

CITY OF JACKSBORO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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Prepared By

The Department of Finance

**Debbie Goodner
Director of Finance**

CITY OF JACKSBORO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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INTRODUCTORY SECTION



Mar 22, 2016

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, 2015, 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, 2015, 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 unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2015, 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 4,633. 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). The Economic Development Corporation (EDC) is a component unit of the City. In addition to appointing the EDC Board of Directors, the Council also approves the annual program of services for the EDC.

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 and collection 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 2015 certified taxable value of real and personal property is \$122,490,550. This is a 1.74% increase to the 2014 tax year value of \$120,390,960.

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, 2014.

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



Debbie Goodner
Finance Director



Government Finance Officers Association

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

Presented to
**City of Jacksboro
Texas**

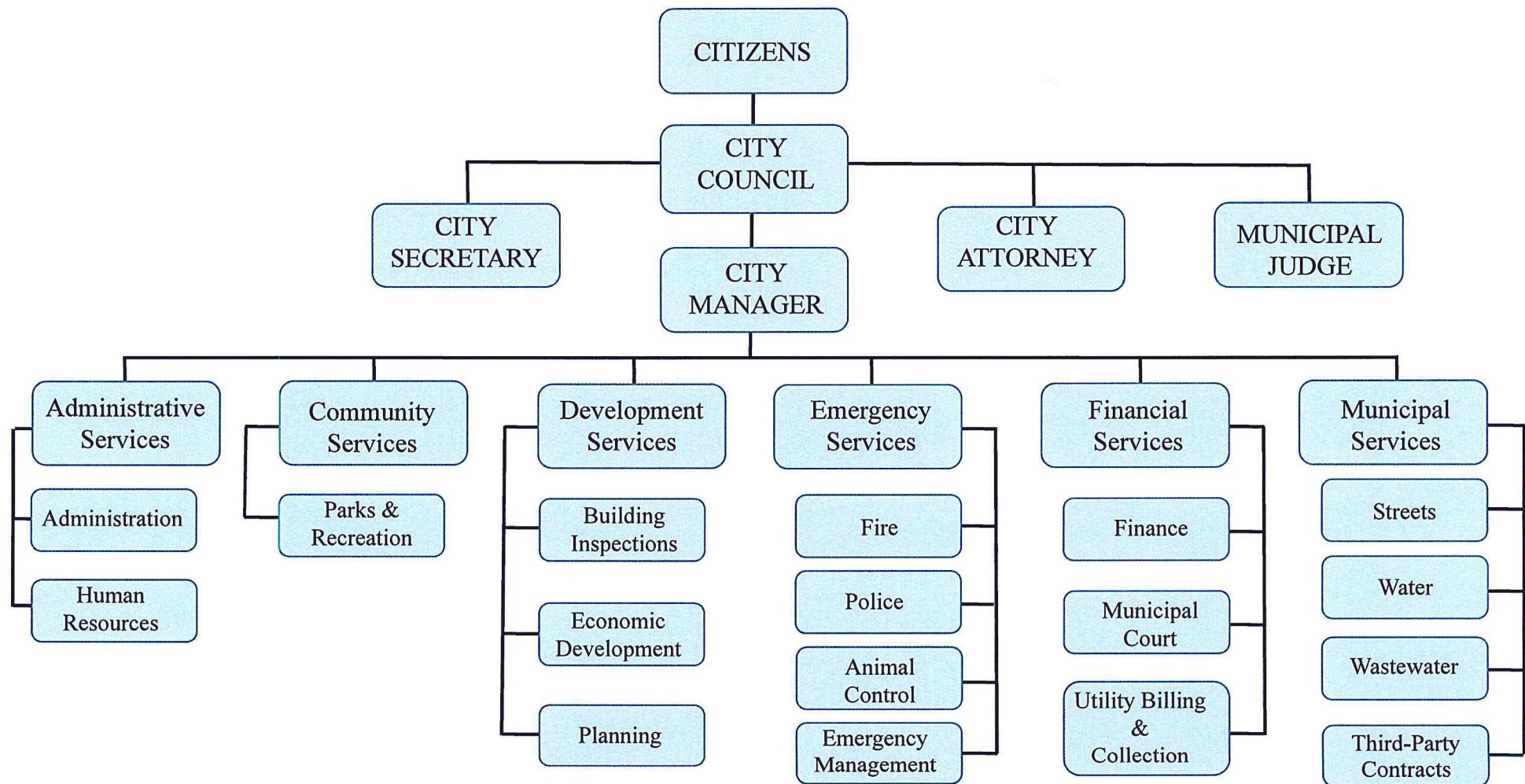
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

A handwritten signature in black ink that reads "Jeffrey P. Emon". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Emon" on the bottom line.

Executive Director/CEO

CITY OF JACKSBORO ORGANIZATIONAL CHART



**CITY OF JACKSBORO
PRINCIPAL OFFICIALS**

Elected Officials

Alton Morris Mayor
Melanie Belcher Alderman
Brian Isbell Alderman
Jeff Miller Alderman
Joe Mitchell Alderman
Gary Oliver Alderman

Appointed Officials

Michael R. 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 Changes in Net Pension Liability and Related Ratios and Texas Municipal Retirement System Schedule of Contributions on pages 11 through 19 and pages 50 and 51 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 22, 2016, 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.

Wichita Falls, Texas
March 22, 2016



Management's Discussion and Analysis

Our discussion and analysis of the City of Jacksboro's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the transmittal letter on page 1 and the City's financial statements, which begin on page 20.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$11,896,994 (net position). Of this amount \$2,536,502 (unrestricted net position) may be used to meet the City's obligations.
- Net position increased \$1,224,324. This increase in net position is attributed to: 1) higher property values over last fiscal year resulting in an increase in property taxes, 2) grants and contributions in general and operating funds of \$225,049 and 3) reduced spending in both the general and proprietary funds.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,117,778, an increase of \$619,180 in comparison with the prior year. The increase is primarily due to refunding bonds issued to refinance prior certificates of obligation, resulting in savings of interest and a restatement of our debt structure.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,977,772, or 65.6% percent of total general fund expenditures.
- The City of Jacksboro's total outstanding bonds payable decreased by \$1,940,000 in the governmental activities and increased by \$1,040,000 in the business-type activities due to issuance of General Obligation Refunding Bonds, Series 2015 and a restatement of debt structure between governmental and business-type activities. More information about the City's bonds payable may be found on page 41.

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 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 \$11,896,994 at the close of the most recent fiscal year.

The largest portion (76.3%) 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, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,625,754	\$ 1,895,975	\$ 1,153,042	\$ 1,543,829	\$ 3,778,796	\$ 3,439,804
Capital assets, net of accumulated depreciation	10,072,283	10,066,511	6,600,451	6,587,969	16,672,734	16,654,480
Total assets	<u>12,698,037</u>	<u>11,962,486</u>	<u>7,753,493</u>	<u>8,131,798</u>	<u>20,451,530</u>	<u>20,094,284</u>
Deferred outflows of resources	148,789	-	151,306	-	300,095	-
Current liabilities	219,396	129,508	165,679	380,119	385,075	509,627
Long-term liabilities outstanding	5,330,307	6,508,899	3,139,161	1,756,335	8,469,468	8,265,234
Total liabilities	<u>5,549,703</u>	<u>6,638,407</u>	<u>3,304,840</u>	<u>2,136,454</u>	<u>8,854,543</u>	<u>8,774,861</u>
Deferred inflows of resources	60	-	28	-	88	-
Net assets						
Net investment in capital assets	5,391,114	3,665,049	3,684,798	5,081,552	9,075,912	8,746,601
Restricted net assets						
Capital projects	-	45,209	-	-	-	45,209
Debt service	220,238	165,206	-	-	220,238	165,206
Specific purposes	64,342	56,163	-	-	64,342	56,163
Unrestricted	<u>1,621,369</u>	<u>1,392,452</u>	<u>915,133</u>	<u>913,792</u>	<u>2,536,502</u>	<u>2,306,244</u>
Total net assets	<u>\$ 7,297,063</u>	<u>\$ 5,324,079</u>	<u>\$ 4,599,931</u>	<u>\$ 5,995,344</u>	<u>\$ 11,896,994</u>	<u>\$ 11,319,423</u>

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

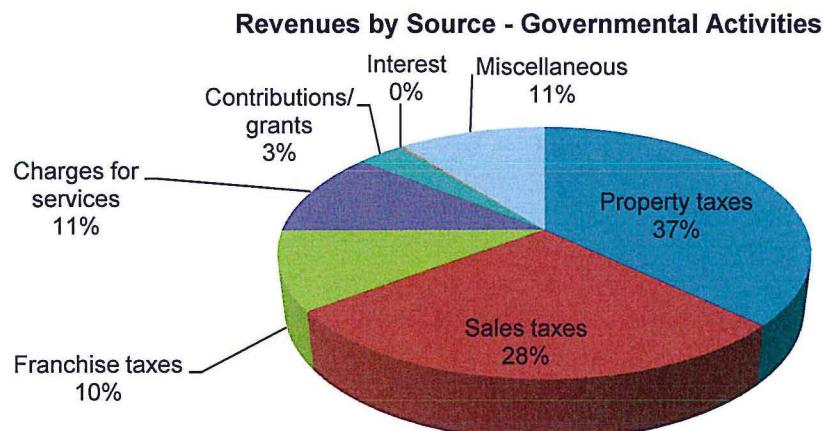
Governmental activities increased net position by \$2,411,420, and business-type activities decreased net position by \$1,187,412, for a total increase in net position of \$1,224,324. The key elements of this City wide increase are shown in the following table:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 431,437	\$ 263,764	\$ 2,930,300	\$ 3,122,515	\$ 3,361,737	\$ 3,386,279
Operating grants and contributions	133,693	54,256	-	-	133,693	54,256
Capital grants and contributions	-	837,048	91,356	181,070.00	91,356	1,018,118
General revenues						
Property taxes	1,464,291	1,403,182	-	-	1,464,291	1,403,182
Sales taxes	1,100,538	1,380,733	-	-	1,100,538	1,380,733
Franchise taxes	398,688	347,857	-	-	398,688	347,857
Interest	6,079	4,025	2,231	2,024	8,310	6,049
Miscellaneous	422,937	550,702	14,037	16,473	436,974	567,175
Total revenues	3,957,663	4,841,567	3,037,924	3,322,082	6,995,587	8,163,649
Expenses:						
Legislative	46,898	48,662	-	-	46,898	48,662
General government	1,050,967	918,091	-	-	1,050,967	918,091
Public safety	1,254,748	1,287,930	-	-	1,254,748	1,287,930
Streets	348,773	367,113	-	-	348,773	367,113
Culture and recreation	506,138	472,599	-	-	506,138	472,599
Interest and fiscal charges	240,131	314,621	-	-	240,131	314,621
Water and sewer utilities	-	-	2,323,608	2,412,895	2,323,608	2,412,895
Total expenses	3,447,655	3,409,016	2,323,608	2,412,895	5,771,263	5,821,911
Increase in net assets before transfers	510,008	1,432,551	714,316	909,187	1,224,324	2,341,738
Net transfers	1,901,412	798,340	(1,901,412)	(798,340)	-	-
Increase (decrease) in net assets	2,411,420	2,230,891	(1,187,096)	110,847	1,224,324	2,341,738
Net assets - beginning, as restated	4,885,643	3,093,188	5,787,027	5,884,497	10,672,670	8,977,685
Net assets - ending	\$ 7,297,063	\$ 5,324,079	\$ 4,599,931	\$ 5,995,344	\$ 11,896,994	\$ 11,319,423

The City's total revenues decreased by 14 percent (\$1.2M), mainly due to lower grant funding. The total cost of all programs and services was virtually unchanged (increasing by \$50,648 or less than 1 percent) with one new program added this year. The key factor in the \$1,224,324 increase in net position for the City is represented by the degree in which ongoing revenues exceeded expenses.

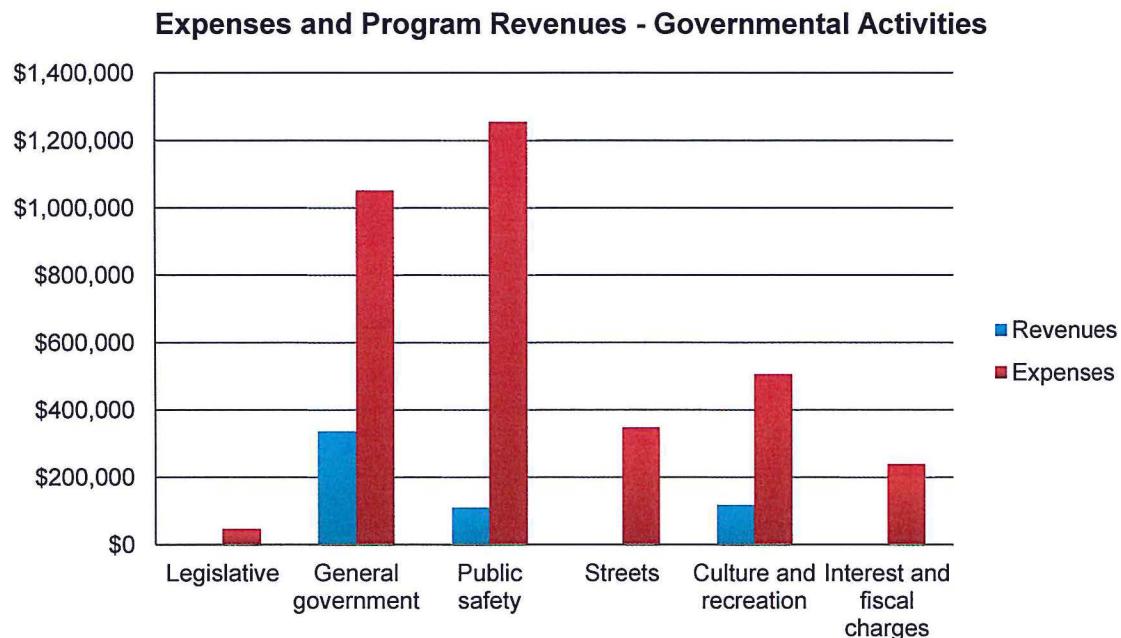
Revenues by source – governmental activities

Property taxes, sales taxes, franchise taxes, and charges for services provide 86% 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

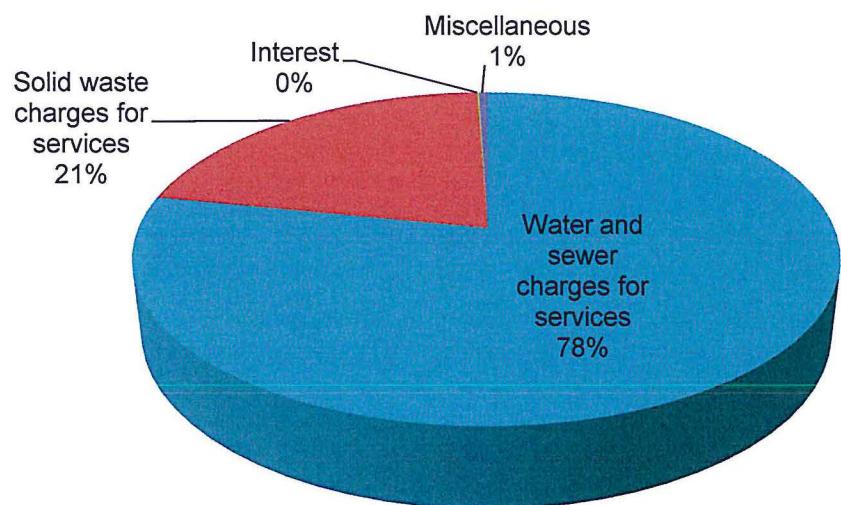
Public safety, general government, and streets make up 77% of the expenses for the governmental activities. The chart below provides a graphic representation of the City's governmental expenses and any directly related revenues by source.



Revenues by source – business-type activities

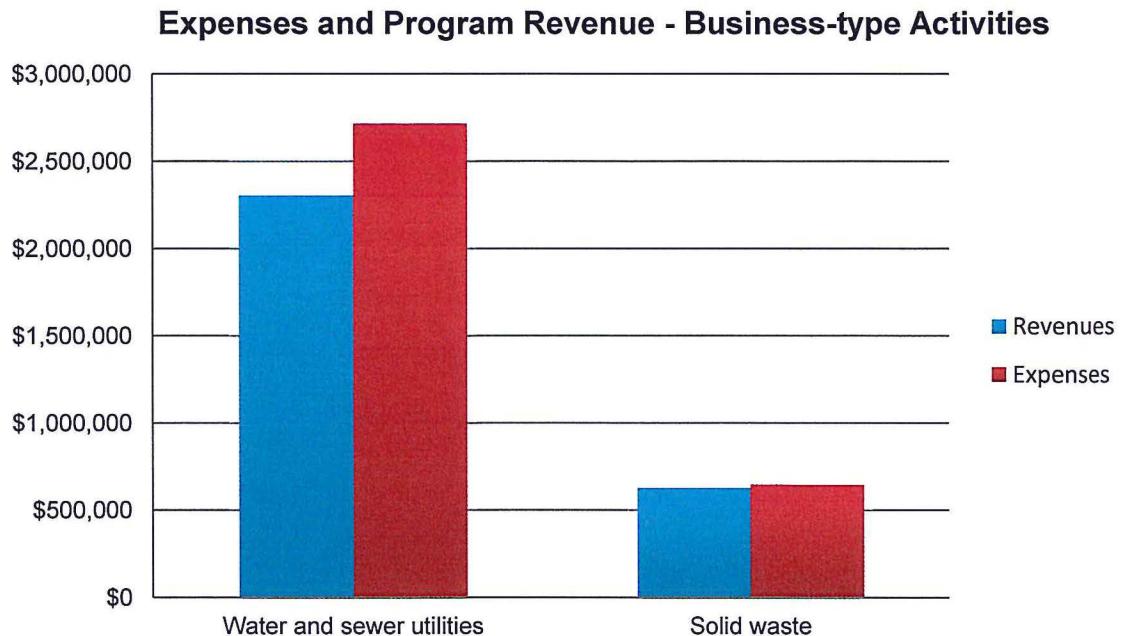
Water, sewer, and solid waste charges for services account for 99% of the revenue for business-type activities. This is comparable to 2014 income. The following chart provides a breakdown of all business-type revenues by source.

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 81% of operating expenses, and solid waste makes up the remaining 19%. 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 \$2,117,778, an increase of \$619,180 in comparison with the prior year. Approximately 93% of this total amount, \$1,977,772, constitutes unassigned fund balance in the general fund, which is available for spending at the City's discretion. The capital projects fund and grants special revenue fund have negative unassigned fund balances of \$86,986 and \$12,040, respectively. The remainder of fund balance is restricted to indicate it is required to be set aside for specific purposes as follows: 1) debt service \$171,880, 2) tourism \$39,591, 3) court technology \$6,967, 4) court security \$1,699, 5) school safety \$5,491, 6) crossing guard fund \$10,594, and 7) other \$2,810.

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 \$1,977,772. 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 65.6% of total general fund expenditures. The fund balance of the general fund increased \$717,443 during the current fiscal year.

The debt service fund has a total fund balance of \$171,880, 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 \$36,731.

The capital projects fund has a total fund deficit of \$86,986, which is unassigned. The net decrease in 2015 was \$147,924, due to lighting improvements to the ballfields.

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 \$915,133. Net position decreased \$1,187,096 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 \$214,801 higher than the City's budgeted projections, and expenditures were less than the final budget by \$320,379. The positive revenue variance was primarily due to the sale of property which the City held as lienholder. The positive expenditure variance was primarily due to lower than anticipated costs in several areas including personnel, repairs & maintenance, and various contractual services.

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, 2015 amounts to \$16,672,734 (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)

	Governmental Activities		Business-type Activities		2015	2014
	2015	2014	2015	2014		
Land	\$ 289,178	\$ 289,178	\$ -	\$ -	\$ 289,178	\$ 289,178
Construction in progress	224,368.00	-	10,205	225,805	234,573	225,805
Buildings and improvements	2,955,547	3,008,441	-	-	2,955,547	3,008,441
Lost Creek Dam & Reservoir	4,855,650	5,023,086	-	-	4,855,650	5,023,086
Streets	1,047,176	1,057,300	-	-	1,047,176	1,057,300
Water and sewer system	-	-	6,354,108	5,988,592	6,354,108	5,988,592
Furniture and fixtures	-	-	5,237	5,237	5,237	5,237
Machinery and equipment	700,364	688,506	230,901	368,335	931,265	1,056,841
Total	\$ 10,072,283	\$ 10,066,511	\$ 6,600,451	\$ 6,587,969	\$ 16,672,734	\$ 16,654,480

Long-term Liabilities

At the end of the 2015 fiscal year, the City had total long-term liabilities of \$7,635,569.

TABLE IV
CITY OF JACKSBORO OUTSTANDING LONG TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Bonds payable	\$ 4,480,000	\$ 6,420,000	\$ 2,770,000	\$ 1,730,000	\$ 7,250,000	\$ 8,150,000
Premium on bonds payable	43,903	-	80,513	-	124,416	-
Capital leases payable	127,490	-	-	-	127,490	-
Compensated absences	107,806	88,899	25,857	26,335	133,663	115,234
Total	\$ 4,759,199	\$ 6,508,899	\$ 2,876,370	\$ 1,756,335	\$ 7,635,569	\$ 8,265,234

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 2015 appraised net taxable value used for the FY 2015-16 budget preparation was \$122,490,550, which is a 1.7% increase over the 2014 appraised net taxable value of \$120,390,960.
- The FY 2015-16 overall property tax rate remained unchanged from the prior fiscal year at \$1.180 per one hundred dollars of assessed valuation.
- The FY 2015-16 adopted general operating fund budget decreases expenditures by 6.72% compared to the final FY 2014-15 actual amount, from \$3,013,008 actual in FY 2014-15 to a budgeted \$2,810,404 in FY 2015-16.

These indicators were taken into account when adopting the FY 2015-16 general fund budget. Beginning actual fund balance available for appropriation in the FY 2015-16 general fund budget is \$1,980,582. In total, the City's adopted FY 2015-16 general fund budget is projected to increase the ending fund balance by \$4,057.

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 \$1,359,852 September 30, 2015.
- Net position decreased by \$20,268 in comparison with the prior year due to infrastructure improvements to new developments.

Table V
Jacksboro Economic Development Corporation Net Assets

	Governmental Activities	
	2015	2014
Current and other assets	\$ 1,768,945	\$ 1,678,842
Capital assets, net of accumulated depreciation	25,000	25,000
Total assets	<u>1,793,945</u>	<u>1,703,842</u>
Deferred outflows of resources	<u>9,412</u>	-
Current liabilities	39,648	34,244
Long-term liabilities outstanding	403,853	255,000
Total liabilities	<u>443,501</u>	<u>289,244</u>
Deferred inflows of resources	<u>4</u>	-
Net assets		
Net investment in capital assets	25,000	25,000
Unrestricted	<u>1,334,852</u>	<u>1,389,598</u>
Total net assets	<u>\$ 1,359,852</u>	<u>\$ 1,414,598</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, 2015

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Unit	
ASSETS					
Cash and cash equivalents	\$ 1,722,293	\$ 393,268	\$ 2,115,561	\$ 851,214	
Receivables (net of allowance for uncollectibles)	576,530	397,988	974,518	50,236	
Due from component unit	1,144	-	1,144	-	
Due from primary government	-	-	-	24,335	
Property held for sale	-	-	-	843,160	
Internal balances	63,200	(63,200)	-	-	
Restricted assets:					
Cash and cash equivalents	262,587	424,986	687,573	-	
Capital assets not being depreciated:					
Land	289,178	-	289,178	15,000	
Construction in progress	224,368	10,205	234,573	-	
Capital assets:					
Buildings and improvements	4,779,653	-	4,779,653	10,000	
Streets	1,542,024	-	1,542,024	-	
Lost Creek Dam and Reservoir	8,355,568	-	8,355,568	-	
Water and sewer system	-	12,189,251	12,189,251	-	
Machinery and equipment	2,048,771	797,773	2,846,544	-	
Furniture and fixtures	3,767	50,436	54,203	-	
Accumulated depreciation	(7,171,046)	(6,447,214)	(13,618,260)	-	
Total assets	<u>12,698,037</u>	<u>7,753,493</u>	<u>20,451,530</u>	<u>1,793,945</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources from pensions	139,614	64,481	204,095	9,412	
Deferred charge on refunding	9,175	86,825	96,000	-	
Total deferred outflows of resources	<u>148,789</u>	<u>151,306</u>	<u>300,095</u>	<u>9,412</u>	
LIABILITIES					
Current liabilities:					
Accounts payable	146,532	90,228	236,760	22,672	
Wages payable	30,452	12,636	43,088	2,378	
Due to component unit	24,335	-	24,335	-	
Accrued interest payable	18,077	14,835	32,912	14,598	
Customer deposits	-	47,980	47,980	-	
Non-current liabilities:					
Due within one year	556,031	504,423	1,060,454	91,000	
Due in more than one year	4,203,168	2,371,947	6,575,115	273,000	
Net pension liability	571,108	262,791	833,899	39,853	
Total liabilities	<u>5,549,703</u>	<u>3,304,840</u>	<u>8,854,543</u>	<u>443,501</u>	
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources from pensions	60	28	88	4	
Total deferred inflows of resources	<u>60</u>	<u>28</u>	<u>88</u>	<u>4</u>	
NET POSITION					
Net investment in capital assets	5,391,114	3,684,798	9,075,912	25,000	
Restricted for debt service	220,238	-	220,238	-	
Restricted for tourism	39,591	-	39,591	-	
Restricted for technology	6,967	-	6,967	-	
Restricted for security and safety	17,784	-	17,784	-	
Unrestricted	1,621,369	915,133	2,536,502	1,334,852	
Total net position	<u>\$ 7,297,063</u>	<u>\$ 4,599,931</u>	<u>\$ 11,896,994</u>	<u>\$ 1,359,852</u>	

City of Jacksboro, Texas
Statement of Activities
For the Year Ended September 30, 2015

Functions/programs							Net (Expense) Revenue and Changes in Net Position			
	Program Revenues						Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit		
Primary government:										
Governmental activities:										
Legislative	\$ 46,898	\$ -	\$ -	\$ -	\$ (46,898)	\$ -	\$ (46,898)	\$ -		
General government	1,050,967	304,671	31,324	-	(714,972)	-	(714,972)	-		
Public safety	1,254,748	83,777	26,719	-	(1,144,252)	-	(1,144,252)	-		
Streets	348,773	-	-	-	(348,773)	-	(348,773)	-		
Culture and recreation	506,138	42,989	75,650	-	(387,499)	-	(387,499)	-		
Interest and fiscal charges	240,131	-	-	-	(240,131)	-	(240,131)	-		
Total governmental activities	<u>3,447,655</u>	<u>431,437</u>	<u>133,693</u>	<u>-</u>	<u>(2,882,525)</u>	<u>-</u>	<u>(2,882,525)</u>	<u>-</u>		
Business-type activities:										
Water, sewer, and solid waste utilities	2,323,608	2,930,300	-	91,356	-	698,048	698,048	-		
Total business-type activities	<u>2,323,608</u>	<u>2,930,300</u>	<u>-</u>	<u>91,356</u>	<u>-</u>	<u>698,048</u>	<u>698,048</u>	<u>-</u>		
Total Primary Government	\$ 5,771,263	\$ 3,361,737	\$ 133,693	\$ 91,356	(2,882,525)	698,048	(2,184,477)	-		
Component unit:										
Economic Development Corporation	\$ 397,065	\$ -	\$ 4,200	\$ -	-	-	-	(392,865)		
Total Component Unit	\$ 397,065	\$ -	\$ 4,200	\$ -	-	-	-	(392,865)		
General revenues:										
Property taxes					1,464,291	-	1,464,291	-		
Sales taxes					1,100,538	-	1,100,538	366,161		
Franchise taxes					398,688	-	398,688	-		
Interest					6,079	2,231	8,310	1,041		
Miscellaneous					422,937	14,037	436,974	5,395		
Transfers in (out)					1,901,412	(1,901,412)	-	-		
Total general revenues and transfers					5,293,945	(1,885,144)	3,408,801	372,597		
Net change in net position					2,411,420	(1,187,096)	1,224,324	(20,268)		
Net position - beginning, as restated (see note 4.G.)					4,885,643	5,787,027	10,672,670	1,380,120		
Net position - ending					<u>\$ 7,297,063</u>	<u>\$ 4,599,931</u>	<u>\$ 11,896,994</u>	<u>\$ 1,359,852</u>		

City of Jacksboro, Texas
Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,722,293	\$ -	\$ -	\$ -	\$ 1,722,293
Receivables (net of allowance for uncollectibles)					
Property taxes	74,520	72,517	-	-	147,037
Sales taxes	150,709	-	-	-	150,709
Municipal court	172,387	-	-	-	172,387
Other	85,097	-	-	21,300	106,397
Due from other funds	159,837	-	63,000	-	222,837
Due from component unit	1,144	-	-	-	1,144
Restricted cash	2,810	179,062	18,550	62,165	262,587
Total assets	\$ 2,368,797	\$ 251,579	\$ 81,550	\$ 83,465	\$ 2,785,391
Liabilities:					
Accounts payable and other current liabilities	\$ 93,206	\$ -	\$ 48,326	\$ 5,000	\$ 146,532
Wages payable	30,452	-	-	-	30,452
Due to other funds	-	13,264	120,210	26,163	159,637
Due to component unit	24,335	-	-	-	24,335
Total liabilities	\$ 147,993	\$ 13,264	\$ 168,536	\$ 31,163	\$ 360,956
Deferred inflows of resources:					
Deferred revenue	240,222	66,435	-	-	306,657
Fund balances:					
Unassigned, reported in					
General fund	1,977,772	-	-	-	1,977,772
Special revenue funds	-	-	-	(12,040)	(12,040)
Capital projects fund	-	-	(86,986)	-	(86,986)
Restricted, reported in					
General fund	2,810	-	-	-	2,810
Debt service fund	-	171,880	-	-	171,880
Special revenue funds	-	-	-	64,342	64,342
Total fund balances	\$ 1,980,582	\$ 171,880	\$ (86,986)	\$ 52,302	\$ 2,117,778
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,368,797	\$ 251,579	\$ 81,550	\$ 83,465	\$ 2,785,391

City of Jacksboro, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2015

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

Fund balances - total governmental funds	\$ 2,117,778
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,072,283
The City's proportionate share of net pension liability as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	(431,554)
Long-term liabilities, including bonds payable, premiums on bonds payable, deferred charges on refundings, leases payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,750,024)
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.	(18,077)
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>306,657</u>
Net position of governmental activities	<u><u>\$ 7,297,063</u></u>

City of Jacksboro, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 764,600	\$ 695,487	\$ -	\$ -	\$ 1,460,087
Sales	1,100,538	-	-	-	1,100,538
Franchise	366,983	-	-	31,705	398,688
Charges for services	3,476	-	-	-	3,476
Licenses, permits, and fees	291,895	-	-	-	291,895
Recreation fees	42,189	-	-	-	42,189
Court fines	78,902	-	-	4,875	83,777
Rentals	10,100	-	-	-	10,100
Contributions	106,974	-	-	-	106,974
Intergovernmental	1,346	-	-	25,373	26,719
Interest income	4,185	1,742	12	140	6,079
Miscellaneous	440,709	-	-	-	440,709
Total revenues	<u>3,211,897</u>	<u>697,229</u>	<u>12</u>	<u>62,093</u>	<u>3,971,231</u>
EXPENDITURES					
Current:					
Legislative	46,898	-	-	-	46,898
General government	1,001,073	-	-	11,894	1,012,967
Public safety	978,307	-	-	46,205	1,024,512
Streets	239,924	-	-	-	239,924
Culture and recreation	230,610	-	-	-	230,610
Capital outlay:					
General government	10,192	-	-	-	10,192
Public safety	32,660	-	-	-	32,660
Streets	473,344	-	-	-	473,344
Culture and recreation	-	-	147,936	-	147,936
Debt service:					
Principal retirement	-	740,000	-	-	740,000
Interest	-	220,340	-	-	220,340
Debt issue costs	-	35,143	-	-	35,143
Paying agent fees	-	1,570	-	-	1,570
Total expenditures	<u>3,013,008</u>	<u>997,053</u>	<u>147,936</u>	<u>58,099</u>	<u>4,216,096</u>
Deficiency of revenues under expenditures	<u>198,889</u>	<u>(299,824)</u>	<u>(147,924)</u>	<u>3,994</u>	<u>(244,865)</u>
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	1,445,000	-	-	1,445,000
Capital lease issued	127,490	-	-	-	127,490
Premium on refunding bonds issued	-	44,973	-	-	44,973
Payment to bond refunding escrow agent	-	(2,654,830)	-	-	(2,654,830)
Transfers in	400,000	1,501,412	-	8,936	1,910,348
Transfers out	(8,936)	-	-	-	(8,936)
Total other financing sources (uses)	<u>518,554</u>	<u>336,555</u>	<u>-</u>	<u>8,936</u>	<u>864,045</u>
Net change in fund balances	<u>717,443</u>	<u>36,731</u>	<u>(147,924)</u>	<u>12,930</u>	<u>619,180</u>
Fund balances - beginning	<u>1,263,139</u>	<u>135,149</u>	<u>60,938</u>	<u>39,372</u>	<u>1,498,598</u>
Fund balances - ending	<u>\$ 1,980,582</u>	<u>\$ 171,880</u>	<u>\$ (86,986)</u>	<u>\$ 52,302</u>	<u>\$ 2,117,778</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
For the Year Ended September 30, 2015

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

Net change in fund balances - total governmental funds	\$ 619,180
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.	23,544
The net effect of sales of capital assets is to decrease net position.	(17,772)
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.	1,777,367
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.	4,897
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>4,204</u>
Change in net position of governmental activities	<u><u>\$ 2,411,420</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, 2015

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final			
REVENUES					
Taxes:					
Property	\$ 762,818	\$ 762,818	\$ 764,600	\$ 1,782	
Sales	1,001,500	1,180,261	1,100,538	(79,723)	
Franchise	362,000	362,000	366,983	4,983	
Charges for services	11,500	11,500	3,476	(8,024)	
Licenses, permits, and fees	275,000	275,000	291,895	16,895	
Recreation fees	25,000	25,000	42,189	17,189	
Court fines	90,000	90,000	78,902	(11,098)	
Rentals	5,000	5,000	10,100	5,100	
Contributions	-	100,000	106,974	6,974	
Intergovernmental	-	-	1,346	1,346	
Interest income	700	700	4,185	3,485	
Miscellaneous	160,000	184,817	440,709	255,892	
Total revenues	<u>2,693,518</u>	<u>2,997,096</u>	<u>3,211,897</u>	<u>214,801</u>	
EXPENDITURES					
Current:					
Legislative	53,296	53,296	46,898	6,398	
General government	1,121,609	1,261,934	1,011,265	250,669	
Public safety	1,090,034	1,096,566	1,010,967	85,599	
Streets	615,160	699,445	713,268	(13,823)	
Culture and recreation	222,146	222,146	230,610	(8,464)	
Total expenditures	<u>3,102,245</u>	<u>3,333,387</u>	<u>3,013,008</u>	<u>320,379</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(408,727)</u>	<u>(336,291)</u>	<u>198,889</u>	<u>535,180</u>	
OTHER FINANCING SOURCES (USES)					
Capital lease issued	-	-	127,490	127,490	
Transfers in	400,000	400,000	400,000	-	
Transfers out	-	(75,000)	(8,936)	(66,064)	
Total other financing sources and uses	<u>400,000</u>	<u>325,000</u>	<u>518,554</u>	<u>61,426</u>	
Net change in fund balances	<u>(8,727)</u>	<u>(11,291)</u>	<u>717,443</u>	<u>596,606</u>	
Fund balances - beginning	<u>1,263,139</u>	<u>1,263,139</u>	<u>1,263,139</u>	<u>-</u>	
Fund balances - ending	<u>\$ 1,254,412</u>	<u>\$ 1,251,848</u>	<u>\$ 1,980,582</u>	<u>\$ 596,606</u>	

City of Jacksboro, Texas
Statement of Net Position
Proprietary Funds
September 30, 2015

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 393,268
Receivables (net of allowance for uncollectibles)	397,988
Restricted assets:	
Cash and cash equivalents	424,986
Total current assets	<u>1,216,242</u>
Noncurrent assets:	
Capital assets:	
Water and sewer system	12,189,251
Machinery and equipment	797,773
Furniture and fixtures	50,436
Construction in progress	10,205
Less: accumulated depreciation	(6,447,214)
Total capital assets (net of accumulated depreciation)	<u>6,600,451</u>
Total noncurrent assets	<u>6,600,451</u>
Total assets	<u>7,816,693</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources from pensions	64,481
Deferred charge on refunding	<u>86,825</u>
Total deferred outflows of resources	<u>151,306</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	90,228
Wages payable	12,636
Due to other funds	63,200
Utility customer deposits	47,980
Compensated absences current	14,423
Bonds payable current	490,000
Accrued interest payable	14,835
Total current liabilities	<u>733,302</u>
Noncurrent liabilities:	
Bonds payable	2,280,000
Premium on bonds payable	80,513
Compensated absences	11,434
Net Pension Liability	262,791
Total noncurrent liabilities	<u>2,634,738</u>
Total liabilities	<u>3,368,040</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources from pensions	<u>28</u>
Total deferred inflows of resources	<u>28</u>
NET POSITION	
Net investment in capital assets	3,684,798
Unrestricted	<u>915,133</u>
Total net position	<u>\$ 4,599,931</u>

City of Jacksboro, Texas
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Water and Sewer Fund
OPERATING REVENUES:	
Charges for sales and services:	
Water sales	\$ 1,344,403
Sewer charges	851,336
Solid waste	626,085
Penalties	50,502
Tap fees	3,575
Miscellaneous	14,037
Total operating revenues	<u>2,889,938</u>
OPERATING EXPENSES:	
Costs of sales and services:	
Salaries and benefits	638,933
Supplies and maintenance	415,980
Contractual services	98,176
Sanitation contractual services	647,306
Depreciation	393,372
Total operating expenses	<u>2,193,767</u>
Operating income	<u>696,171</u>
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	2,231
Interest expense	(129,841)
Capital improvement fees	54,399
Intergovernmental revenues	91,356
Total nonoperating revenue (expenses)	<u>18,145</u>
Income before contributions and transfers	714,316
Transfers out	<u>(1,901,412)</u>
Net change in net position	<u>(1,187,096)</u>
Net position - beginning, as restated (see note 4.G.)	<u>5,787,027</u>
Net position - ending	<u>\$ 4,599,931</u>

City of Jacksboro, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,998,172
Cash payments to suppliers for goods and services	(633,395)
Cash payments to employees and professional contractors for services	<u>(1,393,532)</u>
Net cash provided by operating activities	<u>971,245</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to other funds	<u>(1,901,412)</u>
Net cash used by noncapital financing activities	<u>(1,901,412)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(405,854)
Bond sale proceeds	2,650,000
Bond premium	82,477
Principal paid to refunding bond escrow	(1,375,000)
Costs paid at bond issuance	(157,477)
Principal and interest paid on capital debt	(292,953)
Capital contribution	91,356
Capital improvement fees	<u>54,399</u>
Net cash provided by capital and related financing activities	<u>646,948</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>2,231</u>
Net cash provided by investing activities	<u>2,231</u>
Net decrease in cash and cash equivalents	(280,988)
Cash and cash equivalents - beginning	1,099,242
Cash and cash equivalents - ending	<u>\$ 818,254</u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 696,171
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	393,372
(Increase) decrease in assets and deferred outflows of resources:	
Bad debts	(5,530)
Accounts receivable	115,329
Deferred outflows of resources from pensions	(23,626)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable and other liabilities	(217,415)
Wages payable	1,340
Customer deposits	(1,565)
Compensated absences	(478)
Net pension liability	13,619
Deferred inflows of resources from pensions	28
Net cash provided by operating activities	<u>\$ 971,245</u>
 Reconciliation of cash and cash equivalents to the statement of net position:	
Unrestricted cash and cash equivalents	\$ 393,268
Restricted cash and cash equivalents	<u>424,986</u>
Total cash and cash equivalents	<u>\$ 818,254</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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, 2014 to September 30, 2015. 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 compromise 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, 2015**

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, 2015, 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, 2015

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, 2015

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 Outflows of Resources

The City reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. Deferred outflows of resources reported in this year's financial statements include (1) a deferred amount arising from the refunding of bonds, (2) a deferred outflow of resources for contributions made to the City's defined benefit pension plans between the measurement date of the net pension liabilities from those plans and the end of the City's fiscal year, and (3) deferred outflows of resources related to the differences between the expected and actual demographics for the City's defined benefit pension plan. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred amount related to the actuarial assumptions for demographic factors in the pension plan will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred outflows of resources affect the governmental funds financial statements in the current year.

5) Deferred Inflows of Resources

The City's statements of net position and its governmental fund balance sheet 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). Deferred inflows of resources are reported in the City's statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of 5 years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected not later than 60 days after the end of

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

the City's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes and municipal court fines are reported in the governmental funds balance sheet.

6) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

8) 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.

9) Use of Estimates

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

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 “the City's proportionate share of net pension liability as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.” The details of this \$431,554 difference are as follows:

Net pension liability	\$ (571,108)
Deferred outflows of resources from pensions	139,614
Deferred inflows of resources from pensions	(60)
Net adjustment to reconcile <i>fund balance - total governmental funds</i> to <i>net position - governmental activities</i>	<u>\$ (431,554)</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, premiums on bonds payable, deferred charges on refundings, 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 \$4,750,024 difference are as follows:

Bonds payable	\$ (4,480,000)
Premium on bonds payable	(43,903)
Deferred charge on refunding	9,175
Capital lease payable	(127,490)
Compensated absences	(107,806)
Net adjustment to reconcile <i>fund balance - total governmental funds</i> to <i>net position - governmental activities</i>	<u>\$ (4,750,024)</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 \$23,544 difference are as follows:

Capital outlay	\$ 664,132
Depreciation expense	(640,588)
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds</i> to <i>changes in net position of governmental activities</i>	<u>\$ 23,544</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 \$1,777,367 difference are as follows:

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Debt issued or incurred:	
General obligation refunding bonds	\$ (1,445,000)
Premium on bonds	(44,973)
Capital lease	(127,490)
Debt principal repayments:	
General obligation debt	740,000
Payment to escrow agent for refunding	2,654,830
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds to changes in net position of governmental activities</i>	<u>\$ 1,777,367</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 \$4,897 difference are as follows:

Accrued interest	\$ 16,507
Compensated absences	(18,907)
Net pension liability	(43,644)
Deferred outflows of resources from pensions	50,585
Deferred inflows of resources from pensions	(60)
Amortization of bond premiums	(655)
Amortization of deferred charge on refunding	1,071
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds to changes in net position of governmental activities</i>	<u>\$ 4,897</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 \$4,204 difference are as follows:

Ad valorem taxes	\$ 4,204
Net adjustment to reconcile <i>net changes in fund balance - total governmental funds to changes in net position of governmental activities</i>	<u>\$ 4,204</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.

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

**CITY OF JACKSBORO, TEXAS
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B. Budget Amendments

For the year ended September 30, 2015 the General Fund budget was amended to reflect: 1) the replacement and repair of certain equipment and repair of a building that were damaged in a storm and filed with insurance; 2) additional revenue received over budget for sales tax; 3) additional expenditures for vehicles and equipment for the fire, police, and street departments; and 4) donation revenue and additional expenditures for new ballfield lighting. The net effect of the budget amendments in the General Fund balance is a decrease of \$5,000.

4. Detailed Notes on All Funds

A. Assets

1) Deposits

At September 30, 2015, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$2,386,332, and the combined bank account balances amounted to \$2,396,477. The difference of \$10,145 is due to a combination of deposits in transit and outstanding checks. The City's cash deposits at September 30, 2015 and during the fiscal year ended September 30, 2015, 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, 2015, the book value and the combined account balances of the City's deposits in the TexSTAR local government investment pool was \$414,427. The average monthly rate of the pool was 0.0994%, the weighted average maturity of the pool was 46 days and the net asset value of the pool was 1.000082. 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:

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

**CITY OF JACKSBORO, TEXAS
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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.

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.

CITY OF JACKSBORO, TEXAS
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3) Receivables

Receivables as of the year ended September 30, 2015 for the City's individual major funds, including the allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Other Governmental		Total
			Funds	Utility Fund	
Receivables:					
Property tax	\$ 82,800	\$ 80,575	\$ -	\$ -	\$ 163,375
Sales tax	150,709	-	-	-	150,709
Hotel/motel tax	-	-	7,177	-	7,177
Franchise tax	76,956	-	-	-	76,956
Municipal court fines	344,774	-	-	-	344,774
Customer accounts	-	-	-	502,180	502,180
Grants	-	-	-	-	-
Miscellaneous	8,141	-	14,123	-	22,264
Gross Receivables	663,380	80,575	21,300	502,180	1,267,435
Less: Allowance for uncollectibles					
Property tax	(8,280)	(8,058)	-	-	(16,338)
Municipal court fines	(172,387)	-	-	-	(172,387)
Customer accounts	-	-	-	(104,192)	(104,192)
	(180,667)	(8,058)	-	(104,192)	(292,917)
Net total receivables	\$ 482,713	\$ 72,517	\$ 21,300	\$ 397,988	\$ 974,518

4) Capital Assets

Capital assets, additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2015 were as follows:

	Beginning Balance	Decreases and		Ending Balance
		Increases	Transfers	
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 289,178	\$ -	\$ -	\$ 289,178
Construction in progress	-	224,368	-	224,368
Totals, capital assets not being depreciated	289,178	224,368	-	513,546
Capital assets, being depreciated:				
Furniture and fixtures	3,767	-	-	3,767
Machinery and equipment	1,961,322	201,511	(114,062)	2,048,771
Streets	1,478,237	63,787	-	1,542,024
Lost Creek Dam and Reservoir	8,355,568	-	-	8,355,568
Buildings and improvements	4,627,112	174,466	(21,925)	4,779,653
Totals, capital assets being depreciated	16,426,006	439,764	(135,987)	16,729,783
Less: accumulated depreciation for:				
Furniture and fixtures	(3,767)	-	-	(3,767)
Machinery and equipment	(1,272,816)	(171,881)	96,290	(1,348,407)
Streets	(420,937)	(73,911)	-	(494,848)
Lost Creek Dam and Reservoir	(3,332,482)	(167,436)	-	(3,499,918)
Buildings and improvements	(1,618,671)	(227,360)	21,925	(1,824,106)
Total accumulated depreciation	(6,648,673)	(640,588)	118,215	(7,171,046)
Total capital assets being depreciated, net	9,777,333	(200,824)	(17,772)	9,558,737
City capital assets, net	\$ 10,066,511	\$ 23,544	\$ (17,772)	\$ 10,072,283

CITY OF JACKSBORO, TEXAS
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	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 225,805	\$ 100,826	\$ (316,426)	\$ 10,205
Capital assets, being depreciated:				
Furniture and fixtures	50,436	-	-	50,436
Machinery and equipment	934,274	52,558	(189,059)	797,773
Water and sewer system	11,520,624	252,470	416,157	12,189,251
Totals, capital assets being depreciated	<u>12,505,334</u>	<u>305,028</u>	<u>227,098</u>	<u>13,037,460</u>
Less: accumulated depreciation for:				
Furniture and fixtures	(45,199)	-	-	(45,199)
Machinery and equipment	(565,939)	(90,261)	89,328	(566,872)
Water and sewer system	(5,532,032)	(303,111)	-	(5,835,143)
Total accumulated depreciation	<u>(6,143,170)</u>	<u>(393,372)</u>	<u>89,328</u>	<u>(6,447,214)</u>
Total capital assets being depreciated, net	<u>6,362,164</u>	<u>(88,344)</u>	<u>316,426</u>	<u>6,590,246</u>
City capital assets, net	\$ 6,587,969	\$ 12,482	\$ -	\$ 6,600,451

Depreciation expense was charged to governmental functions as follows:

	Amount
General government	\$ 31,677
Public safety	224,919
Streets	108,155
Culture and recreation	<u>275,837</u>
Total Depreciation	<u>\$ 640,588</u>

B. Liabilities

1) Changes in general long term liabilities:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable	\$ 6,420,000	\$ 1,445,000	\$ (3,385,000)	\$ 4,480,000	\$ 510,000
Premium on bonds payable	-	44,974	(1,071)	43,903	-
Capital leases payable	-	127,490	-	127,490	24,239
Compensated absences	88,899	42,623	(23,716)	107,806	21,792
Governmental activity long-term liabilities	<u>\$ 6,508,899</u>	<u>\$ 1,660,087</u>	<u>\$ (3,409,787)</u>	<u>\$ 4,759,199</u>	<u>\$ 556,031</u>
Business-type activities:					
Bonds payable	\$ 1,730,000	\$ 2,650,000	\$ (1,610,000)	\$ 2,770,000	\$ 490,000
Premium on bonds payable	-	82,477	(1,964)	80,513	-
Compensated absences	26,335	12,483	(12,961)	25,857	14,423
Business-type activity long-term liabilities	<u>\$ 1,756,335</u>	<u>\$ 2,744,960</u>	<u>\$ (1,624,925)</u>	<u>\$ 2,876,370</u>	<u>\$ 504,423</u>

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

CITY OF JACKSBORO, TEXAS
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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, 2015, is as follows:

Description	Series	Interest Rate	Original Issue	Amounts			
				Beginning Balance	Issued	Retired	Ending Balance
Governmental Activities:							
General Obligation Refunding Bonds **	1999	3.9 - 5.2% [2]	\$ 5,760,000	\$ 570,000	\$ -	\$ (570,000)	\$ -
Comb Tax & Rev - Cert of Obligation	2004	4.65% [2]	273,000	175,000	-	(15,000)	160,000
Comb Tax & Rev - Cert of Obligation	2006	4.73% [2]	455,000	300,000	-	(280,000)	20,000
Comb Tax & Rev - Cert of Obligation	2008	4.00% [2]	1,600,000	1,140,000	-	(65,000)	1,075,000
General Obligation Refunding Bonds	2008	4.98% [1]	2,635,000	2,270,000	-	(2,270,000)	-
Comb Tax & Rev - Cert of Obligation	2011	3.0 - 4.0% [2]	2,060,000	1,965,000	-	(80,000)	1,885,000
General Obligation Refunding Bonds	2015	2.0 - 3.5% [3]	1,445,000	-	1,445,000	(105,000)	1,340,000
Total Governmental Activities			\$14,228,000	\$6,420,000	\$1,445,000	\$ (3,385,000)	\$4,480,000
Business-type activities:							
Water and wastewater fund							
Comb Tax & Rev - Cert of Obligation	2004	4.65% [2]	\$ 262,000	\$ 165,000	\$ -	\$ (15,000)	\$ 150,000
Comb Tax & Rev - Cert of Obligation	2006	4.71% [2]	545,000	395,000	-	(370,000)	25,000
Comb Tax & Rev - Cert of Obligation	2008	4.00% [2]	200,000	140,000	-	(10,000)	130,000
Comb Tax & Rev - Cert of Obligation **	2008A	4.98% - 6.85% [2]	350,000	275,000	-	(275,000)	-
Comb Tax & Rev - Cert of Obligation **	2009	5.35% - 6.75% [2]	920,000	755,000	-	(755,000)	-
General Obligation Refunding Bonds	2015	2.0 - 3.5% [3]	2,650,000	-	2,650,000	(185,000)	2,465,000
Total Business-type Activities			\$ 4,927,000	\$1,730,000	\$2,650,000	\$ (1,610,000)	\$2,770,000

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

[3] Issued for refunding of \$570,000 of the City's outstanding General Obligation Refunding Bonds, Series 1999; \$605,000 of the Combination Tax & Revenue Certificates of Obligation Bonds, Series 2006; \$1,815,000 of the General Obligation Refunding Bonds, Series 2008; \$275,000 of the Combination Tax & Revenue Certificates of Obligation Bonds, Series 2008A; and \$755,000 of the Combination Tax & Revenue Certificates of Obligation Bonds, Series 2009.

Annual debt service requirements are as follows:

Years ending September 30:	Principal	Interest	Total Requirements
Governmental activities:			
2016	\$ 510,000	\$ 144,441	\$ 654,441
2017	455,000	131,303	586,303
2018	360,000	118,806	478,806
2019	385,000	109,426	494,426
2020	400,000	98,763	498,763
2021-2025	1,175,000	359,753	1,534,753
2026-2030	1,030,000	139,825	1,169,825
2031	165,000	6,600	171,600
	\$ 4,480,000	\$ 1,108,917	\$ 5,588,917

CITY OF JACKSBORO, TEXAS
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Years ending September 30:	Principal	Interest	Total Requirements
Business-type activities:			
2015	\$ 490,000	\$ 70,604	\$ 560,604
2016	415,000	59,682	474,682
2017	305,000	50,784	355,784
2018	315,000	43,469	358,469
2019	330,000	36,571	366,571
2020-2024	645,000	107,699	752,699
2025-2029	270,000	23,425	293,425
	\$ 2,770,000	\$ 392,234	\$ 3,162,234

3) Defeasance of Prior Debt

In 2015, 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, 2015, the following refunded debt outstanding is as follows:

Series 2006 Combination Tax & Revenue Certificates of Obligation **\$ 605,000**

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, 2015 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
Governmental Activities:						
Asphalt Zipper	\$ 127,490	\$ -	\$ 127,490	\$ -	\$ 127,490	\$ 24,239

5) Defined Benefit Pension Plan

A. Plan Description

The City of Jacksboro participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

CITY OF JACKSBORO, TEXAS
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B. Benefits Provided

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

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

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

	<u>Plan Year 2014</u>	<u>Plan Year 2015</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

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>40</u>
Total	<u>92</u>

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Jacksboro were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Jacksboro were 12.86% and 13.96% in

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calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$210,963, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
	\$	\$	\$
Balance at 12/31/2013	\$ 5,503,670	\$ 4,687,290	\$ 816,380
Changes for the year:			
Service cost	221,377	-	221,377
Interest	382,649	-	382,649
Change of benefit terms	-	-	-
Difference between expected and actual experience	(138)	-	(138)
Changes of assumptions	-	-	-
Contributions – employer	-	182,117	(182,117)
Contributions – employee	-	99,312	(99,312)
Net investment income	-	268,117	(268,117)
Benefit payments, including refunds of employee contributions	(295,891)	(295,891)	-
Administrative expense	-	(2,800)	2,800
Other changes	-	(230)	230
Net changes	<u>307,997</u>	<u>250,625</u>	<u>57,372</u>
Balance at 12/31/2014	<u>\$ 5,811,667</u>	<u>\$ 4,937,915</u>	<u>\$ 873,752</u>

CITY OF JACKSBORO, TEXAS
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Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease In Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase In Discount Rate (8.0%)
City's net pension liability	\$ 1,709,871	\$ 873,752	\$ 198,243

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$191,587.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 92
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	47,994	-
Contributions subsequent to the measurement date	165,513	-
Total	\$ 213,507	\$ 92

\$165,513 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:
2015 \$ 11,953
2016 11,953
2017 11,999
2018 11,997
Total \$ 47,902

**CITY OF JACKSBORO, TEXAS
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SEPTEMBER 30, 2015**

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, 2015, 2014, and 2013 were \$3,007, \$2,404, and \$5,422, 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, 2015, restricted assets are comprised of the following:

Governmental funds restricted cash:

Special revenue funds:

Hotel/motel fund	\$ 37,414
Court technology fund	6,967
Court security fund	1,699
School safety fund	5,491
Crossing guard fund	10,594
Debt service fund	179,062
Capital projects fund	18,550
Landfill capital projects	2,406
Other specific activities	<u>404</u>

Total governmental funds restricted cash:

\$ 262,587

Utility fund restricted cash:

Utility capital projects fund	\$ 377,006
Utility customer deposits	<u>47,980</u>

Total utility fund restricted cash:

\$ 424,986

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.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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	1,501,412	Transfer to pay for general long-term debt
General fund	Grant fund	8,936	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, 2015:

<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 \$366,161.

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, 2015, the carrying amount of JEDC's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$148,621, and the combined bank account balances amounted to \$156,791. The difference of \$8,170 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, 2015.

Capital Asset Activity:

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

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Long Term Debt Activity:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Note payable - land	\$ 255,000	\$ 200,000	\$ (91,000)	\$ 364,000	\$ 91,000

Annual debt service requirements are as follows:

Years ending September 30:	Principal	Interest	Total Requirements
2016	\$ 91,000	\$ 18,200	\$ 109,200
2017	91,000	13,650	104,650
2018	91,000	9,100	100,100
2019	91,000	4,550	95,550
	<u>\$ 364,000</u>	<u>\$ 45,500</u>	<u>\$ 409,500</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. Accounting Changes

In fiscal year 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* (as discussed in Note 4.B.5.). The implementation of Statement No. 68 resulted in the reporting of a net pension liability, proportionate share, deferred outflow of resources, and deferred inflow of resources, related to the City's participation in the Texas Municipal Retirement System.

The implementation of Statement 68 resulted in the restatement of the beginning net position of the governmental and business-type activities in the government-wide statements and enterprise fund financial statements. The net pension liability was recognized as an expense of prior periods and resulted in the adjustment below:

	Governmental Activities	Enterprise Fund/ Business-type Activities	Component Unit
Net position at September 30, 2014	\$ 5,324,079	\$ 5,995,344	\$ 1,414,598
Change in reporting for pension	<u>(438,436)</u>	<u>(208,317)</u>	<u>(34,478)</u>
Net position at September 30, 2014, restated	<u>\$ 4,885,643</u>	<u>\$ 5,787,027</u>	<u>\$ 1,380,120</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2015

	2014
Total Pension Liability	
Service cost	\$ 221,377
Interest (on the Total Pension Liability)	382,649
Changes of benefit terms	-
Difference between expected and actual experience	(138)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(295,891)</u>
Net Change in Total Pension Liability	307,997
Total Pension Liability - Beginning	<u>5,503,670</u>
Total Pension Liability - Ending (a)	<u>\$ 5,811,667</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 182,117
Contributions - Employee	99,312
Net investment income	268,117
Benefit payments, including refunds of employee contributions	(295,891)
Administrative expenses	(2,800)
Other	<u>(230)</u>
Net Change in Plan Fiduciary Net Position	250,625
Plan Fiduciary Net Position - Beginning	<u>4,687,290</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,937,915</u>
Net Pension (Asset) Liability - Ending (a) - (b)	<u>\$ 873,752</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.97%
Covered Employee Payroll	1,403,518
Net Pension Liability as a Percentage of Covered Employee Payroll	62.25%

Required Supplementary Information

**Texas Municipal Retirement System
Schedule of Contributions
September 30, 2015**

	<u>2015</u>
Actuarially Determined Contribution	\$ 210,963
Contribution in relation to the actuarially determined contribution	<u>210,963</u>
Contribution excess (deficiency)	-
Covered employee payroll	\$ 1,538,210
Contributions as a percentage of covered employee payroll	13.71%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

*COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES*

City of Jacksboro, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015

Special Revenue Funds							Total Nonmajor Governmental Funds
Hotel/Motel Tax Fund	Court Technology Fund	Court Security Fund	School Safety Fund	Crossing Guard Fund	Grant Fund		
ASSETS							
Restricted cash and cash equivalents	\$ 37,414	\$ 6,967	\$ 1,699	\$ 5,491	\$ 10,594	\$ -	\$ 62,165
Receivables (net of allowance for uncollectibles)	7,177	-	-	-	-	14,123	21,300
Total assets	<u>44,591</u>	<u>6,967</u>	<u>1,699</u>	<u>5,491</u>	<u>10,594</u>	<u>14,123</u>	<u>83,465</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to other funds	-	-	-	-	-	26,163	26,163
Accounts payable	5,000	-	-	-	-	-	5,000
Total liabilities	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,163</u>	<u>31,163</u>
Fund balances:							
Unassigned	-	-	-	-	-	(12,040)	(12,040)
Restricted	39,591	6,967	1,699	5,491	10,594	-	64,342
Total fund balances	<u>39,591</u>	<u>6,967</u>	<u>1,699</u>	<u>5,491</u>	<u>10,594</u>	<u>(12,040)</u>	<u>52,302</u>
Total liabilities and fund balances	<u>\$ 44,591</u>	<u>\$ 6,967</u>	<u>\$ 1,699</u>	<u>\$ 5,491</u>	<u>\$ 10,594</u>	<u>\$ 14,123</u>	<u>\$ 83,465</u>

City of Jacksboro, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

Special Revenue								Total Nonmajor Governmental Funds	
REVENUES									
Taxes:									
Franchise	\$ 31,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,705	
Court fines	-	1,605	946	1,225	1,099	-	-	4,875	
Interest income	77	21	3	13	26	-	-	140	
Intergovernmental	-	-	-	-	-	-	25,373	25,373	
Total revenues	<u>31,782</u>	<u>1,626</u>	<u>949</u>	<u>1,238</u>	<u>1,125</u>	<u>-</u>	<u>25,373</u>	<u>62,093</u>	
EXPENDITURES									
Current:									
General government	11,894	-	-	-	-	-	-	11,894	
Public safety	-	2,524	-	-	-	-	43,681	46,205	
Total expenditures	<u>11,894</u>	<u>2,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,681</u>	<u>58,099</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>19,888</u>	<u>(898)</u>	<u>949</u>	<u>1,238</u>	<u>1,125</u>	<u>-</u>	<u>(18,308)</u>	<u>3,994</u>	
OTHER FINANCING SOURCES									
Transfers in	-	-	-	-	-	-	8,936	8,936	
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,936</u>	<u>8,936</u>	
Net change in fund balances	19,888	(898)	949	1,238	1,125	-	(9,372)	12,930	
Fund balances - beginning	<u>19,703</u>	<u>7,865</u>	<u>750</u>	<u>4,253</u>	<u>9,469</u>	<u>-</u>	<u>(2,668)</u>	<u>39,372</u>	
Fund balances - ending	<u><u>\$ 39,591</u></u>	<u><u>\$ 6,967</u></u>	<u><u>\$ 1,699</u></u>	<u><u>\$ 5,491</u></u>	<u><u>\$ 10,594</u></u>	<u><u>\$ (12,040)</u></u>	<u><u>\$ 52,302</u></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, 2015

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
REVENUES					
Taxes:					
Property taxes	\$ 676,744	\$ 676,744	\$ 650,481	\$ (26,263)	
Delinquent taxes	10,000	10,000	30,891	20,891	
Penalty and interest	10,000	10,000	14,115	4,115	
Interest income	2,000	2,000	1,742	(258)	
Total revenues	<u>698,744</u>	<u>698,744</u>	<u>697,229</u>	<u>(1,515)</u>	
EXPENDITURES					
Debt service					
Principal retirement	895,000	895,000	740,000	155,000	
Interest	353,104	353,104	220,340	132,764	
Debt issuance costs	-	-	35,143	(35,143)	
Paying agent fees	4,500	4,500	1,570	2,930	
Total expenditures	<u>1,252,604</u>	<u>1,252,604</u>	<u>997,053</u>	<u>255,551</u>	
Deficiency of revenues under expenditures	<u>(553,860)</u>	<u>(553,860)</u>	<u>(299,824)</u>	<u>254,036</u>	
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	-	1,445,000	1,445,000	
Premium on refunding bonds issued	-	-	44,973	44,973	
Payment to bond refunding escrow agent	-	-	(2,654,830)	(2,654,830)	
Transfers in	594,365	594,365	1,501,412	907,047	
Total other financing sources (uses)	<u>594,365</u>	<u>594,365</u>	<u>336,555</u>	<u>(257,810)</u>	
Net change in fund balance	40,505	40,505	36,731	(3,774)	
Fund balance - beginning	135,149	135,149	135,149	-	
Fund balance - ending	<u>\$ 175,654</u>	<u>\$ 175,654</u>	<u>\$ 171,880</u>	<u>\$ (3,774)</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, 2015

	Budgeted Amounts			Actual Amounts		Variance with Final Budget - Positive (Negative)	
	Original		Final				
	\$			\$			
REVENUES							
Taxes:							
Franchise	\$ 25,000		\$ 25,000	\$ 31,705		\$ 6,705	
Interest income	150		150	77		(73)	
Total revenues	<u>25,150</u>		<u>25,150</u>	<u>31,782</u>		<u>6,632</u>	
EXPENDITURES							
Current:							
General government	25,000		25,000	11,894		13,106	
Total expenditures	<u>25,000</u>		<u>25,000</u>	<u>11,894</u>		<u>13,106</u>	
Excess of revenues over expenditures	150		150	19,888		19,738	
Net change in fund balance	150		150	19,888		19,738	
Fund balance - beginning	19,703		19,703	19,703		-	
Fund balance - ending	<u>\$ 19,853</u>		<u>\$ 19,853</u>	<u>\$ 39,591</u>		<u>\$ 19,738</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, 2015

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
	Interest income	Interest income	Interest income	Interest income	
REVENUES					
Court fines	\$ 1,750	\$ 1,750	\$ 1,605	\$ (145)	
Interest income	15	15	21	6	
Total revenues	<u>1,765</u>	<u>1,765</u>	<u>1,626</u>	<u>(139)</u>	
EXPENDITURES					
Current:					
Public safety	3,200	3,200	2,524	676	
Total expenditures	<u>3,200</u>	<u>3,200</u>	<u>2,524</u>	<u>676</u>	
Excess (deficiency) of revenues over (under) expenditures	(1,435)	(1,435)	(898)	537	
Net change in fund balance	(1,435)	(1,435)	(898)	537	
Fund balance - beginning	7,865	7,865	7,865	-	
Fund balance - ending	<u>\$ 6,430</u>	<u>\$ 6,430</u>	<u>\$ 6,967</u>	<u>\$ 537</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Original</u>	<u>Final</u>	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
REVENUES					
Court fines	\$ 75	\$ 75	\$ 946	\$ 871	
Interest income	1	1	3	2	
Total revenues	<u>76</u>	<u>76</u>	<u>949</u>	<u>873</u>	
EXPENDITURES					
Current:					
General government	-	-	-	-	
Total expenditures	-	-	-	-	
Excess of revenues over expenditures	<u>76</u>	<u>76</u>	<u>949</u>	<u>873</u>	
Net change in fund balance	76	76	949	873	
Fund balance - beginning	750	750	750	-	
Fund balance - ending	<u>\$ 826</u>	<u>\$ 826</u>	<u>\$ 1,699</u>	<u>\$ 873</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, 2015

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final			
REVENUES					
Court fines	\$ 950	\$ 950	\$ 1,225	\$ 275	
Interest income	5	5	13	8	
Total revenues	<u>955</u>	<u>955</u>	<u>1,238</u>	<u>283</u>	
EXPENDITURES					
Current:					
General government	-	-	-	-	
Total expenditures	-	-	-	-	
Excess of revenues over expenditures	<u>955</u>	<u>955</u>	<u>1,238</u>	<u>283</u>	
Net change in fund balance	955	955	1,238	283	
Fund balance - beginning	<u>4,253</u>	<u>4,253</u>	<u>4,253</u>	<u>-</u>	
Fund balance - ending	<u>\$ 5,208</u>	<u>\$ 5,208</u>	<u>\$ 5,491</u>	<u>\$ 283</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Original</u>	<u>Final</u>	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
REVENUES					
Court fines	\$ 1,000	\$ 1,000	\$ 1,099	\$ 99	
Interest income	10	10	26	16	
Total revenues	<u>1,010</u>	<u>1,010</u>	<u>1,125</u>	<u>115</u>	
EXPENDITURES					
Current:					
General government	-	-	-	-	
Total expenditures	-	-	-	-	
Excess of revenues over expenditures	<u>1,010</u>	<u>1,010</u>	<u>1,125</u>	<u>115</u>	
Net change in fund balance	1,010	1,010	1,125	115	
Fund balance - beginning	9,469	9,469	9,469	-	
Fund balance - ending	<u>\$ 10,479</u>	<u>\$ 10,479</u>	<u>\$ 10,594</u>	<u>\$ 115</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
	\$	\$	\$	\$	
REVENUES					
Intergovernmental					
Total revenues	\$ 25,373	\$ 32,973	\$ 25,373	\$ (7,600)	
	<u>25,373</u>	<u>32,973</u>	<u>25,373</u>	<u>(7,600)</u>	
EXPENDITURES					
Current:					
Public safety	35,745	43,345	43,681	(336)	
Total expenditures	<u>35,745</u>	<u>43,345</u>	<u>43,681</u>	<u>(336)</u>	
Deficiency of revenues under expenditures	(10,372)	(10,372)	(18,308)	(7,936)	
	<u>(10,372)</u>	<u>(10,372)</u>	<u>(18,308)</u>	<u>(7,936)</u>	
OTHER FINANCING SOURCES					
Transfers in	10,373	10,373	8,936	(1,437)	
Total other financing sources	<u>10,373</u>	<u>10,373</u>	<u>8,936</u>	<u>(1,437)</u>	
Net change in fund balance	1	1	(9,372)	(9,373)	
Fund balance - beginning	(2,668)	(2,668)	(2,668)	-	
Fund balance - ending	<u>\$ (2,667)</u>	<u>\$ (2,667)</u>	<u>\$ (12,040)</u>	<u>\$ (9,373)</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, 2015

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
	\$	\$	\$	\$	
REVENUES					
Interest income	-	-	12	12	12
Total revenues	-	-	12	12	12
EXPENDITURES					
Capital outlay	-	140,000	147,936	(7,936)	
Total expenditures	-	140,000	147,936	(7,936)	
Deficiency of revenues under expenditures	-	(140,000)	(147,924)	(7,924)	
OTHER FINANCING SOURCES					
Transfers in	-	140,000	-	(140,000)	
Total other financing sources	-	140,000	-	(140,000)	
Net change in fund balance	-	(140,000)	(147,924)	(7,924)	
Fund balance - beginning	60,938	60,938	60,938	-	
Fund balance - ending	\$ 60,938	\$ (79,062)	\$ (86,986)	\$ (7,924)	

Jacksboro Economic Development Corporation
Balance Sheet
Governmental Fund
September 30, 2015

ASSETS

Cash and cash equivalents	\$ 851,214
Receivables (net of allowance for uncollectibles)	50,236
Due from primary government	24,335
Assets held for sale	843,160
Total assets	<u>1,768,945</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	22,672
Wages payable	2,378
Interest payable	11,565
Total liabilities	<u>36,615</u>

Fund balance:

Nonspendable	843,160
Unassigned	889,170
Total fund balance	<u>1,732,330</u>

Total liabilities and fund balance \$ 1,768,945

Jacksboro Economic Development Corporation
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
Governmental Fund
September 30, 2015

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

Fund balance - governmental fund	\$ 1,732,330
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	25,000
The City's proportionate share of net pension liability as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	(30,445)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund.	(364,000)
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.	(3,033)
Net position of governmental activities	<u>\$ 1,359,852</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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Sales tax	\$ 280,000	\$ 280,000	\$ 366,161	\$ 86,161
Interest income	1,500	1,500	1,041	(459)
Miscellaneous	4,200	4,200	9,595	5,395
Total revenues	<u>285,700</u>	<u>285,700</u>	<u>376,797</u>	<u>91,097</u>
EXPENDITURES				
Current:				
General government	822,983	822,983	251,377	571,606
Debt service:				
Note principal	125,000	125,000	91,000	34,000
Note interest	16,800	16,800	14,851	1,949
Capital outlay:				
General government	-	-	-	-
Total expenditures	<u>964,783</u>	<u>964,783</u>	<u>357,228</u>	<u>607,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(679,083)</u>	<u>(679,083)</u>	<u>19,569</u>	<u>698,652</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the issuance of debt	-	-	200,000	200,000
Loss on disposal of property held for sale	-	-	(133,962)	(133,962)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>66,038</u>	<u>66,038</u>
Net change in fund balance	(679,083)	(679,083)	85,607	764,690
Fund balance - beginning	<u>1,646,723</u>	<u>1,646,723</u>	<u>1,646,723</u>	<u>-</u>
Fund balance - ending	<u>\$ 967,640</u>	<u>\$ 967,640</u>	<u>\$ 1,732,330</u>	<u>\$ 764,690</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, 2015

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

fund balance -	\$ 85,607
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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	\$ 91,000
Issuance of debt	<u>(200,000)</u>

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.

(908)

Changes in the proportionate share of net pension asset and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is:

4,033

Change in net position of governmental activities	<u>\$ (20,268)</u>
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**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>
Financial Trends <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>	1 - 4
Revenue Capacity <i>These schedules contain information to help the reader assess the significant local revenue sources.</i>	5 - 9
Debt Capacity <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>	10 - 12
Demographic and Economic Information <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>	13 - 14
Operating Information <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>	15 - 16

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 ASSETS BY COMPONENT LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (Unaudited)

Table 1

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 5,391,114
Restricted	199,701	289,988	432,792	288,133	289,507	437,343	457,186	251,849	266,578	284,580
Unrestricted	325,374	275,855	467,208	428,448	387,864	509,628	265,608	314,400	1,392,452	1,621,369
Total governmental activities net assets	\$ 2,877,152	\$ 3,323,667	\$ 1,534,836	\$ 1,486,385	\$ 2,148,980	\$ 2,556,798	\$ 2,152,034	\$ 3,093,188	\$ 5,324,079	\$ 7,297,063
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 3,684,798
Unrestricted	423,798	220,212	599,622	517,272	569,396	434,647	436,728	638,797	913,792	915,133
Total business-type activities net assets	\$ 6,272,894	\$ 5,853,943	\$ 5,893,998	\$ 6,115,901	\$ 6,019,873	\$ 6,077,958	\$ 5,950,678	\$ 5,884,497	\$ 5,995,344	\$ 4,599,931
Primary government										
Invested in capital assets, net of related debt	\$ 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	\$ 9,075,912
Restricted	199,701	289,988	432,792	288,133	289,507	437,343	457,186	251,849	266,578	284,580
Unrestricted	749,172	496,067	1,066,830	945,720	957,260	944,275	702,336	953,197	2,306,244	2,536,502
Total primary government net assets	\$ 9,150,046	\$ 9,177,610	\$ 7,428,834	\$ 7,602,286	\$ 8,168,853	\$ 8,634,756	\$ 8,102,712	\$ 8,977,685	\$ 11,319,423	\$ 11,896,994

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 ASSETS, LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (Unaudited)

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Legislative	\$ 48,025	\$ 42,935	\$ 31,869	\$ 32,305	\$ 31,067	\$ 36,411	\$ 47,468	\$ 22,255	\$ 48,662	\$ 46,898
General government	900,649	696,107	787,637	901,048	912,723	894,444	924,629	1,013,319	918,091	1,050,967
Public safety	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	1,254,748
Streets	260,105	251,085	307,501	537,893	326,458	292,679	432,540	367,827	367,113	348,773
Culture and recreation	469,345	463,105	510,059	452,765	446,787	431,231	375,718	439,893	472,599	506,138
Interest on long term debt	329,195	1,013,505	468,532	469,985	439,792	412,300	409,610	357,818	314,621	240,131
Total governmental activities expenses	<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>	<u>3,447,655</u>
Business-type activities:										
Water and sewer	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	1,676,302
Sanitation	406,103	415,594	456,241	514,195	562,789	589,500	633,971	645,862	667,937	647,306
Total business-type activities expenses	<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>	<u>2,323,608</u>
Total primary government expenses	<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>	<u>5,771,263</u>
Program Revenues										
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	304,671
Public safety	196,127	178,062	227,849	152,703	111,657	127,553	51,855	114,107	83,311	83,777
Streets	15	-	-	-	-	-	-	-	-	-
Cultural and recreational	65,581	42,658	35,016	20,753	20,261	26,971	24,414	28,558	31,766	42,989
Operating grants and contributions	80,957	52,302	124,871	59,549	27,720	42,557	59,143	66,111	54,256	133,693
Capital grants and contributions	72,351	8,707	94,292	199,827	512,687	-	-	490,000	837,048	-
Total governmental activities program revenues	<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>	<u>565,130</u>
Business-type activities:										
Charges for services:										
Water and sewer	1,979,112	1,860,458	1,858,572	2,050,612	2,221,838	2,621,988	2,515,926	2,628,824	2,481,941	2,290,078
Sanitation	403,158	422,358	492,157	571,945	513,702	532,586	563,805	608,234	640,574	640,222
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	57,876	57,022	318,766	76,899	162,620	84,880	16,471	-	181,070	91,356
Total business-type activities program revenues	<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>	<u>3,021,656</u>
Total primary government program revenues	<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>	<u>3,586,786</u>

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

Table 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Fiscal Year									
Net (Expense) Revenue										
Governmental Activities	(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)	(2,882,525)
Business-type Activities	935,687	652,723	844,531	794,371	718,050	908,373	729,304	786,529	890,690	698,048
Total Primary government net expense	<u>(1,687,982)</u>	<u>(2,555,356)</u>	<u>(2,009,884)</u>	<u>(2,352,978)</u>	<u>(1,846,218)</u>	<u>(2,106,052)</u>	<u>(2,995,642)</u>	<u>(1,916,824)</u>	<u>(1,363,258)</u>	<u>(2,184,477)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Ad valorem	878,931	848,580	1,079,688	1,072,011	1,281,692	1,245,294	1,262,270	1,395,287	1,387,122	1,464,291
Sales	1,137,586	1,123,789	1,140,405	948,050	717,274	914,071	879,398	959,232	1,380,733	1,100,538
Franchise fees	384,311	376,255	360,996	383,047	353,473	384,189	370,339	368,177	347,857	398,688
Investment earnings	47,558	80,179	43,073	11,054	4,679	4,362	3,461	3,006	4,025	6,079
Loss on sale/retirement of capital asset	-	-	(6,116)	-	-	-	-	-	-	-
Miscellaneous	10,564	76,929	40,226	108,142	51,013	7,953	36,401	41,747	550,702	422,937
Transfers	1,121,797	1,148,863	824,247	576,594	818,732	866,374	818,733	877,058	798,340	1,901,412
Total Governmental Activities	<u>3,580,747</u>	<u>3,654,595</u>	<u>3,482,519</u>	<u>3,098,898</u>	<u>3,226,863</u>	<u>3,422,243</u>	<u>3,370,602</u>	<u>3,644,507</u>	<u>4,468,779</u>	<u>5,293,945</u>
Business-type Activities:										
Investment earnings	17,119	80,915	15,120	6,300	2,859	1,692	2,106	2,426	2,024	2,231
Gain (loss) on sale/retirement of capital assets	-	-	-	(2,174)	-	-	-	-	-	-
Miscellaneous	6,843	(3,727)	4,650	-	1,795	14,394	7,786	21,922	16,473	14,037
Transfers	(1,121,797)	(1,148,863)	(824,247)	(576,594)	(818,732)	(866,374)	(818,733)	(877,058)	(798,340)	(1,901,412)
Total Business-type Activities	<u>(1,097,835)</u>	<u>(1,071,675)</u>	<u>(804,477)</u>	<u>(572,468)</u>	<u>(814,078)</u>	<u>(850,288)</u>	<u>(808,841)</u>	<u>(852,710)</u>	<u>(779,843)</u>	<u>(1,885,144)</u>
Total Primary Government	<u>2,482,912</u>	<u>2,582,920</u>	<u>2,678,042</u>	<u>2,526,430</u>	<u>2,412,785</u>	<u>2,571,955</u>	<u>2,561,761</u>	<u>2,791,797</u>	<u>3,688,936</u>	<u>3,408,801</u>
Change in Net Assets										
Governmental Activities	957,078	446,516	628,104	(48,451)	662,595	407,818	(354,344)	941,154	2,214,831	2,411,420
Business-type Activities	(162,148)	(418,952)	40,054	221,903	(96,028)	58,085	(79,537)	(66,181)	110,848	(1,187,096)
Total Primary Government	<u>\$ 794,930</u>	<u>\$ 27,564</u>	<u>\$ 668,158</u>	<u>\$ 173,452</u>	<u>\$ 566,567</u>	<u>\$ 465,903</u>	<u>\$ (433,881)</u>	<u>\$ 874,973</u>	<u>\$ 2,325,679</u>	<u>1,224,324</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted	\$ 22,721	\$ 402	\$ 402	\$ 402	\$ 402	\$ 2,803	\$ 2,806	\$ 2,808	\$ 2,809	\$ 2,810
Unassigned	192,242	290,249	304,539	309,978	225,823	321,196	159,196	213,131	1,260,330	1,977,772
Total general fund	<u>\$ 214,963</u>	<u>\$ 290,651</u>	<u>\$ 304,941</u>	<u>\$ 310,380</u>	<u>\$ 226,225</u>	<u>\$ 323,999</u>	<u>\$ 162,002</u>	<u>\$ 215,939</u>	<u>\$ 1,263,139</u>	<u>\$ 1,980,582</u>
All Other Governmental Funds										
Restricted, reported in										
Debt Service Fund	\$ 176,980	\$ 216,539	\$ 275,466	\$ 147,402	\$ 186,270	\$ 168,703	\$ 128,578	\$ 133,562	\$ 135,149	\$ 171,880
Special revenue funds	78,355	117,926	157,326	138,338	100,438	109,515	98,669	32,438	42,040	64,342
Capital funds	463,456	12,484	739,651	253,562	173,537	1,801,233	253,060	79,931	60,938	-
Unassigned, reported in capital projects funds										(86,986)
Unassigned, reported in special revenue funds	-	-	-	-	-	(8,238)	(3,197)	(2,505)	(2,668.00)	(12,040)
Total all other governmental funds	<u>\$ 718,791</u>	<u>\$ 346,949</u>	<u>\$ 1,172,443</u>	<u>\$ 539,302</u>	<u>\$ 460,245</u>	<u>\$ 2,071,213</u>	<u>\$ 477,110</u>	<u>\$ 243,426</u>	<u>\$ 235,459</u>	<u>\$ 137,196</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Taxes:										
Ad valorem	\$ 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	\$ 1,460,087
Sales	1,137,586	1,123,789	1,140,405	948,050	717,274	914,071	879,398	959,232	1,380,733	1,100,538
Franchise fees	384,311	376,255	360,996	383,046	353,473	384,189	370,339	368,177	347,857	398,688
Charges for services	1,840	2,845	2,460	1,635	1,707	1,920	2,034	977	9,677	3,476
Licenses and permits	15,501	84,812	53,996	63,263	63,608	29,095	10,020	18,650	142,348	291,895
Recreation fees	65,581	42,658	35,016	20,753	20,261	26,971	24,414	28,558	24,168	42,189
Court fines	174,893	182,369	138,306	138,546	111,657	122,754	141,757	103,638	44,145	83,777
Rentals	4,100	3,706	3,900	3,690	2,015	1,200	1,200	1,200	4,260	10,100
Donations	62,638	27,593	40,475	35,845	513,095	27,985	31,693	532,017	747,931	106,974
Intergovernmental	69,851	30,495	174,788	223,531	27,312	14,572	27,450	24,094	143,373	26,719
Investment earnings	47,558	80,179	43,073	11,054	4,679	4,362	3,461	3,006	4,025	6,079
Miscellaneous	10,564	525,259	40,226	108,142	43,666	7,953	36,401	41,747	550,702	440,709
Total Revenues	2,868,065	3,320,304	3,125,422	2,973,449	3,127,396	2,773,887	2,772,539	3,466,413	4,786,341	3,971,231
EXPENDITURES:										
Legislative	48,025	42,935	31,869	32,305	31,067	36,411	47,468	22,255	48,662	46,898
General government and administration	875,616	696,440	780,146	881,146	884,208	812,353	859,788	946,037	866,875	1,012,967
Public safety	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	1,024,512
Streets	481,199	272,071	228,829	448,763	263,086	232,862	372,509	290,731	282,083	239,924
Cultural and recreational	269,079	260,047	301,706	232,969	230,575	215,819	162,318	227,181	212,584	230,610
Capital outlay	13,575	490,570	863,939	339,690	537,182	478,815	1,287,086	845,339	966,210	664,132
Debt Service:										
Principal retirement	990,918	1,056,375	1,039,442	614,375	673,342	715,239	757,630	836,258	761,711	740,000
Interest and fiscal charges	285,587	831,896	241,997	534,392	437,321	411,212	419,374	366,709	318,975	257,053
Total expenditures	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	4,216,096
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
	(1,132,928)	(1,445,017)	(1,584,461)	(1,244,948)	(981,944)	(1,193,305)	(2,609,680)	(1,056,806)	240,893	(244,865)
OTHER FINANCING SOURCES (USES):										
Bonds issued	455,000	-	1,600,000	2,635,000	-	2,060,000	-	-	-	1,445,000
Bond issue costs	(8,645)	-	-	-	-	(24,327)	-	-	-	-
Premium on Refunding Bonds Issued										44,973
Payment to Bond Refunding Escrow Agent	-	-	-	(2,594,346)	-	-	-	-	-	(2,654,830)
Capital Lease Issued	-	-	-	-	-	-	34,847	-	-	127,490
Transfers in	1,121,797	1,148,863	832,965	576,594	818,732	866,374	818,733	877,058	807,067	1,910,348
Transfers out	-	-	(8,718)	-	-	-	-	-	(8,727,00)	(8,936)
Total Other Financing Sources (Uses)	1,568,152	1,148,863	2,424,247	617,248	818,732	2,902,047	853,580	877,058	798,340	864,045
NET CHANGE IN FUND BALANCES	\$ 435,227	\$ (296,154)	\$ 839,785	\$ (627,700)	\$ (163,211)	\$ 1,708,742	\$ (1,756,100)	\$ (179,748)	\$ 1,039,235	\$ 619,182
Debt service as a percentage of noncapital expenditures	32.0%	44.2%	33.3%	29.6%	31.1%	32.3%	28.7%	32.7%	30.2%	28.1%

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			
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	157,884,990	24,503,800	61,997,830	120,390,960	1.180000
2015	161,451,620	24,667,140	63,628,210	122,490,550	1.180000

Source: Jack County Appraisal District

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				
	Operating/ General Rate	General Obligation		Jack County Direct	Jack County Special	Jacksboro ISD	Faith	
		General	Debt Service				Community Hospital	Jack WCID #1
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
2015	0.722250	0.457750	1.180000	0.304474	0.064386	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	2015		2006		Percentage of Total City Taxable Assesd Value ^b
	Taxable Assessed Value	Percentage of Total City Taxable Assessd Value ^a	Taxpayer	Taxable Assessed Value	
Stevens Transport	\$ 5,275,630	4.31 %	Jacksboro Assisted Living	\$ 1,298,990	1.24 %
Hurd Oil Field Service	3,631,020	2.96	Jacksboro National Bank	909,250	0.87
Double K Well Service	3,030,110	2.47	First National Bank - Jacksboro	882,840	0.84
Jacksboro National Bank	1,986,380	1.62	Diamond Food Markets, Inc.	853,230	0.81
Oncor Electric	1,940,380	1.58	Geer Tank Truck	721,550	0.69
Swan Real Estate Mgmt LP	1,654,380	1.35	Gunlock Sandra O Trust	660,390	0.63
One Cypress Trucking	1,428,000	1.17	Senior Living Properties LLC	567,840	0.54
Jacksboro Assisted Living, Inc.	1,019,620	0.83	Halliburton Service	422,840	0.40
Jacksboro Pump & Specialty	965,660	0.79	Mesquite Trails LP	417,240	0.40
Brigadier Operating LLC	826,760	0.67	Zuber Patricia Sue	413,500	0.39
Total	\$ 21,757,940	17.76 %	Total	\$ 7,147,670	6.83 %

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
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
2014/15	1,419,800	(2,145)	1,417,655	1,365,197	96.24	45,171	1,410,368	99.33

Source: Jack County Appraisal District

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

Table 9

Fiscal Year	Water Revenues	Sewer Revenues	Solid Waste Revenues
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
2014/15	1,344,403	851,336	626,085

Source: City records

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

Table 10

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Capital Leases	General Obligation Bonds	Certificates of Obligation	Capital Leases			
2006	\$ 1,780,000	\$ 4,354,013	\$ 150,197	\$ -	\$ 795,000	\$ 26,149	\$ 7,105,359	0.01 %	1,573
2007	1,730,000	6,210,895	112,251	-	775,000	11,786	8,839,932	0.01	1,990
2008	1,620,000	6,900,895	92,813	-	950,000	6,048	9,569,756	0.01	2,183
2009	3,425,000	4,568,039	76,293	-	2,180,000	19,651	10,268,983	0.01	2,365
2010	3,425,000	3,912,029	58,964	-	2,120,000	62,763	9,578,756	0.01	2,206
2011	3,425,000	5,274,968	40,786	-	2,030,000	37,354	10,808,108	0.01	2,143
2012	3,425,000	4,543,742	49,227	-	1,935,000	15,833	9,968,802	0.01	2,121
2013	3,425,000	3,755,000	1,711	-	1,840,000	-	9,021,711	0.00	2,009
2014	2,840,000	3,580,000	-	-	1,730,000	-	8,150,000	0.00	1,802
2015	1,340,000	3,140,000	127,490	2,465,000	305,000	-	7,377,490	N/A	1,592

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements on page 41.

^aSee 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 ^a	
	General Obligation Bonds	Certificates of Obligations	Total	Per Capita ^b	
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
2015	1,340,000	3,140,000	4,480,000	3.66	967

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.

^aSee Table 5 for property value data.

^bSee Table 12 for population data.

CITY OF JACKSBORO, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of September 30, 2015
 (Unaudited)

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Jack County	\$ 4,215,000	8.77%	\$ 369,656
Jacksboro Independent School District	36,110,000	10.68%	<u>3,856,548</u>
Subtotal, overlapping debt			4,226,204
City of Jacksboro (direct debt)	7,250,000	100.00%	<u>7,250,000</u>
Total direct and overlapping debt			<u>\$ 11,476,204</u>

Source: Municipal Advisory Council of Texas

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

^a 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	Per Capita Personal Income	Jack County		
				Median Age	School Enrollment	Unemployment Rate
2006	4,516	121,909,420	26,995	*	970	4.5%
2007	4,443	135,169,389	30,423	*	925	3.6%
2008	4,383	166,461,957	37,979	*	915	3.8%
2009	4,342	143,094,952	32,956	*	960	6.5%
2010	4,342	153,424,570	35,335	*	945	5.3%
2011	4,511	186,119,349	41,259	*	962	4.9%
2012	4,511	186,665,180	41,380	*	953	5.0%
2013	4,491	192,089,052	42,772	40.0	990	4.2%
2014	4,523	215,036,989	47,543	40.5	992	3.8%
2015	4,633	N/A	N/A	N/A	960	4.3%

Source: Texas Workforce Commission, Jacksboro Independent School District, Oncor Economic Development Department, U.S Department of Commerce Bureau of Economic Analysis

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

Table 14

Employer	2015		2006		Percentage of Total City Employment
	Employees	Percentage of Total City Employment	Employer	Employees	
Corrections Corp. of America	250	16.31%	Corrections Corp. of America	250	6.49%
Crest Pumping Technologies	187	12.20%	Jacksboro Independent School District	175	4.54%
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><u>951</u></u>	<u><u>20.38%</u></u>		<u><u>782</u></u>	<u><u>20.30%</u></u>

Source: Oncor Economic Development Department, U.S. Department of Commerce

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

Table 15

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government and Administration	10.00	12.00	12.00	10.25	10.25	10.25	11.00	12.00	14.00	12.00
Public Safety	18.00	18.50	18.50	14.00	14.00	15.00	12.00	13.00	13.00	12.00
Culture and Recreational	5.50	4.50	4.50	3.00	3.00	3.00	2.00	3.00	3.00	4.00
Street Maintenance	5.00	3.00	3.00	3.00	3.50	3.50	3.00	2.00	3.00	4.00
Water and Sewer	12.50	15.00	15.00	15.00	15.00	15.00	9.00	10.00	11.00	13.00
Total	51.00	53.00	53.00	45.25	45.75	46.75	37.00	40.00	44.00	45.00

Source: City Budget Office

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

Table 16

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration										
Council directed programs	5	5	6	6	6	5	5	5	5	5
Council meetings	20	35	33	36	36	36	35	23	27	24
Proclamations, ordinances, resolutions	35	47	52	40	48	46	25	33	30	26
Positions filled	5	8	14	11	8	4	5	4	14	10
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	-	-
Public Safety										
Municipal court										
New cases filed	1,763	1,818	1,148	943	909	1,025	938	725	346	635
Warrants cleared	349	245	350	387	128	208	731	94	63	124
Police										
Number of employees	10	10	10	10	10	10	10	10	10	10
Calls for service	6,200	3,941	4,300	3,954	3,786	3,918	3,564	1,520	1,597	1,383
Fire										
Number of employees	2	2	2	2	2	3	3	3	6.5	5
Number of fire runs	250	286	350	365	286	331	294	688	1,485	1,136
Animal Control										
Calls for service	1,200	990	1,300	1,250	1,016	1,200	1,114	1,185	1,175	310
Animals impounded	1,560	875	292	275	223	254	231	164	158	133
Citations issued	312	205	60	45	33	55	55	18	31	41
Development Services										
Building permits	172	122	150	125	125	177	177	174	194	228
Cultural and Recreational										
Parks and Recreation										
Aquatics daily admissions	2,200	0	0	0	0	0	0	0	0	2,505
Athletics/ recreation participants	925	700	350	200	200	110	108	116	130	120
Activity center memberships	250	300	300	250	250	286	268	290	290	169
Park acreage maintained	88	89	93	93	93	93	93	93	93	93
Water and Sewer										
Number of water consumers	1,650	1,700	1,700	1,625	1,600	1,572	1,648	1,638	1,638	1,638
Treated water (million gallons per year)	225	255	255	255	255	255	255	200	200	202
Treated effluent water (million gallons per year)	140	125	125	125	125	125	125	125	17	130

Source: City Departments

INTERNAL CONTROL AND COMPLIANCE SECTION



Independent Auditor's 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, 2015, 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 22, 2016.

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. 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 2015-1.

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 Finding

City of Jacksboro, Texas' response to the finding 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's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MWH Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
March 22, 2016

CITY OF JACKSBORO, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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"/> X <input type="checkbox"/>	No
Reportable condition(s) identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> X	Yes	<input type="checkbox"/>	None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No

B. Financial Statement Findings

Finding 2015-1: 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.