</u>	
Excess of revenues over expenditures	<u>150</u>	<u>150</u>	<u>7,310</u>	<u>7,160</u>	
Net change in fund balance	150	150	7,310	7,160	
Fund balance - beginning	<u>12,393</u>	<u>12,393</u>	<u>12,393</u>	<u>-</u>	
Fund balance - ending	<u>\$ 12,543</u>	<u>\$ 12,543</u>	<u>\$ 19,703</u>	<u>\$ 7,160</u>	

**City of Jacksboro, Texas**  
**Court Technology Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

						<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>				
	<b>Original</b>	<b>Final</b>					
<b>REVENUES</b>							
Court fines	\$ 1,750	\$ 1,750	\$ 882	\$ 19	\$ (868)	4	
Interest income	15	15					
Total revenues	<u>1,765</u>	<u>1,765</u>	<u>901</u>			<u>(864)</u>	
<b>EXPENDITURES</b>							
Current:							
Public safety	3,200	3,200	335		2,865		
Total expenditures	<u>3,200</u>	<u>3,200</u>	<u>335</u>			<u>2,865</u>	
Excess of revenues over expenditures	<u>(1,435)</u>	<u>(1,435)</u>	<u>566</u>			<u>2,001</u>	
Net change in fund balance	<u>(1,435)</u>	<u>(1,435)</u>	<u>566</u>			<u>2,001</u>	
Fund balance - beginning	<u>7,990</u>	<u>7,990</u>	<u>7,299</u>			<u>-</u>	
Fund balance - ending	<u>\$ 6,555</u>	<u>\$ 6,555</u>	<u>\$ 7,865</u>			<u>\$ 2,001</u>	

**City of Jacksboro, Texas**  
**Court Security Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Positive (Negative)</b>	
					<b>Original</b>	<b>Final</b>
	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>Final</b>
<b>REVENUES</b>						
Court fines	\$ 75	\$ 75	\$ 267	\$ 192		
Interest income	1	1	1	-		
Total revenues	<u>76</u>	<u>76</u>	<u>268</u>	<u>192</u>		
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-		
Total expenditures	-	-	-	-		
Excess of revenues over expenditures	<u>76</u>	<u>76</u>	<u>268</u>	<u>192</u>		
Net change in fund balance	76	76	268	192		
Fund balance - beginning	<u>482</u>	<u>482</u>	<u>482</u>	<u>-</u>		
Fund balance - ending	<u>\$ 558</u>	<u>\$ 558</u>	<u>\$ 750</u>	<u>\$ 192</u>		

**City of Jacksboro, Texas**  
**School Safety Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

	Budgeted Amounts			Actual Amounts			Variance with Final Budget - Positive (Negative)
	Original		Final	Original		Final	
	\$	\$	\$	\$	\$	\$	
<b>REVENUES</b>							
Court fines	\$ 950	\$ 950		\$ 675	\$ 675	\$ (275)	
Interest income	5	5		10	10	5	
Total revenues	<u>955</u>	<u>955</u>		<u>685</u>	<u>685</u>	<u>(270)</u>	
<b>EXPENDITURES</b>							
Current:							
General government	-	-		-	-	-	
Total expenditures	-	-		-	-	-	
Excess of revenues over expenditures	<u>955</u>	<u>955</u>		<u>685</u>	<u>685</u>	<u>(270)</u>	
Net change in fund balance	955	955		685	685	(270)	
Fund balance - beginning	<u>2,288</u>	<u>2,288</u>		<u>3,568</u>	<u>3,568</u>	<u>-</u>	
Fund balance - ending	<u>\$ 3,243</u>	<u>\$ 3,243</u>		<u>\$ 4,253</u>	<u>\$ 4,253</u>	<u>\$ (270)</u>	

**City of Jacksboro, Texas**  
**Crossing Guard Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>			
<b>REVENUES</b>					
Court fines	\$ 1,000	\$ 1,000	\$ 750	\$ (250)	
Interest income	10	10	23	13	
Total revenues	<u>1,010</u>	<u>1,010</u>	<u>773</u>	<u>(237)</u>	
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	
Total expenditures	-	-	-	-	
Excess of revenues over expenditures	<u>1,010</u>	<u>1,010</u>	<u>773</u>	<u>(237)</u>	
Net change in fund balance	1,010	1,010	773	(237)	
Fund balance - beginning	<u>8,696</u>	<u>8,696</u>	<u>8,696</u>	<u>-</u>	
Fund balance - ending	<u>\$ 9,706</u>	<u>\$ 9,706</u>	<u>\$ 9,469</u>	<u>\$ (237)</u>	

**City of Jacksboro, Texas**  
**Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>		<b>Actual Amounts</b>	
	<b>Final</b>		<b>Final</b>	
<b>REVENUES</b>				
Intergovernmental				
Total revenues	\$ 25,373	\$ 25,373	\$ 25,373	\$ -
	<u>25,373</u>	<u>25,373</u>	<u>25,373</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	35,745	35,745	34,263	1,482
Total expenditures	<u>35,745</u>	<u>35,745</u>	<u>34,263</u>	<u>1,482</u>
Deficiency of revenues under expenditures	<u>(10,372)</u>	<u>(10,372)</u>	<u>(8,890)</u>	<u>1,482</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	10,373	10,373	8,727	(1,646)
Total other financing sources	<u>10,373</u>	<u>10,373</u>	<u>8,727</u>	<u>(1,646)</u>
Net change in fund balance	1	1	(163)	(164)
Fund balance - beginning	<u>(2,505)</u>	<u>(2,505)</u>	<u>(2,505)</u>	<u>-</u>
Fund balance - ending	<u>\$ (2,504)</u>	<u>\$ (2,504)</u>	<u>\$ (2,668)</u>	<u>\$ (164)</u>

**City of Jacksboro, Texas**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>		<b>Variance with Final Budget - Positive (Negative)</b>	
					<b>Positive</b>	<b>(Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>						
Donations	\$ -	\$ -	\$ 719,048	\$ 719,048		
Intergovernmental	-	-	118,000	118,000		
Interest income	-	-	7	7		
Total revenues	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>837,055</u></u>	<u><u>837,055</u></u>		
<b>EXPENDITURES</b>						
Capital outlay	18,000	18,000	856,048	856,048	(838,048)	(838,048)
Total expenditures	<u><u>18,000</u></u>	<u><u>18,000</u></u>	<u><u>856,048</u></u>	<u><u>856,048</u></u>	<u><u>(838,048)</u></u>	<u><u>(838,048)</u></u>
Deficiency of revenues over under expenditures	<u><u>(18,000)</u></u>	<u><u>(18,000)</u></u>	<u><u>(18,993)</u></u>	<u><u>(18,993)</u></u>	<u><u>(993)</u></u>	<u><u>(993)</u></u>
Net change in fund balance	(18,000)	(18,000)	(18,993)	(18,993)	(993)	(993)
Fund balance - beginning	<u><u>79,931</u></u>	<u><u>79,931</u></u>	<u><u>79,931</u></u>	<u><u>79,931</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund balance - ending	<u><u>\$ 61,931</u></u>	<u><u>\$ 61,931</u></u>	<u><u>\$ 60,938</u></u>	<u><u>\$ (993)</u></u>		

**Jacksboro Economic Development Corporation**  
**Balance Sheet**  
**Governmental Fund**  
**September 30, 2014**

**ASSETS**

Cash and cash equivalents	\$ 778,235
Receivables (net of allowance for uncollectibles)	82,823
Due from primary government	40,854
Assets held for sale	<u>776,930</u>
Total assets	<u>1,678,842</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	32,119
Total liabilities	<u>32,119</u>

Fund balance:

Unassigned	1,646,723
Total fund balance	<u>1,646,723</u>

Total liabilities and fund balance	<u>\$ 1,678,842</u>
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**Jacksboro Economic Development Corporation**  
**Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position**  
**Governmental Fund**  
**September 30, 2014**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - governmental fund	\$ 1,646,723
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	25,000
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund.	(255,000)
Accrued interest payable is reported in the statement of net position but does not require the use of current financial resources and, therefore, is not reported in the governmental fund.	<u>(2,125)</u>
Net position of governmental activities	<u><u>\$ 1,414,598</u></u>

**Jacksboro Economic Development Corporation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Governmental Fund**  
**For the Year Ended September 30, 2014**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Sales tax	\$ 280,000	\$ 280,000	\$ 459,305	\$ 179,305
Interest income	1,500	1,500	1,112	(388)
Contributions	-	-	325,363	325,363
Miscellaneous	4,200	4,200	4,200	-
Total revenues	<u>285,700</u>	<u>285,700</u>	<u>789,980</u>	<u>504,280</u>
<b>EXPENDITURES</b>				
Current:				
General government	943,755	943,755	973,842	(30,087)
Debt service:				
Note principal	160,000	160,000	160,000	-
Note interest	41,008	41,008	20,543	20,465
Capital outlay:				
General government	-	-	20,000	(20,000)
Swimming pool	50,000	50,000	-	50,000
Total expenditures	<u>1,194,763</u>	<u>1,194,763</u>	<u>1,174,385</u>	<u>20,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(909,063)</u>	<u>(909,063)</u>	<u>(384,405)</u>	<u>524,658</u>
Net change in fund balance	<u>(909,063)</u>	<u>(909,063)</u>	<u>(384,405)</u>	<u>524,658</u>
Fund balance - beginning	<u>2,071,158</u>	<u>2,071,158</u>	<u>2,031,128</u>	<u>(40,030)</u>
Fund balance - ending	<u>\$1,162,095</u>	<u>\$1,162,095</u>	<u>\$1,646,723</u>	<u>\$ 484,628</u>

**Jacksboro Economic Development Corporation**  
**Reconciliation of the Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual - Governmental Fund to the Statement of Activities**  
**For the Year Ended September 30, 2014**

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

Net change	\$ (384,405)
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The issuance of long-term debt (e.g. notes) 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. The net effect of these transactions are as follows:

Repayment of long-term debt	160,000
Accrued interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>1,021</u>
Change in net position of governmental activities	<u><u>\$ (223,384)</u></u>

*STATISTICAL SECTION  
(UNAUDITED)*

# Statistical Section

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

<u>Contents</u>	<u>Table</u>
<b>Financial Trends</b>	1 - 4
<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>	
<b>Revenue Capacity</b>	5 - 9
<i>These schedules contain information to help the reader assess the significant local revenue sources.</i>	
<b>Debt Capacity</b>	10 - 12
<i>These schedules offer demographic and economic indicators 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>	
<b>Demographic and Economic Information</b>	13 - 14
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
<b>Operating Information</b>	15 - 16
<i>These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF JACKSBORO, TEXAS  
 NET POSITION BY COMPONENT LAST TEN FISCAL YEARS  
 (accrual basis of accounting)  
 (Unaudited)

Table 1

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 1,355,078	\$ 2,352,077	\$ 2,757,824	\$ 634,836	\$ 769,804	\$ 1,471,609	\$ 1,609,827	\$ 1,429,240	\$ 2,526,939	\$ 3,665,049
Restricted	47,045	199,701	289,988	432,792	288,133	289,507	437,343	457,186	251,849	266,578
Unrestricted	517,951	325,374	275,855	467,208	428,448	387,864	509,628	265,608	314,400	1,392,452
<b>Total governmental activities net position</b>	<b>\$ 1,920,074</b>	<b>\$ 2,877,152</b>	<b>\$ 3,323,667</b>	<b>\$ 1,534,836</b>	<b>\$ 1,486,385</b>	<b>\$ 2,148,980</b>	<b>\$ 2,556,798</b>	<b>\$ 2,152,034</b>	<b>\$ 3,093,188</b>	<b>\$ 5,324,079</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 5,927,370	\$ 5,849,096	\$ 5,633,731	\$ 5,294,376	\$ 5,598,629	\$ 5,450,477	\$ 5,643,311	\$ 5,513,950	\$ 5,245,700	\$ 5,081,552
Unrestricted	507,673	423,798	220,212	599,622	517,272	569,396	434,647	436,728	638,797	913,792
<b>Total business-type activities net position</b>	<b>\$ 6,435,043</b>	<b>\$ 6,272,894</b>	<b>\$ 5,853,943</b>	<b>\$ 5,893,998</b>	<b>\$ 6,115,901</b>	<b>\$ 6,019,873</b>	<b>\$ 6,077,958</b>	<b>\$ 5,950,678</b>	<b>\$ 5,884,497</b>	<b>\$ 5,995,344</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 7,282,448	\$ 8,201,173	\$ 8,391,555	\$ 5,929,212	\$ 6,368,433	\$ 6,922,086	\$ 7,253,138	\$ 6,943,190	\$ 7,772,639	\$ 8,746,601
Restricted	47,045	199,701	289,988	432,792	288,133	289,507	437,343	457,186	251,849	266,578
Unrestricted	1,025,624	749,172	496,067	1,066,830	945,720	957,260	944,275	702,336	953,197	2,306,244
<b>Total primary government net position</b>	<b>\$ 8,355,117</b>	<b>\$ 9,150,046</b>	<b>\$ 9,177,610</b>	<b>\$ 7,428,834</b>	<b>\$ 7,602,286</b>	<b>\$ 8,168,853</b>	<b>\$ 8,634,756</b>	<b>\$ 8,102,712</b>	<b>\$ 8,977,685</b>	<b>\$ 11,319,423</b>

Source: Comprehensive Annual Financial Reports

Note: The fiscal year 2012 governmental and business-type activities were restated with implementation of GASB 65 and elimination of deferred charges for issuance costs.

CITY OF JACKSBORO, TEXAS  
 CHANGES IN NET POSITION, LAST TEN FISCAL YEARS  
 (accrual basis of accounting)  
 (Unaudited)

Table 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
Legislative	\$ 37,779	\$ 48,025	\$ 42,935	\$ 31,869	\$ 32,305	\$ 31,067	\$ 36,411	\$ 47,468	\$ 22,255	\$ 48,662
General government	641,265	900,649	696,107	787,637	901,048	912,723	894,444	924,629	1,013,319	918,091
Public safety	907,425	1,046,882	1,107,883	1,284,841	1,249,648	1,147,095	1,176,656	1,683,647	1,221,844	1,287,930
Streets	288,687	260,105	251,085	307,501	537,893	326,458	292,679	432,540	367,827	367,113
Culture and recreation	403,672	469,345	463,105	510,059	452,765	446,787	431,231	375,718	439,893	472,599
Interest on long term debt	332,645	329,195	1,013,505	468,532	469,985	439,792	412,300	409,610	357,818	314,621
Total governmental activities expenses	<u>2,611,473</u>	<u>3,054,201</u>	<u>3,574,620</u>	<u>3,390,439</u>	<u>3,643,644</u>	<u>3,303,922</u>	<u>3,243,721</u>	<u>3,873,612</u>	<u>3,422,956</u>	<u>3,409,016</u>
Business-type activities:										
Water and sewer	1,000,011	1,098,356	1,271,521	1,368,723	1,390,890	1,617,321	1,741,581	1,732,927	1,804,667	1,744,958
Sanitation	394,975	406,103	415,594	456,241	514,195	562,789	589,500	633,971	645,862	667,937
Total business-type activities expenses	<u>1,394,986</u>	<u>1,504,459</u>	<u>1,687,115</u>	<u>1,824,964</u>	<u>1,905,085</u>	<u>2,180,110</u>	<u>2,331,081</u>	<u>2,366,898</u>	<u>2,450,529</u>	<u>2,412,895</u>
Total primary government expenses	<u>4,006,459</u>	<u>4,558,660</u>	<u>5,261,735</u>	<u>5,215,403</u>	<u>5,548,729</u>	<u>5,484,032</u>	<u>5,574,802</u>	<u>6,240,510</u>	<u>5,873,485</u>	<u>5,821,911</u>
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General government and administration	-	15,501	84,812	53,996	63,463	67,329	32,215	13,254	20,827	148,687
Public safety	221,221	196,127	178,062	227,849	152,703	111,657	127,553	51,855	114,107	83,311
Streets	-	15	-	-	-	-	-	-	-	-
Cultural and recreational	56,681	65,581	42,658	35,016	20,753	20,261	26,971	24,414	28,558	31,766
Operating grants and contributions	142,826	80,957	52,302	124,871	59,549	27,720	42,557	59,143	66,111	54,256
Capital grants and contributions	41,815	72,351	8,707	94,292	199,827	512,687	-	-	490,000	837,048
Total governmental activities program revenues	<u>462,543</u>	<u>430,532</u>	<u>366,541</u>	<u>536,024</u>	<u>496,295</u>	<u>739,654</u>	<u>229,296</u>	<u>148,666</u>	<u>719,603</u>	<u>1,155,068</u>
Business-type activities:										
Charges for services:										
Water and sewer	1,916,667	1,979,112	1,860,458	1,858,572	2,050,612	2,221,838	2,621,988	2,515,926	2,628,824	2,476,053
Sanitation	381,984	403,158	422,358	492,157	571,945	513,702	532,586	563,805	608,234	646,462
Operating grants and contributions	17,800	-	-	-	-	-	-	-	-	-
Capital grants and contributions	173,881	57,876	57,022	318,766	76,899	162,620	84,880	16,471	-	181,070
Total business-type activities program revenues	<u>2,490,332</u>	<u>2,440,146</u>	<u>2,339,838</u>	<u>2,669,495</u>	<u>2,699,456</u>	<u>2,898,160</u>	<u>3,239,454</u>	<u>3,096,202</u>	<u>3,237,058</u>	<u>3,303,585</u>
Total primary government program revenues	<u>2,952,875</u>	<u>2,870,678</u>	<u>2,706,379</u>	<u>3,205,519</u>	<u>3,195,751</u>	<u>3,637,814</u>	<u>3,468,750</u>	<u>3,244,868</u>	<u>3,956,661</u>	<u>4,458,653</u>

CITY OF JACKSBORO, TEXAS  
 CHANGES IN NET POSITION, LAST TEN FISCAL YEARS  
 (accrual basis of accounting)  
 (Unaudited)

Table 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Net (Expense) Revenue</b>										
Governmental Activities	(2,148,930)	(2,623,669)	(3,208,079)	(2,854,415)	(3,147,349)	(2,564,268)	(3,014,425)	(3,724,946)	(2,703,353)	(2,253,948)
Business-type Activities	1,095,346	935,687	652,723	844,531	794,371	718,050	908,373	729,304	786,529	890,690
Total Primary government net expense	(1,053,584)	(1,687,982)	(2,555,356)	(2,009,884)	(2,352,978)	(1,846,218)	(2,106,052)	(2,995,642)	(1,916,824)	(1,363,258)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Ad valorem	851,822	878,931	848,580	1,079,688	1,072,011	1,281,692	1,245,294	1,262,270	1,395,287	1,403,182
Sales	950,437	1,137,586	1,123,789	1,140,405	948,050	717,274	914,071	879,398	959,232	1,380,733
Franchise fees	339,539	384,311	376,255	360,996	383,047	353,473	384,189	370,339	368,177	347,857
Investment earnings	50,547	47,558	80,179	43,073	11,054	4,679	4,362	3,461	3,006	4,025
Loss on sale/retirement of capital asset				(6,116)						
Miscellaneous	36,833	10,564	76,929	40,226	108,142	51,013	7,953	36,401	41,747	550,702
Transfers	1,156,626	1,121,797	1,148,863	824,247	576,594	818,732	866,374	818,733	877,058	798,340
Total Governmental Activities	3,385,804	3,580,747	3,654,595	3,482,519	3,098,898	3,226,863	3,422,243	3,370,602	3,644,507	4,484,839
Business-type Activities:										
Investment earnings	2,433	17,119	80,915	15,120	6,300	2,859	1,692	2,106	2,426	2,024
Gain (loss) on sale/retirement of capital assets					(2,174)					
Miscellaneous	9,680	6,843	(3,727)	4,650	-	1,795	14,394	7,786	21,922	16,473
Transfers	(1,156,626)	(1,121,797)	(1,148,863)	(824,247)	(576,594)	(818,732)	(866,374)	(818,733)	(877,058)	(798,340)
Total Business-type Activities	(1,144,513)	(1,097,835)	(1,071,675)	(804,477)	(572,468)	(814,078)	(650,288)	(808,841)	(852,710)	(779,843)
Total Primary Government	2,241,291	2,482,912	2,582,920	2,678,042	2,526,430	2,412,785	2,571,955	2,561,761	2,791,797	3,704,996
<b>Change in Net Position</b>										
Governmental Activities	1,236,872	957,078	446,516	628,104	(48,451)	662,595	407,818	(354,344)	941,154	2,230,891
Business-type Activities	(49,166)	(162,148)	(418,952)	40,054	221,903	(96,028)	58,085	(79,537)	(66,181)	110,847
Total Primary Government	\$1,187,706	\$ 794,930	\$ 27,564	\$ 668,158	\$ 173,452	\$ 566,567	\$ 465,903	\$ (433,881)	\$ 874,973	\$ 2,341,738

Source: Comprehensive Annual Financial Reports

Note: The fiscal year 2012 governmental and business-type activities were restated with implementation of GASB 65 and elimination of deferred charges for issuance costs.

CITY OF JACKSBORO, TEXAS  
 FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)  
 (Unaudited)

Table 3

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted	\$ 260,503	\$ 22,721	\$ 402	\$ 402	\$ 402	\$ 402	\$ 2,803	\$ 2,806	\$ 2,808	\$ 2,809
Unassigned	9,284	192,242	290,249	304,539	309,978	225,823	321,196	159,196	213,131	1,260,330
Total general fund	\$ 269,787	\$ 214,963	\$ 290,651	\$ 304,941	\$ 310,380	\$ 226,225	\$ 323,999	\$ 162,002	\$ 215,939	\$ 1,263,139
All Other Governmental Funds										
Restricted, reported in										
Debt Service Fund	\$ 117,508	\$ 176,980	\$ 216,539	\$ 275,466	\$ 147,402	\$ 186,270	\$ 168,703	\$ 128,578	\$ 133,562	\$ 135,149
Special revenue funds	72,251	78,355	117,926	157,326	138,338	100,438	109,515	98,669	32,438	42,040
Capital funds	13,483	463,456	12,484	739,651	253,562	173,537	1,801,233	253,060	79,931	60,938
Unassigned, reported in special revenue funds	-	-	-	-	-	-	(8,238)	(3,197)	(2,505)	(2,668)
Total all other governmental funds	\$ 203,242	\$ 718,791	\$ 346,949	\$ 1,172,443	\$ 539,302	\$ 460,245	\$ 2,071,213	\$ 477,110	\$ 243,426	\$ 235,459

Source: Basic Financial Statements.

CITY OF JACKSBORO, TEXAS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)  
 (Unaudited)

Table 4

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES:</b>										
Taxes:										
Ad valorem	\$ 852,544	\$ 893,642	\$ 840,345	\$ 1,091,782	\$ 1,035,894	\$ 1,268,649	\$ 1,238,815	\$ 1,244,372	\$ 1,385,117	\$ 1,387,122
Sales	950,437	1,137,586	1,123,789	1,140,405	948,050	717,274	914,071	879,398	959,232	1,380,733
Franchise fees	339,539	384,311	376,255	360,996	383,046	353,473	384,189	370,339	368,177	347,857
Charges for services	3,450	1,840	2,845	2,460	1,635	1,707	1,920	2,034	977	9,677
Licenses and permits	11,853	15,501	84,812	53,996	63,263	63,608	29,095	10,020	18,650	142,348
Recreation fees	56,406	65,581	42,658	35,016	20,753	20,261	26,971	24,414	28,558	24,168
Court fines	142,845	174,893	182,369	138,306	138,546	111,657	122,754	141,757	103,638	44,145
Rentals	4,800	4,100	3,706	3,900	3,690	2,015	1,200	1,200	1,200	4,260
Donations	67,473	62,638	27,593	40,475	35,845	513,095	27,985	31,693	532,018	747,931
Intergovernmental	112,368	69,851	30,495	174,788	223,531	27,312	14,572	27,450	24,094	143,373
Investment earnings	50,547	47,558	80,179	43,073	11,054	4,679	4,362	3,461	3,006	4,025
Miscellaneous	36,833	10,564	525,259	40,226	108,142	43,666	7,953	36,401	41,747	550,702
Total Revenues	2,629,095	2,868,065	3,320,304	3,125,422	2,973,449	3,127,396	2,773,887	2,772,539	3,486,414	4,786,341
EXPENDITURES:										
Legislative	37,779	48,025	42,935	31,869	32,305	31,067	36,411	47,468	22,255	48,662
General government and administration	631,404	875,616	696,440	780,146	881,146	884,208	812,353	859,788	946,037	866,875
Public safety	920,458	1,036,994	1,114,989	1,221,957	1,134,758	1,052,559	1,064,481	1,476,046	988,709	1,088,348
Streets	291,706	481,199	272,071	228,829	448,763	263,086	232,862	372,509	290,731	282,083
Cultural and recreational	448,135	269,079	260,047	301,706	232,969	230,575	215,819	162,318	227,181	212,584
Capital outlay	723,453	13,575	490,570	863,939	339,690	537,182	478,815	1,287,086	845,339	966,210
Debt Service:										
Principal retirement	895,000	990,918	1,056,375	1,039,442	614,375	673,342	715,239	757,630	836,258	761,711
Interest and fiscal charges	337,471	285,587	831,896	241,997	534,392	437,321	411,212	419,374	366,709	318,975
Total expenditures	4,285,406	4,000,993	4,765,322	4,709,885	4,218,398	4,109,340	3,967,192	5,382,219	4,523,219	4,545,448
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,656,311)	(1,132,928)	(1,445,017)	(1,584,461)	(1,244,948)	(981,944)	(1,193,305)	(2,609,680)	(1,056,805)	240,893
OTHER FINANCING SOURCES (USES):										
Bonds issued	-	455,000	-	1,600,000	2,635,000	-	2,060,000	-	-	-
Bond issue costs	-	(8,645)	-	-	-	-	(24,327)	-	-	-
Refunded bonds redeemed	-	-	-	-	(2,594,346)	-	-	-	-	-
Lease purchase proceeds	31,817	-	-	-	-	-	-	34,847	-	-
Transfers in	1,156,626	1,121,797	1,148,863	832,965	576,594	818,732	866,374	818,733	877,058	807,067
Transfers out	-	-	-	(8,718)	-	-	-	-	-	(8,727)
Total Other Financing Sources (Uses)	1,188,443	1,568,152	1,148,863	2,424,247	617,248	818,732	2,902,047	853,580	877,058	798,340
NET CHANGE IN FUND BALANCES	\$ (467,868)	\$ 435,227	\$ (296,154)	\$ 839,785	\$ (627,700)	\$ (163,211)	\$ 1,708,742	\$ (1,756,100)	\$ (179,747)	\$ 1,039,233
Debt service as a percentage of noncapital expenditures	34.6%	32.0%	44.2%	33.3%	29.6%	31.1%	32.3%	28.7%	32.7%	30.2%

Source: Basic Financial Statements.

CITY OF JACKSBORO, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 5

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Mineral/ Utility Property			
2005	\$ 118,213,760	\$ 19,085,660	\$ 43,856,890	\$ 93,442,530	0.911200
2006	124,216,670	24,727,880	44,230,660	104,713,890	0.813800
2007	128,748,710	31,973,450	45,074,900	115,647,260	0.913100
2008	135,570,890	19,396,040	46,153,630	108,813,300	0.948397
2009	147,253,560	37,344,180	48,531,780	136,065,960	0.927330
2010	159,653,280	24,408,510	59,316,600	124,745,190	0.983700
2011	158,903,760	22,960,520	59,345,000	122,519,280	1.012000
2012	155,829,680	20,217,390	59,414,980	116,632,090	1.180000
2013	154,367,590	21,739,310	59,220,010	116,886,890	1.180000
2014	157,887,990	24,503,800	61,997,830	120,390,960	1.180000

Source: Jack County Appraisal District  
 (certified tax roll)

## CITY OF JACKSBORO, TEXAS

## DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)

LAST TEN FISCAL YEARS

(Unaudited)

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates					Jack WCID #1	
	Operating/ General Rate	General Obligation		Total Direct	Jack County Special	Jack County ISD	Faith			
		General Debt Service	Debt Service				Community Hospital			
2005	0.249800	0.661400	0.911200	0.413720	0.067700	1.500000	0.136100	0.021700		
2006	0.222780	0.591090	0.813870	0.398080	0.064399	1.657000	0.130700	0.020099		
2007	0.245000	0.668100	0.913100	0.376191	0.063283	1.368000	0.116000	0.017870		
2008	0.280297	0.668100	0.948397	0.301741	0.062646	1.339040	0.116000	0.013094		
2009	0.447530	0.479800	0.927330	0.299419	0.062460	1.500000	0.106110	0.013094		
2010	0.527800	0.455900	0.983700	0.300813	0.067964	1.500000	0.129860	0.011829		
2011	0.493300	0.518700	1.012000	0.357788	0.092112	1.500000	0.125468	0.011829		
2012	0.591800	0.588200	1.180000	0.332809	0.086094	1.500000	0.315000	0.011584		
2013	0.598040	0.581960	1.180000	0.441100	0.086875	1.500000	0.304920	0.009695		
2014	0.617879	0.562121	1.180000	0.323584	0.068527	1.500000	0.312757	0.010234		

Source: Jack County Appraisal District

CITY OF JACKSBORO, TEXAS  
 PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

Table 7

Taxpayer	2014		Taxpayer	2005	
	Taxable Assessed Value	Percentage of Total City Taxable Assessd Value <sup>a</sup>		Taxable Assessed Value	Percentage of Total City Taxable Assessd Value <sup>b</sup>
Stevens Transport	\$ 6,292,840	5.38 %	Jacksboro Assisted Living	\$ 1,298,990	1.11 %
Hurd Oil Field Service	3,827,600	3.27	First National Bank - Jacksboro	925,570	0.79
Jacksboro National Bank	2,001,430	1.71	Diamond Food Markets, Inc.	863,610	0.74
Oncor Electric	1,972,490	1.69	Jacksboro National Bank	843,700	0.72
One Cypress Trucking	1,648,310	1.41	Geer Tank Truck	721,950	0.62
Bell Tubulars	1,377,720	1.18	Senior Living Center	551,350	0.47
Jacksboro Assisted Living, Inc.	1,019,620	0.87	Mesquite Trails LP	518,820	0.44
Jacksboro Pump & Specialty	974,390	0.83	Halliburton Energy Services	422,840	0.36
Swan Real Estate Mgmt LP	802,350	0.69	Jacksboro Apartments LTD	351,230	0.30
Corrections Corp of America	789,420	0.68	Lindsey State Jail	347,580	0.30
Total	\$ 20,706,170	17.71 %	Total	\$ 6,845,640	5.85 %

Source: Jack County Appraisal District

CITY OF JACKSBORO, TEXAS  
 PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS  
 (Unaudited)

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years		Adjusted Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections	
							Amount	Percentage of Levy			Amount	Percentage of Levy
2004/05	\$ 849,100	\$ (2,586)	\$ 846,514	\$ 810,919	95.80 %	\$ 33,221	\$ 844,140	99.72 %				
2005/06	851,421	(4,861)	846,560	821,713	97.06	22,199	843,912	99.69				
2006/07	836,630	(677)	835,965	799,886	95.68	32,113	831,999	99.53				
2007/08	1,055,975	(453)	1,055,522	1,032,756	97.84	17,533	1,050,289	99.50				
2008/09	1,031,982	(7,401)	1,030,195	949,033	92.12	72,525	1,021,558	99.16				
2009/10	1,263,697	(886)	1,262,811	1,227,986	97.24	24,443	1,252,429	99.18				
2010/11	1,226,926	(1,030)	1,225,896	1,190,721	97.13	39,799	1,230,520	100.38				
2011/12	1,240,093	(1,443)	1,238,650	1,194,435	96.43	14,522	1,208,957	97.60				
2012/13	1,377,145	(2,775)	1,374,369	1,314,634	94.54	37,553	1,352,187	98.18				
2013/14	1,379,559	(2,982)	1,376,577	1,319,707	95.86	33,999	1,353,706	98.12				

Source: Jack County Appraisal District

CITY OF JACKSBORO, TEXAS  
 WATER AND SEWER SALES REVENUE LAST TEN FISCAL YEARS  
 (Unaudited)

Table 9

Fiscal Year	Water Revenues	Sewer Revenues	Solid Waste Revenues
2004/05	\$ 1,097,052	\$ 763,238	\$ 381,936
2005/06	1,156,313	775,322	403,158
2006/07	1,066,509	745,781	422,358
2007/08	1,094,041	716,448	492,157
2008/09	1,219,622	807,067	538,312
2009/10	1,269,904	840,704	513,702
2010/11	1,549,633	953,638	532,586
2011/12	1,495,579	898,046	553,486
2012/13	1,590,885	929,221	596,265
2013/14	1,488,602	876,665	633,415

Source: City records

CITY OF JACKSBORO, TEXAS  
 RATIO OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS  
 (Unaudited)

Table 10

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Certificates of Obligation	Capital Leases				
2005	\$ 2,450,000	\$ 4,172,013	\$ 198,168	\$ 257,000	\$ 24,337	\$ 7,101,518	NA %	\$ 1,574	
2006	1,780,000	4,354,013	150,197	795,000	26,149	7,105,359	NA	1,573	
2007	1,730,000	6,210,895	112,251	775,000	11,786	8,839,932	NA	1,990	
2008	1,620,000	6,900,895	92,813	950,000	6,048	9,569,756	NA	2,183	
2009	3,425,000	4,568,039	76,293	2,180,000	19,651	10,268,983	NA	2,365	
2010	3,425,000	3,912,029	58,964	2,120,000	62,763	9,578,756	NA	2,206	
2011	3,425,000	5,274,968	40,786	2,030,000	37,354	10,808,108	NA	2,143	
2012	3,425,000	4,543,742	49,227	1,935,000	15,833	9,345,079	NA	1,988	
2013	3,425,000	3,755,000	1,711	1,840,000	-	9,021,711	NA	2,009	
2014	2,840,000	3,580,000	-	1,730,000	-	8,150,000	NA	1,802	

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

<sup>a</sup>See Table 13 for personal income and population data.

CITY OF JACKSBORO, TEXAS  
 RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS  
 (Unaudited)

Table 11

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>			Per Capita <sup>b</sup>	
	General Obligation Bonds	Certificates of Obligations	Total					
2005	\$ 2,450,000	\$ 4,172,013	\$ 6,622,013	7.09	%		\$	1,468
2006	1,780,000	4,354,013	6,134,013	5.86				1,358
2007	1,730,000	6,210,895	7,940,895	6.87				1,787
2008	1,620,000	6,900,895	8,520,895	7.83				1,944
2009	3,425,000	4,568,039	7,993,039	5.87				1,841
2010	3,425,000	3,912,029	7,337,029	5.88				1,690
2011	3,425,000	5,274,968	8,699,968	7.10				1,929
2012	3,425,000	4,543,742	7,968,742	6.83				1,767
2013	3,425,000	3,755,000	7,180,000	6.14				1,599
2014	2,840,000	3,580,000	6,420,000	5.33				1,419

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements and net position restricted for debt service on page 20.

<sup>a</sup>See Table 5 for property value data.

<sup>b</sup>See Table 12 for population data.

CITY OF JACKSBORO, TEXAS  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 As of September 30, 2014  
 (Unaudited)

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Jack County	\$ 4,825,000	9.09%	\$ 438,593
Jacksboro Independent School District	39,975,000	11.04%	<u>4,413,240</u>
Subtotal, overlapping debt			4,851,833
<b>City of Jacksboro (direct debt)</b>	8,150,000	100.00%	<u>8,150,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 13,001,833</u>

**Source:** Municipal Advisory Council of Texas

Refer to page 39 of the notes to the financial statement for additional detail of direct debt.

<sup>a</sup> The estimated percentage is based on a formula using assessed values of property.

CITY OF JACKSBORO, TEXAS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS  
 (Unaudited)

Table 13

Year	Estimated Population	Personal Income	Jack County		School Enrollment	Jack County Unemployment Rate
			Per Capita Personal Income	Median Age		
2005	4,511	NA	NA	*	1,011	4.4%
2006	4,516	NA	NA	*	970	4.5%
2007	4,443	NA	NA	*	925	3.6%
2008	4,383	NA	NA	*	915	3.8%
2009	4,342	NA	NA	*	960	6.5%
2010	4,342	NA	NA	*	945	5.3%
2011	4,511	NA	NA	*	962	4.9%
2012	4,511	NA	NA	*	953	5.0%
2013	4,491	NA	NA	*	990	4.2%
2014	4,523	NA	NA	*	992	3.8%

**Source:** Texas Workforce Commission, Jacksboro Independent School District, Oncor Economic Development Department.

CITY OF JACKSBORO, TEXAS  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

Table 14

2014			2005		
<u>Employer</u>	<u>Employees</u>	Percentage of Total City Employment	<u>Employer</u>	<u>Employees</u>	Percentage of Total City Employment
Corrections Corp. of America	250	16.31%	Corrections Corp. of America	250	6.49%
Crest Pumping Technologies	187	12.20%	Jacksboro Independent School District	170	4.41%
Jacksboro Independent School District	175	11.42%	Faith Community Hospital	70	1.82%
County of Jack	80	5.22%	Halliburton Resources	57	1.48%
Faith Community Hospital	70	4.57%	Mercer Well Service	50	1.30%
Jacksboro Health Care Center	41	2.67%	Jacksboro Health Care Center	41	1.06%
City of Jacksboro	35	2.28%	City of Jacksboro	35	0.91%
Geer Tank Trucks	33	2.15%	Geer Tank Trucks	33	0.86%
Renewable Energy Services Americas, Inc.	30	1.96%	First National Bank	25	0.65%
Jacksboro National Bank	25	1.63%	Jacksboro National Bank	25	0.65%
First National Bank	25	1.63%	Devon Gas Services	21	0.54%
Total	<u>951</u>	<u>20.38%</u>		<u>777</u>	<u>20.17%</u>

Source: Oncor Economic Development Department

CITY OF JACKSBORO, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Table 15

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government and Administration	10.00	10.00	12.00	12.00	10.25	10.25	10.25	11.00	12.00	14.00
Public Safety	17.00	18.00	18.50	18.50	14.00	14.00	15.00	12.00	13.00	13.00
Culture and Recreational	5.50	5.50	4.50	4.50	3.00	3.00	3.00	2.00	3.00	3.00
Street Maintenance	5.00	5.00	3.00	3.00	3.00	3.50	3.50	3.00	2.00	3.00
Water and Sewer	<u>12.50</u>	<u>12.50</u>	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>	<u>9.00</u>	<u>10.00</u>	<u>11.00</u>
<b>Total</b>	<b><u>50.00</u></b>	<b><u>51.00</u></b>	<b><u>53.00</u></b>	<b><u>53.00</u></b>	<b><u>45.25</u></b>	<b><u>45.75</u></b>	<b><u>46.75</u></b>	<b><u>37.00</u></b>	<b><u>40.00</u></b>	<b><u>44.00</u></b>

Source: City Budget Office

CITY OF JACKSBORO, TEXAS  
 OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS  
 (Unaudited)

Table 16

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Administration</b>										
Council directed programs	5	5	5	6	6	6	5	5	5	5
Council meetings	20	20	35	33	36	36	36	35	23	27
Proclamations, ordinances, resolutions	32	35	47	52	40	48	46	25	33	30
Positions filled	5	5	8	14	11	8	4	5	4	14
GFOA CAFR Award	1	1	1	1	1	1	1	1	1	Pending
GFOA Distinguished Budget Award	-	1	1	1	1	1	1	1	1	-
<b>Public Safety</b>										
Municipal court										
New cases filed	1,679	1,763	1,818	1,148	943	909	1,025	938	725	346
Warrants cleared	374	349	245	350	387	128	208	731	94	63
Police										
Number of employees	10	10	10	10	10	10	10	10	10	10
Calls for service	3,501	6,200	3,941	4,300	3,954	3,786	3,918	3,564	1,520	1,597
Fire										
Number of employees	1	2	2	2	2	2	3	3	3	6.5
Number of fire runs	200	250	286	350	365	286	331	294	688	1,485
Animal Control										
Calls for service	607	1,200	990	1,300	1,250	1,016	1,200	1,114	1,185	1,175
Animals impounded	232	1,560	875	292	275	223	254	231	164	158
Citations issued	137	312	205	60	45	33	55	55	18	31
<b>Development Services</b>										
Building permits	110	172	122	150	125	125	177	177	174	194
<b>Cultural and Recreational</b>										
Parks and Recreation										
Aquatics daily admissions	2,200	2,200	0	0	0	0	0	0	0	-
Athletics/ recreation participants	800	925	700	350	200	200	110	108	116	130
Activity center memberships	225	250	300	300	250	250	286	268	290	290
Park acreage maintained	88	88	89	93	93	93	93	93	93	93
<b>Water and Sewer</b>										
Number of water consumers	1,600	1,650	1,700	1,700	1,625	1,625	1,576	1,549	1,556	1,638
Treated water (million gallons per year)	207	225	255	255	255	255	255	255	200	200
Treated effluent water (million gallons per year)	135	140	125	125	125	125	125	125	125	17

Source: City Departments

*INTERNAL CONTROL AND COMPLIANCE SECTION*



## **Independent Auditor's Report**

### **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***

City Council  
City of Jacksboro, Texas  
Jacksboro, Texas

Members of the City Council:

We have audited, 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, 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 Jacksboro, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Jacksboro, Texas' basic financial statements and have issued our report thereon dated March 31, 2015.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Jacksboro, Texas' internal control over financial reporting (internal control) to determine the 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 City of Jacksboro, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Jacksboro, Texas' 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. See finding 2014-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Jacksboro, Texas' 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 determination of financial statement amounts. 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*.

### **City of Jacksboro, Texas' Response to Findings**

City of Jacksboro, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Jacksboro, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 of Jacksboro, Texas' 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 of Jacksboro, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*MWH Group, P.C.*

MWH GROUP, P.C.

Wichita Falls, Texas  
March 31, 2015

**CITY OF JACKSBORO, TEXAS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Auditor's Results**

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
Reportable condition(s) identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

**B. Financial Statement Findings**

**Finding 2014-1: Significant Deficiency: Segregation of Duties**

*Condition and Criteria:* Internal controls are not optimal due to the lack of segregation of duties.

*Cause:* The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough in number to provide optimum segregation of duties.

*Effect:* There is a possibility that misstatements would not be detected or prevented by management or employees in a timely manner while performing their normal functions.

*Recommendations:* We recommend that the City always be aware of their deficiencies in internal control resulting from their small number of business office and administrative staff. We recommend that the City be open to opportunities to improve their internal controls as the opportunities present themselves. Below we have listed several such areas to consider.

- Someone from outside the accounts receivable function should open the mail and night deposit boxes and list all remittances. The daily lists should be compared periodically with details in the cash book, by an employee who has no access to cash. Also, the employee who records entries in the cash receipts book should not have access to the accounts receivable ledger.
- Written policies should be created and/or updated periodically regarding areas such as fixed assets, expense reports, purchasing, and fund balances.
- Someone from the City's finance department should review the activities and records in the various departments where funds are collected, such as the municipal court, to ensure that proper accounting procedures are being followed.
- A monthly review should be performed to ensure detailed records and reconciliations agree to the general ledger amounts for items such as accounts payable and interfund transfers. This monthly review should be completed by someone who does not perform the functions related to that account.

*Response:* The City is aware of the limitations it has with regard to internal control because of the limited number of office staff. As a result, the City will always be aware of its need to improve internal controls when the opportunity presents itself, and will remain committed to the involvement of the City Council in oversight and review of City functions and financial affairs. Management has created many policies and procedures that are in the review process for presentation to Council for approval.