

# **CITY OF JACKSBORO, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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**Prepared By**

**The Department of Finance**

**Erika Hobson  
Finance Manager**

# CITY OF JACKSBORO, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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## *INTRODUCTORY SECTION*



April 21, 2009

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, 2008, 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 Mathis, West, Huffines & Co., 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, 2008, 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, 2008, 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 a population of 4,701. 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. Among its additional powers is that of annexation to extend the corporate limits when deemed appropriate.

A total of 970 acres has been voluntarily annexed into the city for business, commercial, and residential development. The Jacksboro Economic Development Corporation intends to develop a corporate business park on approximately 270 acres pursuant to Section 4B of the Development Corporation Act of 1979, as amended. The site offers ideal transportation access to the convergence of U.S. Highway 380, U.S. Highway 281, and State Highways 199 and 114.

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). Based on those criteria no other governmental organizations are included in this report.

## **Services Provided**

The City of Jacksboro is a full service city and provides the following: maintenance of streets and infrastructure; parks and recreation and cultural activities; public safety including emergency management, fire and police; solid waste services through a third party contract; and, water and wastewater distribution systems. It is anticipated that the City will be developing plans for a new water plant within the next two to three (2 to 3) years.

## **Economic Conditions and Outlook**

The current economic climate is substantial as plans for business, commercial, and residential development are being prepared. We have begun to see a decline in the oil and gas exploration activities that have been a benefit to the City in the past. Sales tax revenues remained steady with slight fluctuation in the last quarter of FY 2008.

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 seventeen (17) new businesses have located here since May, 2003. 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 is working 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 will become a tourism/visitor center. Also, the restoration of the former Jacksboro Opera House and associated complexes will provide a new entertainment venue with opportunities for local commercial and retail development.

Funding for this work is the result of the development of the Community Advancement Foundation of the Chamber, a 501(c) 3 tax exempt organization. Restoration efforts have spurred local interest in redevelopment of existing structures to provide additional space for new business and professional office services.

General Fund budgeted expenditures were decreased in FY 2008-2009 in order to maintain adequate fund balances. Due to increased maintenance and operations costs the property tax rate was increased from \$0.9131 to \$0.948397 per one hundred dollars of assessed valuation. The 2008 certified taxable value of real and personal property is \$108,813,300. This is a 5.91% decrease below the 2007 tax year value of \$115,647,260.

## **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. Street improvements are funded by a combination of capital debt and capital improvement fees. 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, 2007.

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,

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Shawna L. Dowell  
City Manager

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Erika L. Hobson  
Finance Manager

# 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, 2007

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

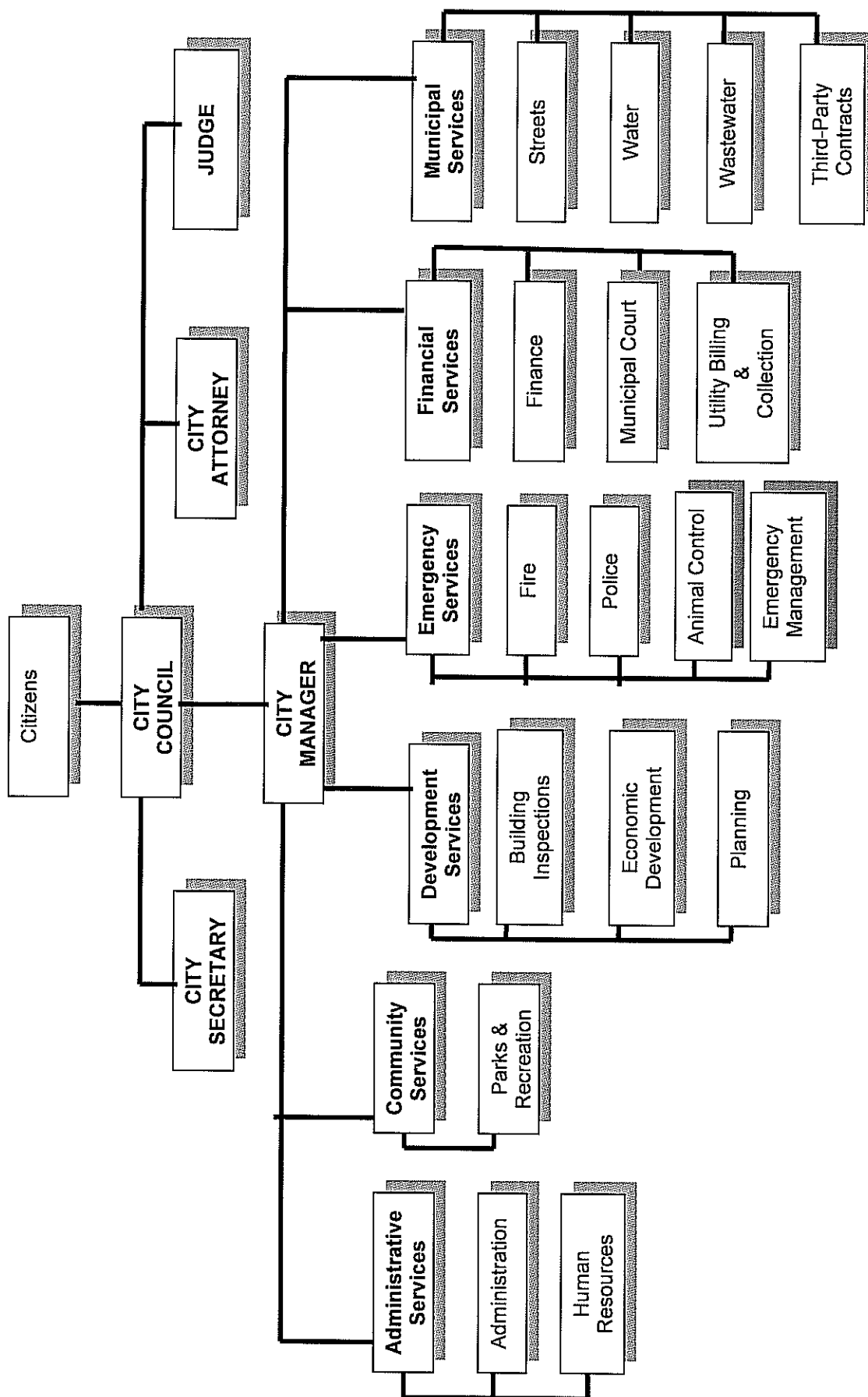


A handwritten signature in black ink, appearing to read "K. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director



City of Jacksboro  
Organizational Chart

City of Jacksboro, Texas  
Principal Officials

Elected Officials

Tom Sessions ..... Mayor  
Keri Lane..... Mayor Pro-Tem  
Victor Sanchez ..... Alderman  
Jason Staley..... Alderman  
Faye Lewis ..... Alderman  
Royce Smith..... Alderman

Appointed Officials

Shawna L. Dowell..... City Manager  
Shirley J. Grantham..... City Secretary  
Cleave O. Maples..... Chief of Police  
Erika L. Hobson..... Finance Manager  
Jim Feltz..... Director of Parks & Recreation  
Vacant..... Director of Public Works

## *FINANCIAL SECTION*



**MATHIS, WEST, HUFFINES & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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Wichita Falls, Texas 76307-7000  
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**Independent Auditor's Report**

City Council  
City of Jacksboro, Texas  
Jacksboro, Texas

Members of the City Council:

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Jacksboro, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Jacksboro, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis and employee retirement plan schedule of funding progress for TMRS on pages 11 through 19 and page 50, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinions on them.

*Mathis, West, Huffines & Co., P.C.*  
MATHIS, WEST, HUFFINES & CO., P.C.

Wichita Falls, Texas  
April 21, 2009



## **Management's Discussion and Analysis**

As management of The City of Jacksboro, (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$7,288,010 (net assets).
- Governmental net assets increased \$628,104. This change in net assets is primarily attributed to: 1) the budgeted annual transfer-in to governmental activities from the business-type activities for administrative support of \$350,000, 2) the budgeted transfer-in to governmental activities from the business-type activities for the business-type activities portion of debt service in the amount of \$535,125. A prior period adjustment reduced beginning net assets by \$2,557,759 to recognize the inception to date accretion of interest expense and resulting increase in bonds payable for the 1988 capital appreciation certificates.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,477,384, an increase of \$839,784 in comparison with the prior year. The increase is primarily due to \$1,600,000 in debt proceeds and transfers in to the general and debt service funds. Of the combined ending balances, \$304,941 is unreserved in the general fund, \$275,466 is unreserved in the general debt service fund, \$157,326 is unreserved in the special revenue funds, \$726,760 is unreserved in the capital projects fund and \$12,891 is unreserved in the landfill capital project fund.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$304,941 or 12.6% percent of total general fund expenditures.
- In total, the City's bonded debt increased \$755,000. Key factors in this increase were issuance of \$1,800,000 in 2008 certificates of obligation and a \$1,045,000 reduction of bonds payable due to debt principal payments.

### **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, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Jacksboro's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Jacksboro is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 general government, public safety, municipal services (public works), community development, parks and recreation. The business-type activities of the City includes the water and sewer fund.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate 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 of Jacksboro, 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 of Jacksboro maintains three major governmental funds and seven 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 fund, debt service fund, and capital projects fund. 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 of Jacksboro adopts an annual appropriated budget for the general fund, special revenue funds and utility fund. 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 2, B, Budget Amendments, is an integrated part of this statement.

#### Proprietary funds

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

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

#### *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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$7,288,010 at the close of the most recent fiscal year.

The largest portion (86.5%) of the City's net assets reflects its 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 Assets as of September 30, 2008 and September 30, 2007:

TABLE I NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 1,828,010	\$ 965,948	\$ 935,058	\$ 905,936	\$ 2,763,068	\$ 1,871,884
Capital assets, net of accumulated depreciation	8,483,259	7,997,426	6,221,506	5,930,047	14,704,765	13,927,473
Total assets	10,311,270	8,963,374	7,156,564	6,835,983	17,467,834	15,799,357
Long-term liabilities outstanding	7,525,684	4,757,439	952,140	756,048	8,477,824	5,513,487
Other liabilities	1,391,574	882,268	310,426	225,992	1,702,000	1,108,260
Total liabilities	8,917,258	5,639,707	1,262,566	982,040	10,179,824	6,621,748
Net assets						
Invested in capital assets, net of related debt	616,878	2,762,130	5,686,151	5,605,678	6,303,029	8,367,808
Restricted net assets						
Debt retirement	275,466	262,819	-	-	275,466	262,819
Specific purpose	157,326	27,169	-	-	157,326	27,169
Unrestricted	344,342	271,549	207,847	248,265	552,189	519,814
Total net assets	\$ 1,394,012	\$ 3,323,667	\$ 5,893,998	\$ 5,853,943	\$ 7,288,010	\$ 9,177,610

An additional portion of the City's net assets (13.5%) represents resources that are subject to external restrictions on how they may be used.

### Governmental Activities

Governmental activities increased net assets by \$628,104, and business-type activities increase net assets by \$40,055, for a total increase in total net assets of \$668,159. The key elements of this City wide increase are shown in the following table:

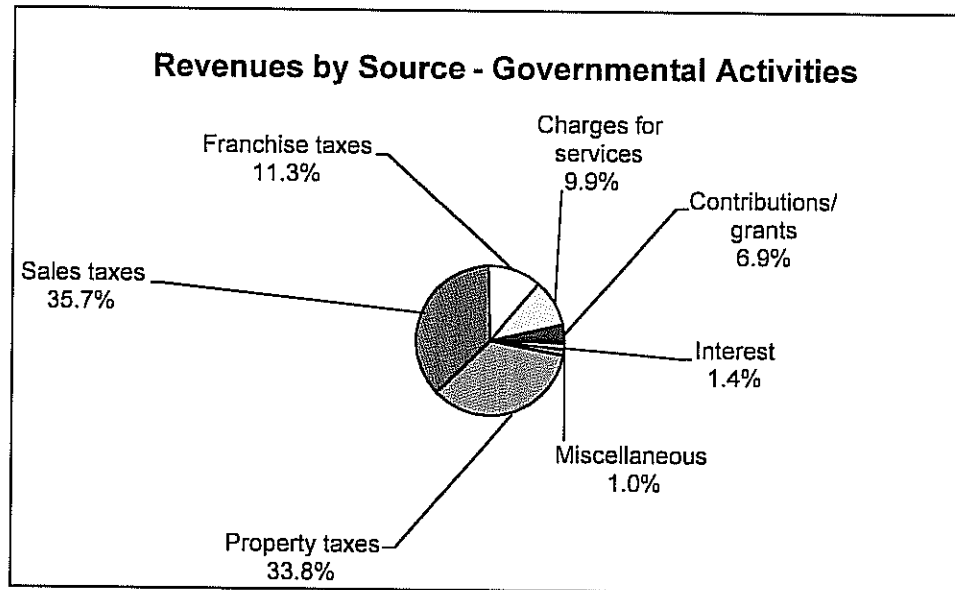
TABLE II  
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 316,861	\$ 305,533	\$ 2,350,729	2,282,816	\$ 2,667,590	\$ 2,588,349
Operating grants and contributions	124,871	52,301			124,871	52,301
Capital grants and contributions	94,292	8,706	318,766	57,022	413,058	65,728
General revenues						
Property taxes	1,079,688	848,580	-	-	1,079,688	848,580
Franchise taxes	360,996	376,255	-	-	360,996	376,255
Sales taxes	1,140,405	1,123,789	-	-	1,140,405	1,123,789
Interest	43,073	80,179	15,120	80,915	58,193	161,094
Gain on sales of capital assets	(6,116)	-				
Miscellaneous	40,226	76,929	4,651	(3,727)	44,877	73,202
Total revenues	3,194,296	2,872,272	2,689,265	2,417,025	5,883,561	5,289,298
Expenses:						
Legislative	31,869	42,935	-	-	31,869	42,935
General government	787,637	696,107	-	-	787,637	696,107
Public safety	1,284,841	1,107,883	-	-	1,284,841	1,107,883
Streets	307,501	251,085	-	-	307,501	251,085
Culture and recreation	510,059	463,105	-	-	510,059	463,105
Interest on debt service	468,532	1,013,506	-	-	468,532	1,013,506
Water and sewer utilities	-	-	1,824,964	1,687,115	1,824,964	1,687,115
Total expenses	3,390,439	3,574,620	1,824,964	1,687,115	5,215,403	5,261,736
Increase (decrease) in net assets before transfers	(196,143)	(702,348)	864,302	729,911	668,158	27,562
Net transfers	624,247	1,148,863	(824,247)	(1,148,863)	-	-
Increase (decrease) in net assets	628,104	446,515	40,055	(418,952)	668,159	27,562
Net assets - beginning	765,908	2,877,152	5,853,943	6,272,894	6,619,851	9,150,046
Net assets - ending	\$ 1,394,012	\$ 3,323,667	\$ 5,893,998	\$ 5,853,943	\$ 7,288,010	\$ 9,177,608

The \$668,158 increase in net assets for the City is represented by the degree in which ongoing revenues have exceeded expenses. Key factors in the increase in net assets of the business-type activities were increases in charges for services (\$67,913 more than the prior year) due to the demand for water utilities being greater in FY 08 due to a decrease in rainfall in comparison to the prior year. Business-type expenses increased \$137,849 over the prior year due to additional staffing and system maintenance costs for the utility system.

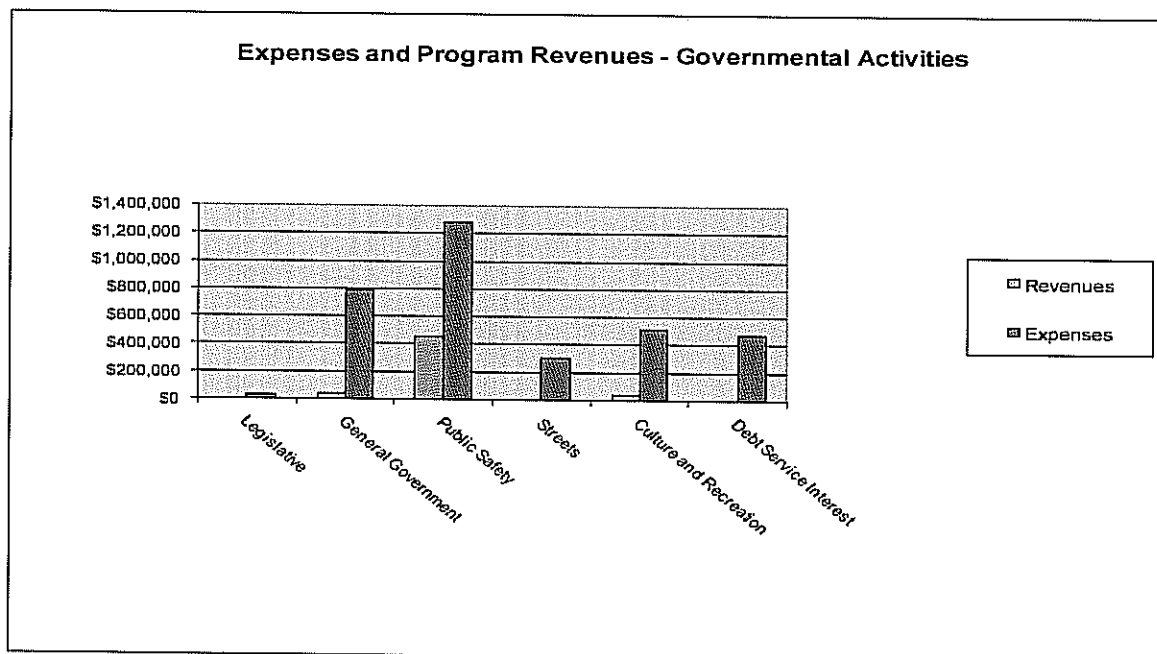
### Revenues by source – governmental activities

Property taxes, sales taxes, franchise taxes, and charges for services provide 93.3% of the revenues for the governmental activities. The chart below provides a graphic representation of the City's revenues by source:



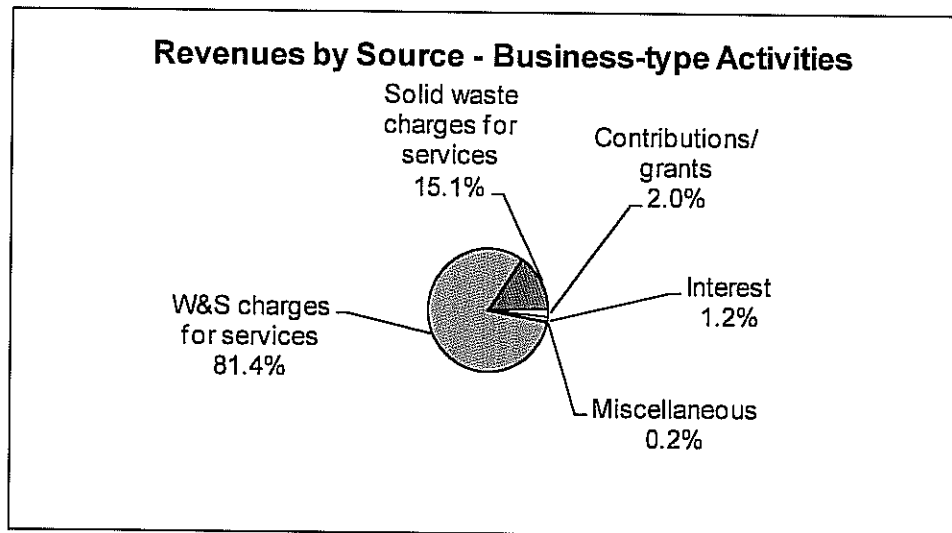
### Expenses and program revenues – governmental activities

Public safety, general government, and interest on debt service provide 74.9% of the expenses for the governmental activities. The chart below provides a graphic representation of the City's expenses and any directly related revenues by source.



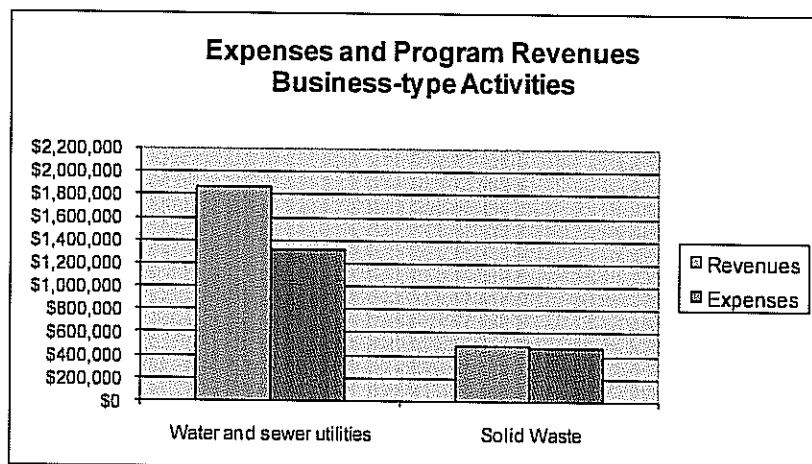
### Revenues by source – business-type activities

Water and sewer and solid waste charges for services account for 96.5% of the revenue. Comparatively, water and sewer charges for services were significantly greater in FY 08 due to an increased demand for services.



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

Business-type activities increased the City's net assets by \$40,055. The water and sewer fund operating income of \$571,467 was less due to an increase in business-type expenses for additional staffing and system maintenance costs for the utility system in FY 08. Other major non-operating revenues of the water and sewer fund were capital improvement fees of \$57,092, and interest income of \$15,120.



### Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## *Governmental Funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,477,384, an increase of \$839,784 in comparison with the prior year. Approximately 20.6% of this total amount, \$304,941, constitutes unreserved, undesignated fund balance in the general fund, which is available for spending at the City's discretion. The remainder of fund balance is reserved or designated to indicate it is not available for new spending because it has already been committed as follows: 1) debt service \$275,466, 2) hotel/motel tax \$100,087, 3) court technology \$22,880, 4) grant fund \$30,209, 5) court security \$45, 6) school safety \$161, 7) crossing guard fund \$3,944, 8) capital projects fund \$726,760 and 9) landfill CIP fund \$12,891.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$304,941. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 12.6% of total general fund expenditures.

The fund balance of the general fund increased \$14,288 during the current fiscal year. Key factors in this increase are as follows:

- Increased permits due to new construction permits issued for the construction of new elementary and high schools in the City.
- Donations of \$40,475.
- Increase in governmental expenditures due to staffing levels and rising operating expenses.

The debt service fund has a total fund balance of \$275,466, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$58,927, due to interest income.

## *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 assets of the water and sewer fund at the end of the current fiscal year amounted to a deficit of \$212,846. Net assets increased \$40,055 from the prior year. Factors regarding the finances were addressed in the discussion of the City's business-type activities.

## **General Fund Budgetary Highlights**

Additional anticipated revenues of \$47,948 were collected in the current fiscal year, primarily due to the following above the final budgeted amount: 1) sales tax above by \$63,905, 2) licenses, permits and fees above by \$23,996, and 3) miscellaneous above the budgeted amount by \$28,633. Additional miscellaneous collections were due to rental income received by the City for a building purchased in April 2008. Expenditures were more than the final budget by 83,646.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The City of Jacksboro's investment in capital assets for its governmental and business-type activities as of September 30, 2008 amounts to \$14,704,768 (net of accumulated depreciation). This investment in



capital assets includes land, buildings and improvements, machinery and equipment, water and sewer system, and construction in progress.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 269,878	\$ 185,714	\$ -	\$ -	\$ 269,878	\$ 185,714
Construction in progress	40,577	40,577	18,140	104,794	58,717	145,371
Buildings and improvements	1,094,041	529,695	-	-	1,094,041	529,695
Lost Creek Dam & Reservoir	5,869,278	6,032,312	-	-	5,869,278	6,032,312
Streets	893,604	943,891	-	-	893,604	943,891
Water and sewer system	-	-	6,122,757	5,766,734	6,122,757	5,766,734
Furniture and fixtures	-	419	3,678	5,087	3,678	5,506
Machinery & equipment	315,883	264,817	76,932	53,432	392,815	318,249
Total	\$ 8,483,261	\$ 7,997,426	\$ 6,221,507	\$ 5,930,047	\$ 14,704,768	\$ 13,927,472

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

#### Long-term Debt

At the end of the 2008 fiscal year, the City had total bonded debt outstanding of \$9,470,895. There was one new debt issue during the year, a prior period adjustment and debt service payments were made when due. Consequently, the overall increase in outstanding bonded debt was \$3,560,367.

TABLE IV  
CITY OF JACKSBORO OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Bonds payable	\$ 8,520,895	\$ 5,135,528	\$ 950,000	\$ 775,000	\$ 9,470,895	\$ 5,910,528
Capital leases payable	92,813	112,251	6,048	11,786	98,861	124,037
Compensated absences	41,495	56,084	44,140	66,693	85,635	122,777
Total	\$ 8,655,203	\$ 5,303,863	\$ 1,000,188	\$ 853,479	\$ 9,655,391	\$ 6,157,342

Additional information on the City's long-term debt can be found in note 4.B.1,2,3 and 4.D. of this report.

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

- 2008 appraised value used for the FY 09 budget preparation is down \$6,833,960, or 5.91% less than the 2007 appraised values.
- The FY 09 adopted general operating fund budget decreases expenditures compared to the final FY 08 actual amount, from \$2,509,060 actual in FY 08 to a budgeted \$2,334,102 in FY 09. This is a 7.0% decrease.
- The \$350,000 budgeted transfer-in to the general fund from the utility fund remained the same for FY 09.

These indicators were taken into account when adopting the FY 09 general fund budget. Beginning estimated fund balance available for appropriation in the FY 09 general fund budget was \$137,513. The maintenance and operation (M&O) property tax levy was increased by 7.99% to fund the increased operating costs of the general fund and to reduce dependence on the sales taxes as primary source of operating revenue.

General fund expenditures are budgeted to decrease 7.0% to \$2,334,102. The decrease is due to reducing expenditures in order to maintain fund balance.

In total, the City's adopted FY 09 general fund budget includes a beginning fund balance of \$45,110, and a projected ending fund balance of \$92,403.

## 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 \$1,489,764 at September 30, 2008.
- Net assets increased \$378,054 in comparison with the prior year. The increase in net assets is primarily attributed to current year revenues in excess of current year expenses.
- At the close of the current fiscal year, the JEDC's governmental fund reported ending fund balance of \$1,027,498, an increase of \$287,134 in comparison with the prior year. The increase is primarily due to current period excess of revenues over expenditures, including \$383,074 in sales tax revenues less other economic development expenditures of \$110,106.

### JACKSBORO ECONOMIC DEVELOPMENT CORPORATION NET ASSETS

	Governmental Activities	
	2008	2007
Current and other assets	\$ 1,027,498	\$ 740,364
Capital assets, net of accumulated depreciation	539,678	539,678
Total assets	1,567,176	1,280,042
Long-term liabilities outstanding	75,984	164,843
Other liabilities	1,428	3,489
Total liabilities	77,412	168,332
Net assets		
Invested in capital assets, net of related debt	463,695	374,835
Unrestricted	1,026,069	736,875
Total net assets	\$ 1,489,764	\$ 1,111,710

## 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 Assets**  
**September 30, 2008**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
<b>ASSETS</b>				
Cash and cash equivalents	\$ 411,023	\$ 511,374	\$ 922,397	\$ 950,646
Receivables (net of allowance for uncollectibles)	485,666	394,966	880,632	76,852
Due from component unit	47	-	47	-
Due from other governments	3,250	-	3,250	-
Internal balances	200	(200)	-	-
Deferred charges	30,848	28,918	59,766	-
Restricted assets:				
Cash and cash equivalents	896,977	-	896,977	-
Capital assets not being depreciated:				
Land	185,714	-	185,714	539,678
Construction in progress	40,877	18,140	59,017	-
Capital assets:				
Buildings and Improvements	1,917,419	-	1,917,419	-
Infrastructure - general	1,005,762	-	1,005,762	-
Lost Creek Dam and Reservoir	8,355,568	-	8,355,568	-
Water and sewer system	-	9,994,702	9,994,702	-
Machinery and equipment	788,919	284,293	1,073,212	-
Furniture and fixtures	3,767	45,199	48,966	-
Accumulated depreciation	(3,814,767)	(4,120,828)	(7,935,595)	-
Total assets	10,311,270	7,156,564	17,467,834	1,567,176
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	64,572	173,419	237,991	-
Wages payable	33,436	17,977	51,413	-
Due to primary government	-	-	-	47
Accrued interest payable	164,046	8,521	172,567	1,381
Customer deposits	-	44,461	44,461	-
Non-current liabilities:				
Due within one year:	1,129,520	66,048	1,195,568	75,984
Due in more than one year	7,525,684	952,140	8,477,824	-
Total liabilities	8,917,258	1,262,566	10,179,824	77,412
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	616,878	5,686,151	6,303,029	463,694
Restricted for debt service	275,466	-	275,466	-
Restricted for specific purpose	157,326	-	157,326	-
Unrestricted	344,342	207,847	552,189	1,026,069
Total net assets	\$ 1,394,012	\$ 5,893,998	\$ 7,288,010	\$ 1,489,764

*The accompanying notes are an integral part of this statement.*

**City of Jacksboro, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2008**

Functions/programs Primary government: Governmental activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total
Legislative	\$ 31,869	\$ -	\$ -	\$ -	\$ (31,869)	\$ -	\$ (31,869)	\$ -
General government	767,637	-	40,000	3,900	(743,737)	-	(743,737)	-
Public safety	1,284,841	281,845	84,871	90,392	(827,733)	-	(827,733)	-
Streets	307,501	-	-	-	(307,501)	-	(307,501)	-
Culture and recreation	510,059	35,016	-	-	(475,043)	-	(475,043)	-
Interest expense	468,532	-	-	-	(468,532)	-	(468,532)	-
Total governmental activities	3,390,439	316,861	124,871	94,292	(2,854,415)	-	(2,854,415)	-
Business-type activities:								
Water, sewer and solid waste utilities	1,824,984	2,350,729	-	318,766	-	844,531	844,531	-
Total business-type activities	1,824,984	2,350,729	-	318,766	-	844,531	844,531	-
Total Primary Government	\$ 5,215,403	\$ 2,667,590	\$ 124,871	\$ 413,058	\$ (2,854,415)	\$ 844,531	\$ (2,009,884)	-
Component unit: Economic Development Corporation	19,139	-	-	-	-	-	-	(19,139)
Total Component Unit	\$ 19,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,139)
General revenues:								
Property taxes					\$ 1,079,688	\$ -	\$ 1,079,688	\$ -
Sales taxes					1,140,405	-	1,140,405	383,074
Franchise taxes					360,996	-	360,996	-
Interest					43,073	15,120	58,193	9,891
Loss on sale of capital assets					(6,116)	-	(6,116)	-
Miscellaneous					40,226	4,651	44,877	4,228
Transfers in (out)					824,247	(824,247)	-	-
Total general revenues and transfers					3,482,519	(804,476)	2,678,043	397,193
Change in net assets					628,104	40,055	668,159	376,054
Net assets - beginning, as restated					765,908	5,853,943	6,619,850	1,111,710
Net assets - ending					\$ 1,394,012	\$ 5,893,998	\$ 7,288,010	\$ 1,489,764

**City of Jacksboro, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2008**

	General Fund	General Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 133,066	\$ 275,252	\$ 734,437	\$ 164,842	\$ 1,307,597
Receivables (net of allowance for uncollectibles)					
Property taxes	14,110	37,879	-	-	51,989
Sales taxes	227,208	-	-	-	227,208
Other	219,663	-	-	7,886	227,549
Due from other funds	5,272	-	-	-	5,272
Due from component unit	47	-	-	-	47
Due from other governments	-	-	-	-	-
Restricted cash	403	-	-	-	403
Total assets	<u>599,769</u>	<u>313,131</u>	<u>734,437</u>	<u>172,728</u>	<u>1,820,065</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable and other current liabilities	55,984	-	6,077	2,511	64,572
Wages payable	33,437	-	-	-	33,437
Due to other funds	-	3,471	1,600	-	5,071
Deferred revenue	205,407	34,194	-	-	239,601
Total liabilities	<u>294,828</u>	<u>37,665</u>	<u>7,677</u>	<u>2,511</u>	<u>342,681</u>
Fund balances:					
Reserved for:					
Park fund	-	-	-	-	-
Unreserved, reported in:					
General fund	304,941	-	-	-	304,941
Special revenue funds	-	-	-	157,326	157,326
Debt service fund	-	275,466	-	-	275,466
Capital projects fund	-	-	726,760	-	726,760
Landfill capital projects fund	-	-	-	12,891	12,891
Total fund balances	<u>304,941</u>	<u>275,466</u>	<u>726,760</u>	<u>170,217</u>	<u>1,477,384</u>
Total liabilities and fund balances	<u>\$ 599,769</u>	<u>\$ 313,131</u>	<u>\$ 734,437</u>	<u>\$ 172,728</u>	<u>\$ 1,820,065</u>

*The accompanying notes are an integral part of this statement.*

**City of Jacksboro, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**September 30, 2008**

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

Fund balances - total governmental funds	\$ 1,477,384
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,483,259
Long-term liabilities, including bonds payable, leases payable, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(8,788,403)
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	<u>221,772</u>
Net assets of governmental activities	<u>\$ 1,394,012</u>

*The accompanying notes are an integral part of this statement.*

**City of Jacksboro, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2008**

	General Fund	General Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property	\$ 293,496	\$ 798,286	\$ -	\$ -	\$ 1,091,782
Sales	1,140,405	-	-	-	1,140,405
Franchise	341,314	-	-	19,682	360,996
Charges for services	2,460	-	-	-	2,460
Licenses, permits and fees	53,996	-	-	-	53,996
Recreation fees	35,016	-	-	-	35,016
Court fines	138,182	-	-	124	138,306
Rentals	3,900	-	-	-	3,900
Donations	40,475	-	-	-	40,475
Intergovernmental	1,831	-	-	172,957	174,788
Interest income	7,121	19,842	9,251	6,859	43,073
Miscellaneous	40,226	-	-	-	40,226
Total revenues	<u>2,098,422</u>	<u>818,128</u>	<u>9,251</u>	<u>199,622</u>	<u>3,125,422</u>
<b>EXPENDITURES</b>					
Current:					
Legislative	31,869	-	-	-	31,869
General government	772,176	-	-	7,971	780,147
Public safety	1,066,488	-	-	155,469	1,221,957
Streets	228,829	-	-	-	228,829
Culture and recreation	301,706	-	-	-	301,706
Capital outlay:					
General government	-	-	5,434	5,093	10,527
Public safety	-	-	838,662	-	838,662
Highways and streets	-	-	14,750	-	14,750
Debt service					
Principal retirement	19,442	1,020,000	-	-	1,039,442
Interest	4,904	210,928	-	-	215,832
Debt issue costs	-	-	23,644	-	23,644
Paying agent fees	-	2,520	-	-	2,520
Total expenditures	<u>2,425,414</u>	<u>1,233,448</u>	<u>882,490</u>	<u>168,533</u>	<u>4,709,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(326,992)</u>	<u>(415,320)</u>	<u>(873,239)</u>	<u>31,089</u>	<u>(1,584,462)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)	341,282	474,247	-	8,718	824,247
Debt proceeds	-	-	1,600,000	-	1,600,000
Total other financing sources and uses	<u>341,282</u>	<u>474,247</u>	<u>1,600,000</u>	<u>8,718</u>	<u>2,424,247</u>
Net change in fund balances	<u>14,290</u>	<u>58,927</u>	<u>726,761</u>	<u>39,807</u>	<u>839,784</u>
Fund balances - beginning	290,651	216,539	-	130,409	637,599
Fund balances - ending	<u>\$ 304,941</u>	<u>\$ 275,466</u>	<u>\$ 726,761</u>	<u>\$ 170,216</u>	<u>\$ 1,477,383</u>

*The accompanying notes are an integral part of this statement.*



**City of Jacksboro, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**September 30, 2008**

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

Net change in fund balances - total governmental funds	\$ 839,784
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.	491,950
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets	(6,116)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(784,527)
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.	12,023
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>74,989</u>
Change in net assets of governmental activities	<u>\$ 628,104</u>

*The accompanying notes are an integral part of this statement.*

**City of Jacksboro, Texas**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 298,000	\$ 298,000	\$ 293,496	\$ (4,504)
Sales	1,076,500	1,076,500	1,140,405	63,905
Franchise	347,000	347,000	341,314	(5,686)
Charges for services	2,500	2,500	2,460	(40)
Licenses, permits and fees	30,000	30,000	53,996	23,996
Recreation fees	45,000	45,000	35,016	(9,984)
Court fines	182,000	182,000	138,182	(43,818)
Rentals	4,000	4,000	3,900	(100)
Donations	-	40,250	40,475	225
Intergovernmental	-	1,629	1,631	202
Interest income	12,000	12,000	7,121	(4,879)
Miscellaneous	14,800	11,594	40,226	28,632
Total revenues	<u>2,011,800</u>	<u>2,050,473</u>	<u>2,098,422</u>	<u>47,949</u>
<b>EXPENDITURES</b>				
Current:				
Legislative	39,175	42,175	31,869	10,306
General government	776,035	773,149	772,176	973
Public safety	1,102,316	1,116,506	1,066,488	50,018
Streets	214,501	216,301	228,829	(12,528)
Culture and recreation	309,243	337,518	301,706	35,812
Debt service:				
Capital lease Principal	18,508	18,508	19,442	(934)
Capital lease interest	4,904	4,904	4,904	-
Total expenditures	<u>2,464,682</u>	<u>2,509,060</u>	<u>2,425,414</u>	<u>83,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(452,882)</u>	<u>(458,588)</u>	<u>(326,992)</u>	<u>131,596</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	350,000	350,000	350,000	-
Transfers out	(8,000)	(8,000)	(8,718)	(718)
Total other financing sources and uses	<u>342,000</u>	<u>342,000</u>	<u>341,282</u>	<u>(718)</u>
Net change in fund balances	<u>(110,882)</u>	<u>(116,588)</u>	<u>14,290</u>	<u>130,878</u>
Fund balances - beginning	290,651	290,651	290,651	-
Fund balances - ending	<u>\$ 179,770</u>	<u>\$ 174,064</u>	<u>\$ 304,941</u>	<u>\$ 130,878</u>

*The accompanying notes are an integral part of this statement.*

**City of Jacksboro, Texas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2008**

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 511,374
Receivables (net of allowance for uncollectibles)	394,966
Total current assets	<u>906,340</u>
Noncurrent assets:	
Deferred charges	28,918
Capital assets:	
Water and sewer system	9,994,702
Machinery and equipment	284,293
Furniture and fixtures	45,199
Construction in progress	18,140
Less: accumulated depreciation	<u>(4,120,828)</u>
Total capital assets (net of accumulated depreciation)	<u>6,221,506</u>
Total noncurrent assets	<u>6,250,424</u>
Total assets	<u>7,156,764</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and other current liabilities	173,419
Wages payable	17,977
Utility customer deposits	44,461
Compensated absences	20,000
Lease payable current	6,048
Bonds payable current	40,000
Accrued interest payable	<u>8,521</u>
Total current liabilities	<u>310,426</u>
Noncurrent liabilities:	
Bonds payable	910,000
Lease payable	-
Compensated absences	<u>42,140</u>
Total noncurrent liabilities	<u>952,140</u>
Total liabilities	<u>1,262,566</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	5,686,151
Unrestricted	<u>207,847</u>
Total net assets	<u>\$ 5,893,998</u>

*The accompanying notes are an integral part of this statement.*

**City of Jacksboro, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	<u>Water and Sewer Fund</u>
OPERATING REVENUES:	
Charges for sales and services:	
Water sales	\$ 1,094,041
Sewer charges	716,448
Solid waste	492,157
Penalties	38,183
Tap fees	9,900
Miscellaneous	4,651
Total operating revenues	<u>2,355,380</u>
OPERATING EXPENSES:	
Costs of sales and services:	
Salaries and benefits	595,792
Supplies and maintenance	338,599
Contractual services	111,616
Sanitation contractual services	472,458
Depreciation	250,651
Bad debt expense	14,797
Total operating expenses	<u>1,783,913</u>
Operating income (loss)	<u>571,467</u>
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	15,120
Interest expense	(41,051)
Capital improvement fees	57,092
Capital contribution	261,674
Total nonoperating revenue (expenses)	<u>292,835</u>
Income before contributions and transfers	<u>864,302</u>
Transfers in/out	<u>(824,247)</u>
Change in net assets	40,055
Total net assets - beginning	5,853,943
Total net assets - ending	<u>\$ 5,893,998</u>

*The accompanying notes are an integral part of this statement.*

**City of Jacksboro, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	<b>Water and Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 2,341,496
Cash payments to suppliers for goods and services	(828,968)
Cash payments to employees and professional contractors for services	(595,627)
Net cash provided from operating activities	<u>916,901</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer to other funds	(824,047)
Net cash used by noncapital financing activities	<u>(824,047)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(542,111)
Bond sale proceeds	197,044
Principal and interest paid on capital debt	(67,099)
Contributed capital	261,674
Capital improvement fees	57,092
Net cash used by capital and related financing activities	<u>(93,400)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	15,120
Net cash provided by investing activities	<u>15,120</u>
Net increase in cash and cash equivalents	14,574
Cash and cash equivalents, October 1, 2007	496,800
Cash and cash equivalents, September 30, 2008	<u>\$ 511,374</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 571,467
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	250,651
Increase in bad debt	(23,796)
Decrease in accounts receivable	9,913
Increase in accounts payable	108,666
Net cash provided by operating activities	<u>\$ 916,901</u>

*The accompanying notes are an integral part of this statement.*

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**1. Summary of Significant Accounting Policies**

The financial statements of The City of Jacksboro, Texas (the City) have been prepared in conformity with generally accepted accounting principles (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 of Jacksboro, Texas 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: public safety (police and fire), streets, sanitation, planning and zoning, and general administrative services. Other services include water and sewer operations and sanitation. Fire protection is provided by the Jacksboro Volunteer Fire Department. The City, for financial purposes, includes all of the funds relevant to the operations of the City of Jacksboro.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units of the City include those of separately administered organizations that are 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) 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 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. Implementation of new accounting principles**

In fiscal year 2004, the City implemented GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. There was no effect on fund balance as a result of implementing these statements.

GASB 34 creates new basic financial statements for reporting the City's financial activities. The financial statements now include government-wide statements prepared on an accrual basis of accounting and fund financial statements that present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

As part of this statement, there is a new reporting option regarding a local government's infrastructure (streets, bridges, traffic signals, etc.) with a four year implementation window through fiscal year ended September 30, 2008. Due to the pending inventory and valuation of

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

historic infrastructure (acquired and/or constructed prior to fiscal year 2004), the City has elected not to implement complete historic infrastructure reporting for the years ended September 30, 2004, 2005, 2006 and 2007.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component unit. Activity for the primary government and its component unit are reported in a discrete presentation in the government-wide financial statements. The effect of interfund activity between governmental activities and business-type activities has been eliminated in these statements.

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 assets from October 1, 2007 to September 30, 2008. 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 services, general government services, public safety services, highways and streets services, culture and recreation services, economic development services, water, wastewater utility and sanitation services. Direct expenses are those that are clearly identifiable with a specific function of city government. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly 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 proprietary funds; these funds are classified as fund financial statements. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for individual funds 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 under the methods outlined in GASB Statement No. 34.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The major funds at September 30, 2008, are as follows: general fund, interest and sinking fund, capital projects fund, and water and wastewater utility fund. The nonmajor governmental funds are: hotel motel tax, court technology, court security, school safety, crossing guard and grant special revenue funds, and landfill capital projects fund.

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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.

**Interest and Sinking Fund:** This governmental debt service type fund is used to account for the annual debt service requirements of the City.

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

**Jacksboro Economic Development Corporation Fund:** This fund accounts for all financial resources of the Jacksboro Economic Development Corporation.

Major enterprise funds include the following:

**Water and Wastewater Utility Fund:** This proprietary enterprise type fund is used to account for the water and wastewater utility services provided by the City.

**D. 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 Fund pursuant to City ordinances.

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

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 and due on the next October 1 and are past due after February 1 of the following year. Property tax receivables are recorded on October 1 when taxes are assessed with a reserve estimate for uncollectibles. Property tax revenues are recorded as taxes are collected. Delinquent tax payments are recognized as revenue when both measurable and available. Additional 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 Generally Accepted Accounting Principles have been recognized as revenue.

**2) Proprietary Funds**

The accrual basis of accounting and flow of economic resources measurement focus are used in all proprietary fund types. Under the accrual basis of accounting, revenues are recognized when



**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

earned, and expenses (including depreciation) are recorded when the liability is incurred. For the proprietary funds and for the government-wide financial statements and in accordance with paragraph 7 of GASB Statement No. 20, *Accounting and Financial reporting for Proprietary Fund and Other Governmental Entities that Use Proprietary Fund Accounting*, the City applies all FASB guidance issued on or before November 30, 1989, unless it conflicts with or contradicts GASB guidance, and has chosen not to follow FASB guidance issued subsequent to that date.

The accounting objectives are the determination of net income, financial position and cash flows. Proprietary fund equity is segregated into (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets.

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 services, and depreciation on capital assets. All revenues 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 and Wastewater enterprise fund of the City is classified as a business-type activity in the government-wide statements of net assets and activities.

**E. Assets, Liabilities, Fund Balance/Net Assets and Other**

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

The City's cash, investments and temporary deposit 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, buildings, 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:

Buildings	20-50 years
Machinery and Equipment	5-15 years
Infrastructure	20-40 years

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**3) Encumbrances**

Outstanding purchase orders are presented as fund balance reserved for encumbrances in the City's funds.

**4) 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 Statement No.16, *Accounting for Compensated Absences*.

**5) Risk Management**

The City purchases commercial insurance with Texas Municipal League to reduce exposure to risks of loss related to natural disasters, injuries to employees, errors and omissions, and damage or theft of assets. The City accounts for risk management issues in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, leases payable, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$8,788,402 difference are as follows:

Bonds payable	\$ 8,520,895
Less: deferred charge for issuance costs (to be amortized over life of debt)	(30,848)
Accrued interest on the bonds	164,046
Capital leases payable	92,814
Compensated absences	<u>41,496</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 8,788,403</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 assets 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 \$491,494 difference are as follows:

**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Capital outlay	\$ 846,099
Depreciation expense	<u>(354,149)</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 491,950</u>

Another element of that reconciliation states that "the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets." The details of this \$6,116 difference are as follows:

Proceeds from the sale of capital assets	\$ -
Loss on sale of assets	<u>6,116</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 6,116</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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$784,527 difference are as follows:

Debt principal repayments:	
General obligation debt	\$ (803,965)
Capital leases	<u>19,438</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (784,527)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resource and therefore are not reported as expenditures in governmental funds". The details of this \$12,023 difference are as follows:

Accrued interest	\$ (1,592)
Amortization of issuance costs	<u>(974)</u>
Compensated absences	<u>14,589</u>
Net adjustment to decrease <i>net changes in fund balance</i>	<u>\$ 12,023</u>

Another element of that reconciliation states that "Some revenues reported in the statement of activities do not provide current financial resource and therefore are not reported as revenues in governmental funds". The details of this \$74,989 difference are as follows:

Ad valorem taxes	\$ (12,094)
Municipal court fines	<u>87,083</u>
Net adjustment to increase <i>net changes in fund balance</i>	<u>\$ 74,989</u>

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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

**A. Budget and Budgetary Accounting**

The City Council adopts an annual budget for the General Fund, Special Revenue Funds, Debt Service Fund and Utility Fund. The Capital Projects Funds are budgeted on a project basis. The annual budgets for the General Fund, Debt Service and Special Revenue Funds are adopted on a modified accrual basis. The budget for the Utility 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 the City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. All budget appropriations lapse at year end.

**B. Budget Amendments**

For the year ended September 30, 2008 the General Fund budget was amended during the fiscal year to reflect additional expenditures of \$44,378. These additional costs included: \$8,400 for the purchase of a new cage for the animal control vehicle, \$31,600 in parks and recreation including funding to assist with construction of a water feature, a new restroom at the current park facility and the purchase of new exercise equipment for the activity center. These increased costs are funded partially by donations of \$40,000 and additional sales tax. The net effect of the budget amendments to the General Fund balance is an additional budgeted decrease of \$5,705.

**4. Detailed Notes on All funds**

**A. Assets**

**1) Deposits**

At September 30, 2008, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$717,582, and the combined bank account balances at the First Bank of Jacksboro amounted to \$822,410. The difference of \$108,465 is due to a combination of deposits in transit and outstanding checks. The City's cash deposits at September 30, 2008 and during the fiscal year ended September 30, 2008, 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.

**CITY OF JACKSBORO, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**2) Investments**

State statutes authorize the City to invest in U.S. Treasury Obligations, agencies and instrumentalities, in obligations of the State of Texas and other political subdivisions of any state rated "A" or above by Standard and Poor's Corporation or Moody's, and repurchase agreements. The City did not engage in repurchase nor reverse repurchase agreement transactions during the year.

At September 30, 2008 the book value of the City's deposits in TexSTAR local government investment pool was \$1,101,556.06, and the combined account balances at TexSTAR amounted to \$1,101,556.06. The average monthly rate of the pool was 2.2986%, the weighted average maturity of the pool was 20 days and the net asset value of the pool was 0.999262.

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.

GASB Statement No. 40 requires 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 meeting requirements under the Public Funds Investment Act, rated no lower than AAA and 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.

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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:

1. Investments are limited to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. treasury securities).
2. Limiting investment in securities that have higher credit risks.
3. Investing in securities with varying maturities.
4. Continuously investing in 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.

**3) Receivables**

Receivables as of the year ended September 30, 2008 for the City's individual major funds including the allowances for uncollectible accounts, are as follows:

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	General Fund	Hotel/Motel Tax Fund	Debt Service Fund	Utility Fund	Total
<b>Receivables:</b>					
Property tax	\$ 18,575	\$ -	\$ 49,728	\$ -	\$ 68,303
Sales tax	227,208	-	-	-	227,208
Hotel/Motel Tax	-	4,636	-	-	4,636
Franchise fees	23,292	-	-	-	23,292
Municipal Court fines	385,298	-	-	-	385,298
Customer accounts	-	-	-	404,980	404,980
Miscellaneous	3,722	-	-	-	3,722
<b>Gross Receivables</b>	<b>658,095</b>	<b>4,636</b>	<b>49,728</b>	<b>404,980</b>	<b>1,117,439</b>
<b>Less: Allowance for uncollectibles</b>					
Property tax	(4,466)	-	(11,849)	-	(16,314)
Municipal Court fines	(192,649)	-	-	-	(192,649)
Customer accounts	-	-	-	(10,015)	(10,015)
	<b>(197,115)</b>	<b>-</b>	<b>(11,849)</b>	<b>(10,015)</b>	<b>(218,978)</b>
<b>Net total receivables</b>	<b>\$ 460,980</b>	<b>\$ 4,636</b>	<b>\$ 37,879</b>	<b>\$ 394,966</b>	<b>\$ 898,461</b>

**4) Capital Assets**

Capital assets, additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2008 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 185,714	\$ 84,164	\$ -	\$ 269,878
Construction in progress	40,577	-	-	40,577
Total capital assets not being depreciated	226,291	84,164	-	310,455
Capital assets, being depreciated:				
Furniture and fixtures	76,524	-	-	76,524
Machinery & equipment	715,531	118,019	(98,439)	735,110
Streets	1,005,762	-	-	1,005,762
Lost Creek Dam & Reservoir	8,355,568	-	-	8,355,568
Buildings and improvements	1,170,691	643,917	-	1,814,608
Total capital assets being depreciated	11,324,076	761,935	(98,439)	11,987,572
Less: accumulated depreciation for:				
Furniture and fixtures	(76,105)	(419)	-	(76,524)
Machinery & equipment	(450,714)	(60,836)	92,323	(419,227)
Streets	(61,871)	(50,287)	-	(112,158)
Lost Creek Dam & Reservoir	(2,323,255)	(163,035)	-	(2,486,290)
Buildings and improvements	(640,996)	(79,571)	-	(720,567)
Total accumulated depreciation	(3,552,941)	(354,149)	92,323	(3,814,767)
Total capital assets being depreciated, net	7,771,135	407,786	(190,763)	8,172,806
<b>City capital assets, net</b>	<b>\$ 7,997,426</b>	<b>\$ 491,950</b>	<b>\$ (190,763)</b>	<b>\$ 8,483,261</b>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	104,794	-	(86,654)	18,140
Total capital assets not being depreciated	104,794	-	(86,654)	18,140
Capital assets, being depreciated:				
Furniture & fixtures	45,199	-	-	45,199
Machinery & equipment	242,108	42,185	-	284,293
Water and sewer system	9,408,122	586,580	-	9,994,702
Buildings and improvements	-	-	-	-
Total capital assets being depreciated	9,695,429	628,765	-	10,324,194
Less: accumulated depreciation for:				
Furniture & fixtures	(40,113)	(1,408)	-	(41,521)
Machinery & equipment	(188,876)	(18,686)	-	(207,362)
Water and sewer system	(3,641,389)	(230,556)	-	(3,871,945)
Buildings and improvements	-	-	-	-
Total accumulated depreciation	(3,870,178)	(250,650)	-	(4,120,828)
Total capital assets being depreciated, net	5,825,251	378,115	-	6,203,366
<b>City capital assets, net</b>	<b>\$ 5,930,045</b>	<b>\$ 378,115</b>	<b>\$ (86,654)</b>	<b>\$ 6,221,507</b>

Depreciation expense was charged to governmental functions as follows:

<u>Depreciation Detail by Function</u>	<u>Amount</u>
Culture and Recreation	\$ 214,845
General Government	11,553
Highways and Streets	63,921
Public Safety	63,830
Total Depreciation	<u>\$ 354,149</u>

**B. Liabilities**

1) Changes in general long term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 7,940,895	\$ 1,600,000	\$ (1,020,000)	\$ 8,520,895	\$ 470,901
Capital leases payable	112,251	-	(19,438)	92,813	16,520
Compensated absences	56,084	47,428	(62,017)	41,495	8,000
<b>Governmental activity long-term liabilities</b>	<b>\$ 8,109,230</b>	<b>\$ 1,647,428</b>	<b>\$ (1,101,455)</b>	<b>\$ 8,655,203</b>	<b>\$ 495,421</b>
<b>Business-type activities:</b>					
Bonds Payable	\$ 775,000	\$ 200,000	\$ (25,000)	\$ 950,000	\$ 40,000
Capital leases payable	11,786	-	(5,738)	6,048	6,048
Compensated absences	66,693	22,443	(26,996)	62,140	20,000
<b>Business-type activity long-term liabilities</b>	<b>\$ 853,479</b>	<b>\$ 222,443</b>	<b>\$ (57,734)</b>	<b>\$ 1,018,188</b>	<b>\$ 66,048</b>

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

2) Bonds payable:

Bonded indebtedness of the City is reflected in the Statement of Net Assets, and current requirements for principal and interest expenditures are accounted for in the general debt service



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fund and utility funds. A summary of the changes in governmental activities and business-type activities long-term debt for the fiscal year ended September 30, 2008, is as follows:

Description	Series	Interest Rate	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>								
Comb Tax & Rev - Cert of Obligation	1988	4.7 - 7.45%	\$ 5,789,013	\$ 3,640,895	\$ -	\$ (715,000)	\$ 2,925,895	\$ 715,000
Comb Tax & Rev - Cert of Obligation	1994A	4.25 - 5.9%	1,535,000	180,000	-	(55,000)	125,000	-
Comb Tax & Rev - Cert of Obligation	1994B	4.75 - 6.9%	1,040,000	-	-	-	-	-
Comb Tax & Rev - Cert of Obligation	1997	3.45 - 4.95%	2,550,000	1,725,000	-	(115,000)	1,610,000	-
General Obligation Refunding Bonds	1999	3.8 - 5.2%	5,760,000	1,730,000	-	(110,000)	1,620,000	-
Comb Tax & Rev - Cert of Obligation	2004	10%	-	-	-	-	-	-
Comb Tax & Rev - Cert of Obligation	2004	4.65%	273,000	255,000	-	(10,000)	245,000	10,000
Comb Tax & Rev - Cert of Obligation	2006	4.73%	455,000	410,000	-	(15,000)	395,000	15,000
Comb Tax & Rev - Cert of Obligation	2008	4.00%	1,600,000	-	1,600,000	-	1,600,000	70,000
<b>Total Governmental Activities</b>			<b>\$ 19,012,013</b>	<b>\$ 7,940,895</b>	<b>\$ 1,600,000</b>	<b>\$ (1,020,000)</b>	<b>\$ 8,520,895</b>	<b>\$ 810,000</b>
<b>Business-type activities:</b>								
<b>Water and wastewater fund</b>								
Comb Tax & Rev - Cert of Obligation	2004	4.65%	\$ 262,000	\$ 230,000	\$ -	\$ (10,000)	\$ 220,000	\$ 10,000
Comb Tax & Rev - Cert of Obligation	2006		545,000	545,000	-	(15,000)	530,000	20,000
Comb Tax & Rev - Cert of Obligation	2008		200,000	-	200,000	-	200,000	10,000
<b>Total Business-type Activities</b>			<b>\$ 1,007,000</b>	<b>\$ 775,000</b>	<b>\$ 200,000</b>	<b>\$ (25,000)</b>	<b>\$ 950,000</b>	<b>\$ 40,000</b>

Annual debt service requirements are as follows:

**CITY OF JACKSBORO**  
**ANNUAL DEBT SERVICE REQUIREMENTS**

Years ending September 30:	Principal	Interest	Total Requirements
<b>Governmental activities:</b>			
2009	\$ 892,855	\$ 493,273	\$ 1,386,128
2010	966,011	414,089	1,380,099
2011	1,022,061	352,881	1,374,942
2012	1,071,226	288,229	1,359,455
2013	1,118,742	219,912	1,338,655
2014-2018	2,050,000	555,019	2,605,019
2019-2023	805,000	205,789	1,010,789
2024-2028	595,000	56,751	651,751
<b>Total governmental activities</b>	<b>\$ 8,520,895</b>	<b>\$ 2,585,943</b>	<b>\$ 11,106,838</b>
<b>Business-type activities:</b>			
2009	\$ 40,000	\$ 45,163	\$ 85,163
2010	40,000	40,575	80,575
2011	40,000	38,764	78,764
2012	40,000	36,953	76,953
2013	45,000	35,042	80,042
2014-2018	250,000	140,862	390,862
2019-2023	300,000	80,012	380,012
2024-2028	195,000	14,570	209,570
<b>Total business-type activities</b>	<b>\$ 950,000</b>	<b>\$ 431,941</b>	<b>\$ 1,381,941</b>

**3) 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, 2008 are

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accounted for in the Statement of Net Assets. The assets acquired through capital leases are as follows:

	<u>Net Asset Book Value</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>						
Fire truck	\$ 115,767	\$ 108,548	\$ -	\$ (15,733)	\$ 92,813	\$ 16,520
2004 one ton truck	13,115	-	-	-	-	-
2004 Kubota	17,671	-	-	-	-	-
2005 Crown Victoria	14,270	3,705	-	(3,705)	-	-
<b>Total Governmental Activities:</b>	<u>\$ 160,823</u>	<u>\$ 112,251</u>	<u>\$ -</u>	<u>\$ (19,438)</u>	<u>\$ 92,813</u>	<u>\$ 16,520</u>
<b>Business-type activities:</b>						
<b>Water and wastewater fund</b>						
Backhoe	\$ 21,227	\$ -	\$ -	\$ -	\$ -	\$ -
2004 one ton truck	10,259	-	-	-	-	-
2007 pickup	17,233	11,786	-	(5,738)	6,048	6,048
<b>Total Business-type Activities:</b>	<u>\$ 48,719</u>	<u>\$ 11,786</u>	<u>\$ -</u>	<u>\$ (5,738)</u>	<u>\$ 6,048</u>	<u>\$ 6,048</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2008 as follows:

**CITY OF JACKSBORO**  
**ANNUAL DEBT SERVICE REQUIREMENTS LEASES**

<u>Years ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
<b>Governmental activities:</b>			
2009	\$ 16,519	\$ 4,094	\$ 20,612
2010	17,329	3,283	20,612
2011	18,180	2,433	20,612
2012	19,067	1,545	20,612
2013	21,718	612	22,330
<b>Total governmental activities</b>	<u>\$ 92,813</u>	<u>\$ 11,967</u>	<u>\$ 104,778</u>
<b>Business-type activities:</b>			
2009	\$ 6,048	\$ 173	\$ 6,221
<b>Total business-type activities</b>	<u>\$ 6,048</u>	<u>\$ 173</u>	<u>\$ 6,221</u>

**4) Retirement Plan:**

**Pension Plan**

*Plan Description.* The City's pension plan is administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide agent multiple-employer defined benefit pension plan that administers 827 nontraditional, joint contributory, hybrid defined benefit plans covering all eligible employees of member cities in Texas.

*Benefits.* Upon retirement, benefits depend on the sum of the employee's contributions, with interest, and the city-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the inception of each city's plan, the city granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to

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establishment of the plan. Monetary credits for service since each plan began (or current service credits) are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, each city can grant, either annually or on an annually repeating basis, another type of monetary credit referred to as Updated Service Credit. This monetary credit is determined by hypothetically re-computing the member's account balance by assuming that the current member deposit rate of the currently employing city (5%, 6%, or 7%) has always been in effect. The computation also assumes that the member's salary has always been the member's average salary — using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the city match currently in effect (100%, 150%, or 200%). The resulting sum is then compared to the member's actual account balance increased by the actual city match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three lifetime survivor options; or one of three guaranteed term options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution (PLSD) in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75% of the total member deposits and interest. A member city may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of a calendar year. Cities may adopt annuity increases at a rate equal to either 30%, 50%, or 70% of the increase (if any) in the Consumer Price Index — all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases. Members in most cities can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Some cities have elected retirement eligibility with 25 years of service regardless of age. Most plans also provide death benefits and all provide disability benefits.

Effective January 1, 2002, members are vested after 5 years, unless a city opted to maintain 10-year vesting. The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS.

Members may work for more than one TMRS city during their career. If an individual has become vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

*Contributions.* The contribution rates for employees are either 5%, 6%, or 7% of employee gross earnings (three cities have a 3% rate, which is no longer allowed for new cities under the Act), and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of each city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method (effective with the December 31, 2007 actuarial valuation). This rate consists of the normal cost contribution rate and the prior service cost contribution rate. The normal cost contribution rate finances the currently accruing monetary credits due to the city matching percentage, which are the obligation of the city as of the employee's retirement date, not at the time the employee's contributions are made. A member city's retirement contribution rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes

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the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating updates, such as Updated Service Credit and Annuity Increases. The employer contribution rate cannot exceed a statutory maximum rate, which is a function of the employee contribution rate and the city matching percentage. There is an optional higher maximum that may be applied in certain circumstances if elected by the city, or a city may elect to remove the maximum rate. For example, with a 6% employee contribution rate and a city matching percentage of 200%, the maximum employer contribution rate is 12.5% (13.5% if the higher maximum is elected). The maximum does not apply at all for cities beginning participation on or after December 31, 1999.

Contributions are made monthly by both the employees and the member cities. Since each member city must know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the contribution rate and the calendar year when the rate goes into effect. Contributions totaling \$512.9 million and \$470.7 million were made in 2007 and 2006 by the member cities in accordance with the actuarially determined city contribution rates, based on the December 31, 2005 and 2004 actuarial valuations, respectively. The employees of the cities contributed \$276.0 million and \$257.3 million in 2007 and 2006 in accordance with the city-adopted employee contribution rate for each city.

PLAN PROVISIONS	2005	2006	2007
1 Total # of participating entities	811	821	827
<u>City Specific:</u>			
2 Employee deposit rate	7.0%	7.0%	7.0%
3 Matching ratio (city to employee)	1.5 to 1	2 to 1	2 to 1
4 Years required for vesting	5	5	5
5 Service retirement eligibility (age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
6 Updated service credit	100%	100%	100%
annually repeating (Y/N)	Y	Y	Y
7 Annuity increase to retirees	70%	70%	70%
annually repeating (Y/N)	Y	Y	Y
8 Supplemental death benefit			
for active employees (Y/N)	Y	Y	Y
for active retirees (Y/N)	Y	Y	Y

*Funding Policy.* Eligible City employees are required to contribute 7 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; these rates are provided to the City on an annual basis, following the completion of an actuarial valuation. The 2007 rate was 11.14% of annual covered payroll. There is a time delay in the valuation and when the rate becomes effective – for example, the January 1, 2007 contribution rate is based on the 12/31/2005 valuation results; if a change in plan provisions is elected by the City, this rate can change. The actuary determines contribution rates on a calendar year basis; the City discloses the annual pension costs (which equal the required contributions) based on the calculated rate for the City's fiscal year.

*Annual Pension Cost.* For the fiscal year ended September 30, 2007, the City's annual pension cost of \$139,259 was equal to the City's required and actual contributions.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2005	\$81,458	100%	\$0
09/30/2006	\$106,052	100%	\$0
09/30/2007	\$139,259	100%	\$0

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The required contribution was determined as part of the December 31, 2005 actuarial valuation using the Unit Credit actuarial funding method. The actuarial assumptions at December 31, 2005 included (a) a 7.0 % investment rate of return, (b) no projected salary increases, and (c) an inflation factor of 3.5%. City specific assumptions included (a) payroll growth assumption of 3% and (b) High/Low withdrawal rates for Male/Female.

ACTUARIAL INFORMATION	2005	2006	2007
1 Actuarial cost method	Unit Credit	Unit Credit	Projected Unit Credit
2 Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
3 Amortization period	25 years - open period	25 years - open period	25 years - open period
4 Asset valuation method	Amortized cost	Amortized cost	Amortized cost
5 Assumptions			
Investment return	7%	7%	7%
Projected salary increases	None	None	Varies by age and service
Inflation	3.5%	3.5%	3.0%
Cost of living adjustments	None	None	2.1 % (3.0% CPI)
6 City specific assumptions			
Payroll growth assumption	3.0%	3.0%	3.0%
Withdrawal rates for male/female	High/Low	High/Low	High/Low

*Funded Status and Funding Progress.* As of December 31, 2007, the most recent actuarial valuation date, the plan was 61.9% funded. The actuarial accrued liability for benefits was \$3.847 million, and the actuarial value of assets was \$2.381 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.514 million, and the ratios of the UAAL to the covered payroll was 96.8%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**5) Other Post Employment Benefits:**

**OPEB – Supplemental Death Benefits Plan**

*Plan Description.* TMRS also administers a cost sharing multiple-employer defined benefit group term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating municipalities may elect, by ordinance, to provide group-term life insurance coverage ("supplemental death benefits") for their active members and/or retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

*Benefits.* Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered a postemployment benefit other than pension benefit (OPEB or other postemployment benefit) and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund.

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*Contributions.* Contributions are made monthly based on the covered payroll of employee members of the participating municipality. The contractually required contribution rate is determined annually for each municipality. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the municipality. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan 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. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net assets available for OPEB.

*Funded Status and Funding Progress.* Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule includes results for as many valuations as have been performed based on the parameters established under GASB Statement No. 43, which was implemented by the System effective December 31, 2006.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Additional information as of the latest actuarial valuation follows: Assets of the SDBF are valued at "fund value" (or fund balance) as these assets are pooled with those of the Pension Trust Fund under the provisions of the TMRS Act. GASB Statement No. 43 requires the investment return (discount rate) assumption to take into account the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Benefits are expected to be provided partially from accumulated plan assets (including accumulated investment earnings) and partially from direct employer contributions. While assets invested in the Supplemental Death Benefit Fund are expected to earn 5% interest annually, employer contributions will be made from working funds held in cash or short-term investments. Based on the expected blend of the source of these funds, the investment return assumption has been set at 4.25%.

	2007
PLAN PROVISIONS	
1 Total # of participating entities offering supplemental death to retirees	714
<u>City Specific:</u>	
2 Jacksboro offers supplemental death to:	
active employees (yes/no)	Yes
retirees (yes/no)	Yes

*Funding Policy.* Participating cities are contractually required to contribute at a rate assessed each year by the TMRS SDBF, for 2007 this was 0.34% of the annual covered payroll. The City's contributions for the years ended September 30, 2007, 2006, and 2005 were \$4,502, \$4,214, and \$3,488, respectively, which equaled the required contributions each year.

**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

ACTUARIAL INFORMATION	2007
1 Valuation date	12/31/2007
2 Actuarial cost method	Projected Unit Credit
3 Amortization method	Level percent of payroll
4 Amortization period	25 years - open period
5 Asset valuation method	Fund value
6 Assumptions	
Investment return	4.25%
Projected salary increases	None
Inflation	3.0%
Cost of living adjustments	None
7 City specific assumptions	
Payroll growth assumption	3.0%
Withdrawal rates for male/female	High/Low

**C. Restricted Assets**

Restricted assets held for specific purposes in accordance with bond covenants or legal restrictions at September 30, 2008, are comprised of the following:

**Governmental funds restricted assets:**

Special revenue funds:	
Hotel/motel fund	\$ 100,088
Court technology fund	22,880
Court security fund	45
School safety fund	159
Crossing guard fund	3,944
Grant fund	30,210
Debt service fund	275,466
<b>Total governmental funds restricted assets:</b>	<b>\$ 432,792</b>

**Utility fund restricted assets:**

Utility customer deposits	\$ 44,461
---------------------------	-----------

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 cash accounts were intended. These restrictions generally do not extend to the segregation of cash; however, interest-bearing accounts and/or interest income allocation are required under certain programs.

**D. Prior Period Adjustment**

A portion of the Series 1988 Combination Tax and Revenue Certificates of Obligation were sold as non-callable Capital Appreciation Certificates. Capital Appreciation Certificates are zero coupon discount bonds which are sold at a percent of par and then mature to their stated value. The original amounts issued were 1,001 certificates for \$1,014,013, with final maturity values of \$5,000 each, for a total stated maturity value of \$5,005,000. The difference between the original amount and stated maturity amount is \$3,990,987. Until the certificates mature at face value, the difference between the original amount and stated maturity amount is recognized as interest expense in the government-wide statement of activities and as an increase in bonds payable in the government-wide statement of net assets. A \$2,557,758 reduction to governmental activities beginning net assets and increase to beginning bonds payable is reflected in this year's

**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

government-wide statements as if the annual accretion of interest expense on the 1988 capital appreciation certificates were recognized in the prior year's financial statements.

**5. Subsequent Events**

On October 8, 2008, the City issued \$2,635,000 of General Obligation Refunding Bonds, Series 2008 with a net interest cost of 4.66 percent. The bonds were used to (1) refund \$2,565,000 of the City's outstanding debt and (2) pay the costs associated with the issuance of the bonds. The debt refunded consisted of \$125,000 of Combination Tax and Revenue Certificates of Obligation, Series 1994-A, \$1,610,000 of Combination Tax and Revenues Certificates of Obligation, Series 1997 and \$830,000 of General Obligation Refunding Bonds, Series 1999. The City reduced its aggregate debt service payments by \$558,516 over the next twelve years and obtained a present value debt service savings of \$2,839.36.

**6. 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 the public purposes to study and fund permissible projects prescribed in the Development Corporation Act.

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

The 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, and then distributed to the Corporation by the City offices. The Corporation records all sales taxes earned during the fiscal year as revenue when earned and available. Sales tax receivable at September 30, 2008 consisted of \$161,638.

As of September 30, 2008, the carrying amount of the Corporation's deposits was \$865,860 and the bank balance was \$865,860. Of the Corporation's cash deposits at September 30, 2007 and during the year ended September 30, 2008, \$200,000 was covered by FDIC insurance.

**Capital Asset Activity:**

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 539,678	\$ -	\$ -	\$ 539,678
<b>JEDC capital assets, net</b>	<b>\$ 539,678</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 539,678</b>

In FY 05 the Corporation acquired: 1) a building located on the City's town square. The Corporation plans to renovate this historic structure and use it to promote tourism in the community; and 2) 270 acres south of the City of Jacksboro, Texas to be developed as a business park to promote the acquisition of new industry for the city. To acquire this property the Corporation borrowed \$321,658 from the Jacksboro National Bank at the rate of 6% per year. The Corporation's Board of Directors has an officer of the Jacksboro National Bank as a member.



**CITY OF JACKSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

Long Term Debt Activity:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Note Payable - Jacksboro National Bank	\$ 164,843	\$ -	\$ (88,860)	\$ 75,983	\$ 75,983
<b>Total Governmental Activities:</b>	<u>\$ 164,843</u>	<u>\$ -</u>	<u>\$ (88,860)</u>	<u>\$ 75,983</u>	<u>\$ 75,983</u>

Annual debt requirements:

Annual debt requirements to maturity:

Year(s) ending September 30, 2009

Governmental activities:

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 65,068	\$ 10,916	\$ 75,983

*REQUIRED SUPPLEMENTARY INFORMATION*

**Required Supplementary Information**

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

<b>Actual Valuation Date</b>	<b>Actuarial Value of Assets ( a )</b>	<b>Actuarial Accrued Liability (AAL) --Entry Age ( b )</b>	<b>Unfunded AAL (UAAL) ( b - a )</b>	<b>Funded Ratio ( a / b )</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a) / c )</b>
12/31/2005	\$ 1,878,042	\$ 2,431,794	\$ 553,752	77.2%	\$ 1,154,206	48.0%
12/31/2006	2,137,492	3,055,575	918,083	70.0%	1,187,249	77.3%
12/31/2007	2,381,035	3,847,069	1,466,034	71.9%	1,514,089	96.8%

*COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES*

*STATISTICAL SECTION  
(UNAUDITED)*

**City of Jacksboro, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2008**

	Special Revenue						Capital Projects		
	Hotel/Motel Tax Fund	Court Technology Fund	Court Security Fund	School Safety Fund	Crossing Guard Fund	Grant Fund	Landfill 2004 Certificates of Obligation	Total Nonmajor Governmental Funds	
ASSETS									
Cash and cash equivalents	\$ 95,922	\$ 24,920	\$ 45	\$ 159	\$ 3,944	\$ 30,210	\$ 12,891	\$ 168,092	
Net receivables	4,636	-	-	-	-	-	-	4,636	
Due from other governments	-	-	-	-	-	-	-	-	
Total assets	100,558	24,920	45	159	3,944	30,210	12,891	172,727	
LIABILITIES AND FUND BALANCE									
Liabilities:									
Due to other funds	-	-	-	-	-	-	-	-	
Accounts payable	471	2,040	-	-	-	-	-	2,511	
Total liabilities	471	2,040	-	-	-	-	-	2,511	
Fund balances:									
Unreserved, undesignated	100,087	22,880	45	159	3,944	30,210	12,891	170,216	
Total fund balances	100,087	22,880	45	159	3,944	30,210	12,891	170,216	
Total liabilities and fund balances	\$ 100,558	\$ 24,920	\$ 45	\$ 159	\$ 3,944	\$ 30,210	\$ 12,891	\$ 172,727	

**City of Jacksboro, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2008**

	Special Revenue						Capital Projects	Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Court Technology Fund	Court Security Fund	School Safety Fund	Crossing Guard Fund	Grant Fund	Landfill 2004 Certificates of Obligation	
<b>REVENUES</b>								
Taxes:								
Franchise	\$ 19,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,682
Court fines	-	2,893	45	25	102	-	-	3,065
Interest income	2,713	732	-	12	54	-	407.00	3,918
Intergovernmental	-	-	-	-	-	172,957	-	172,957
Total revenues	<u>22,395</u>	<u>3,625</u>	<u>45</u>	<u>37</u>	<u>156</u>	<u>172,957</u>	<u>407</u>	<u>199,622</u>
<b>EXPENDITURES</b>								
Current:								
General government	7,971	-	-	-	-	-	-	7,971
Public safety	-	2,040	-	-	-	151,468	-	155,469
Capital outlay:								
General government	5,093	1,865	-	-	-	-	-	5,093
Total expenditures	<u>13,064</u>	<u>3,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,468</u>	<u>-</u>	<u>168,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,331</u>	<u>(80)</u>	<u>45</u>	<u>37</u>	<u>156</u>	<u>21,491</u>	<u>407</u>	<u>31,089</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	<u>9,331</u>	<u>(80)</u>	<u>45</u>	<u>37</u>	<u>156</u>	<u>30,209</u>	<u>407</u>	<u>39,807</u>
Fund balances - beginning	<u>90,756</u>	<u>22,960</u>	<u>-</u>	<u>420</u>	<u>3,788</u>	<u>-</u>	<u>12,483</u>	<u>130,407</u>
Fund balances - ending	<u>\$ 100,087</u>	<u>\$ 22,880</u>	<u>\$ 45</u>	<u>\$ 457</u>	<u>\$ 3,944</u>	<u>\$ 30,209</u>	<u>\$ 12,890</u>	<u>\$ 170,215</u>

**City of Jacksboro, Texas**  
**General Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 756,684	\$ 756,684	\$ 755,839	\$ (845)
Delinquent taxes	-	-	25,665	25,665
Penalty and interest	-	-	16,782	16,782
Interest income	20,000	20,000	19,842	(158)
Miscellaneous	-	512,750	-	(512,750)
Total revenues	<u>776,684</u>	<u>1,289,434</u>	<u>818,128</u>	<u>(471,306)</u>
<b>EXPENDITURES</b>				
Current:				
Principal	495,901	1,018,487	1,020,000	(1,513)
Interest	795,908	815,248	210,928	604,320
Agent fees	4,500	4,500	2,520	1,980
Total expenditures	<u>1,296,309</u>	<u>1,838,235</u>	<u>1,233,448</u>	<u>604,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(519,625)</u>	<u>(548,801)</u>	<u>(415,320)</u>	<u>133,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	535,125	535,125	474,247	60,878
Total other financing sources and uses	<u>535,125</u>	<u>535,125</u>	<u>474,247</u>	<u>60,878</u>
Net change in fund balances	<u>15,500</u>	<u>(13,676)</u>	<u>58,927</u>	<u>194,359</u>
Fund balances - beginning	<u>216,539</u>	<u>216,539</u>	<u>216,539</u>	-
Fund balances - ending	<u>\$ 232,039</u>	<u>\$ 202,863</u>	<u>\$ 275,466</u>	<u>\$ 194,359</u>



**City of Jacksboro, Texas**  
**Hotel/Motel Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Franchise	\$ 15,000	\$ 15,471	\$ 19,682	\$ 4,211
Interest income	-	1,800	2,713	913
Total revenues	<u>15,000</u>	<u>17,271</u>	<u>22,395</u>	<u>5,124</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,000	7,971	7,971	-
Capital outlay:				
General government	<u>40,000</u>	<u>40,000</u>	<u>5,093</u>	<u>34,907</u>
Total expenditures	<u>45,000</u>	<u>47,971</u>	<u>13,064</u>	<u>34,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,000)</u>	<u>(30,700)</u>	<u>9,331</u>	<u>40,031</u>
Net change in fund balances	<u>(30,000)</u>	<u>(30,700)</u>	<u>9,331</u>	<u>40,031</u>
Fund balances - beginning	<u>90,756</u>	<u>90,756</u>	<u>90,756</u>	-
Fund balances - ending	<u>\$ 60,756</u>	<u>\$ 60,056</u>	<u>\$ 100,087</u>	<u>\$ 40,031</u>

**City of Jacksboro, Texas**  
**Court Technology Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Court fines	\$ -	\$ -	\$ 2,893	\$ 2,893
Interest income	-	-	732	-
Total revenues	-	-	3,625	2,893
<b>EXPENDITURES</b>				
Current:				
General government	-	-	2,040	2,040
Capital outlay:				
General government	-	1,665	1,665	-
Total expenditures	-	1,665	3,705	2,040
Excess (deficiency) of revenues over (under) expenditures	-	(1,665)	(80)	1,585
Net change in fund balances	-	(1,665)	(80)	1,585
Fund balances - beginning	22,960	22,960	22,960	-
Fund balances - ending	<u>\$ 22,960</u>	<u>\$ 21,295</u>	<u>\$ 22,880</u>	<u>\$ 1,585</u>

**City of Jacksboro, Texas**  
**Court Security Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Court fines	\$ -	\$ -	\$ 45	\$ 45
Interest income	-	-	-	-
Total revenues	-	-	45	45
<b>EXPENDITURES</b>				
Current:				
General government				-
Capital outlay:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	45	45
Net change in fund balances	-	-	45	45
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 45	\$ 45

**City of Jacksboro, Texas**  
**School Safety Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Court fines	\$ -	\$ -	\$ 25	\$ 25
Interest income	-	-	12	12
Total revenues	-	-	37	37
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	37	37
Net change in fund balances	-	-	37	37
Fund balances - beginning	420	420	420	-
Fund balances - ending	<u>\$ 420</u>	<u>\$ 420</u>	<u>\$ 457</u>	<u>\$ 37</u>

**City of Jacksboro, Texas**  
**Crossing Guard Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Court fines	\$ -	\$ -	\$ 102	\$ 102
Interest income	-	-	54	54
Total revenues	-	-	156	156
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	156	156
Net change in fund balances	-	-	156	156
Fund balances - beginning	3,788	3,788	3,788	-
Fund balances - ending	<u>\$ 3,788</u>	<u>\$ 3,788</u>	<u>\$ 3,944</u>	<u>\$ 156</u>

**City of Jacksboro, Texas**  
**Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 141,819	\$ 203,593	\$ 172,957	\$ (30,636)
Total revenues	141,819	203,593	172,957	(30,636)
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	141,819	211,502	151,466	60,036
Total expenditures	141,819	211,502	151,466	60,036
Excess (deficiency) of revenues over (under) expenditures	-	(7,909)	21,491	29,400
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,909	7,909	8,718	(809)
Total other financing sources and uses	7,909	7,909	8,718	(809)
Net change in fund balances	7,909	-	30,209	28,591
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 7,909	\$ -	\$ 30,209	\$ 28,591

**City of Jacksboro, Texas**  
**General Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 9,251	\$ 9,251
Total revenues	-	-	9,251	9,251
<b>EXPENDITURES</b>				
Capital outlay	-	1,600,000	882,491	717,509
Total expenditures	-	1,600,000	882,491	717,509
Excess (deficiency) of revenues over (under) expenditures	-	(1,600,000)	(873,240)	(708,258)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,600,000	1,600,000	-
Total other financing sources and uses	-	1,600,000	1,600,000	-
Net change in fund balances	-	-	726,760	(708,259)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 726,760	\$ (708,259)

**City of Jacksboro, Texas**  
**Landfill Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 407	\$ 407
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	407	407
Net change in fund balances	-	-	407	407
Fund balances - beginning	12,483	12,483	12,483	-
Fund balances - ending	<u>\$ 12,483</u>	<u>\$ 12,483</u>	<u>\$ 12,890</u>	<u>\$ 407</u>



**Jacksboro Economic Development Corporation**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2008**

	<u>EDC General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 950,646
Receivables	76,852
Total assets	<u>1,027,498</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Due to general fund	47
Total liabilities	<u>47</u>
 Fund balances:	
Unreserved	1,027,451
Total fund balance	<u>1,027,451</u>
Total liabilities and fund balance	<u><u>\$ 1,027,498</u></u>

**Jacksboro Economic Development Corporation**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**September 30, 2008**

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

Fund balance	\$ 1,027,451
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	539,678
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	(75,984)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,381)
Net assets of governmental activities	<u>\$ 1,489,763</u>

**Jacksboro Economic Development Corporation**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts EDC General Fund</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax	\$ 340,000	\$ 340,000	\$ 383,074	\$ 43,074
Interest income	2,500	2,500	9,891	7,391
Donations	-	-	-	-
Miscellaneous	-	-	4,228	4,228
Total revenues	<u>342,500</u>	<u>342,500</u>	<u>397,193</u>	<u>54,693</u>
<b>EXPENDITURES</b>				
Current:				
General government	514,000	514,000	7,998	506,002
Debt service:				
Note principal	83,573	83,573	88,860	(5,287)
Note interest	16,427	16,427	13,248	3,179
Capital outlay:				
Land	-	-	-	-
Total expenditures	<u>614,000</u>	<u>614,000</u>	<u>110,106</u>	<u>503,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,500)</u>	<u>(271,500)</u>	<u>287,087</u>	<u>558,587</u>
Net change in fund balances	(271,500)	(271,500)	287,087	558,587
Fund balances - beginning	740,364	740,364	740,364	
Fund balances - ending	<u>\$ 468,864</u>	<u>\$ 468,864</u>	<u>\$ 1,027,451</u>	

**Jacksboro Economic Development Corporation**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**September 30, 2008**

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

Net change in fund balances - total governmental funds	\$ 287,087
The retirement of long-term debt (e.g., notes payable) provides current financial resources to governmental funds	88,860
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.	2,107
Change in net assets of governmental activities	<u>\$ 378,054</u>

# 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.

## **Contents**

## **Table**

### **Financial Trends**

**1 - 4**

*These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.*

### **Revenue Capacity**

**5 - 9**

*These schedules contain information to help the reader assess the significant local revenue sources.*

### **Debt Capacity**

**10 - 12**

*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.*

### **Demographic and Economic Information**

**13 - 14**

*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.*

### **Operating Information**

**15 - 16**

*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.*

**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 Five Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

Table 1

	2004	2005	2006	2007	2008
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 435,485	\$ 1,355,078	\$ 1,872,804	\$ 2,762,130	\$ 616,878
Restricted	71,057	47,045	663,157	302,471	1,172,443
Unrestricted	217,899	517,951	341,191	259,066	(395,309)
<b>Total governmental activities net assets</b>	<b>\$ 724,441</b>	<b>\$ 1,920,074</b>	<b>\$ 2,877,152</b>	<b>\$ 3,323,667</b>	<b>\$ 1,394,012</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 5,873,910	\$ 5,927,370	\$ 5,784,032	\$ 5,605,678	\$ 5,686,151
Restricted	-	-	537,583	462,418	420,692
Unrestricted	610,299	507,673	(48,721)	(214,153)	(212,846)
<b>Total business-type activities net assets</b>	<b>\$ 6,484,209</b>	<b>\$ 6,435,043</b>	<b>\$ 6,272,894</b>	<b>\$ 5,853,943</b>	<b>\$ 5,893,998</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 6,309,395	\$ 7,282,448	\$ 7,656,836	\$ 8,367,808	\$ 6,303,029
Restricted	71,057	47,045	1,200,740	764,889	1,593,135
Unrestricted	828,198	1,025,624	292,470	44,913	(608,155)
<b>Total primary government net assets</b>	<b>\$ 7,208,650</b>	<b>\$ 8,355,117</b>	<b>\$ 9,150,046</b>	<b>\$ 9,177,610</b>	<b>\$ 7,288,010</b>

**Source:** Comprehensive Annual Financial Reports

**Note:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

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

Table 2

	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental activities:					
Legislative					
General government	\$ 27,709	\$ 37,779	\$ 48,026	\$ 42,935	\$ 31,869
Public safety	451,636	641,265	900,649	696,107	787,637
Streets	852,676	907,425	1,046,882	1,107,883	1,284,841
Culture and recreation	205,111	288,687	260,105	251,085	307,501
Interest on long term debt	396,440	403,872	469,345	463,105	510,059
Total governmental activities expenses	324,441	332,645	328,195	1,013,506	488,532
	2,258,013	2,611,473	3,054,201	3,574,620	3,390,439
Business-type activities:					
Water and sewer	1,033,292	1,000,011	1,098,356	1,229,125	1,819,817
Sanitation	494,562	394,975	406,103	415,594	5,147
Total business-type activities expenses	1,527,854	1,394,986	1,504,459	1,644,719	1,824,964
Total primary government expenses	3,785,867	4,006,459	4,558,660	5,219,339	5,215,403
<b>Program Revenues</b>					
Governmental activities:					
Fees, Fines, and Charges for Services:					
General government and administration	(326)	-	-	-	-
Public safety	225,279	221,221	211,628	252,874	281,845
Streets	-	-	15	-	-
Cultural and recreational	39,986	56,681	65,581	42,658	35,016
Operating grants and contributions	115,023	142,826	80,957	52,301	124,871
Capital grants and contributions	10,400	41,815	72,351	8,706	94,292
Total governmental activities program revenues	390,362	462,543	430,532	366,540	536,024
Business-type activities:					
Charges for services:					
Water and sewer	1,802,395	1,916,667	1,979,112	1,860,458	1,858,573
Sanitation	392,744	381,984	403,158	422,356	492,157
Operating grants and contributions	-	17,800	-	-	-
Capital grants and contributions	91,472	173,881	57,876	57,022	318,766
Total business-type activities program revenues	2,286,611	2,490,332	2,440,146	2,339,838	2,669,495
Total primary government program revenues	2,676,973	2,952,875	2,870,678	2,706,378	3,205,519

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

Table 2

	2004	2005	2006	2007	2008
<b>Net (Expense) Revenue</b>					
Governmental Activities	(1,867,651)	(2,148,930)	(2,623,669)	(3,208,080)	(2,854,415)
Business-type Activities	758,757	1,095,346	935,687	695,120	844,531
Total Primary government net expense	<u>(1,108,894)</u>	<u>(1,053,584)</u>	<u>(1,687,982)</u>	<u>(2,512,960)</u>	<u>(2,009,884)</u>
<b>General Revenues</b>					
and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Ad valorem	855,478	851,822	878,931	848,580	1,079,688
Sales	699,218	950,437	1,137,586	1,123,789	1,140,405
Franchise Fees	376,037	339,539	384,311	376,255	360,996
Investment earnings	15,189	50,547	47,558	80,179	43,073
Gain on sale/retirement of capital asset	-	-	-	63,634	(6,116)
Miscellaneous	5,666	36,833	10,564	13,296	40,226
Transfers	799,533	1,156,626	1,121,797	1,148,863	824,247
Total Governmental Activities	<u>2,751,121</u>	<u>3,385,804</u>	<u>3,580,747</u>	<u>3,654,595</u>	<u>3,482,519</u>
Business-type Activities:					
Investment earnings	767	2,433	17,119	38,518	15,120
Gain on sale/retirement of capital assets	72,830	-	-	-	-
Miscellaneous	17,968	9,680	6,843	(3,727)	4,650
Transfers	(799,533)	(1,156,626)	(1,121,797)	(1,148,863)	(824,247)
Total Business-type Activities	<u>(707,968)</u>	<u>(1,144,513)</u>	<u>(1,097,835)</u>	<u>(1,114,071)</u>	<u>(804,477)</u>
Total Primary Government	<u>2,043,153</u>	<u>2,241,291</u>	<u>2,482,912</u>	<u>2,540,523</u>	<u>2,678,042</u>
<b>Change in Net Assets</b>					
Governmental Activities	883,470	1,236,872	957,078	446,515	528,104
Business-type Activities	50,790	(49,166)	(162,148)	(418,951)	40,054
Total Primary Government	<u>\$ 934,260</u>	<u>\$ 1,187,706</u>	<u>\$ 794,930</u>	<u>\$ 27,564</u>	<u>\$ 668,158</u>

Source: Comprehensive Annual Financial Reports

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.



CITY OF JACKSBORO, TEXAS  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (Unaudited)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,721	\$ 403	\$ -
Unreserved	45,220	80,847	56,917	94,172	(153,624)	105,852	260,503	192,242	290,248	304,940
Total general fund	<u>45,220.00</u>	<u>80,847.00</u>	<u>56,917.00</u>	<u>94,172.00</u>	<u>(153,624.00)</u>	<u>105,852.00</u>	<u>260,503.00</u>	<u>214,963.00</u>	<u>290,651.00</u>	<u>304,939.72</u>
All Other Governmental Funds										
Unreserved, reported in:										
Debt Service Fund	26,110	66,327	65,572	51,951	22,582	68,674	117,508	176,980	216,539	275,466
Special revenue funds	21,230	33,802	46,368	56,411	65,570	79,132	72,251	78,355	117,926	170,217
Capital funds	7,989	-	-	-	-	753,979	13,483	463,457	12,483	726,760
Total all other governmental funds	<u>55,329</u>	<u>100,129</u>	<u>111,930</u>	<u>108,362</u>	<u>88,152</u>	<u>901,785</u>	<u>203,242</u>	<u>718,792</u>	<u>346,948</u>	<u>1,172,443</u>

Source: 1997-2002 - General Purpose Financial Statements, 2003-2007 - Basic Financial Statements.

CITY OF JACKSBORO, TEXAS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Table 4

Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>REVENUES:</b>										
Taxes:										
Ad valorem										
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 862,352	\$ 852,544	\$ 853,642	\$ 840,345	\$ 1,091,782
Taxes, licenses, permits and fees	336,334	376,775	418,231	432,427	-	700,897	950,437	1,137,586	1,123,789	1,140,405
Franchise fees	936,914	921,895	957,824	1,030,715	1,495,460	-	-	-	-	-
Charges for services	-	-	-	-	-	376,036	338,539	384,311	378,255	390,996
Licenses and permits	330,854	340,819	33,536	31,685	53,684	1,716	3,450	1,840	2,845	2,480
Recreation fees	-	-	-	-	-	17,125	11,853	15,501	84,812	53,998
Court fines	-	-	-	-	-	39,988	56,408	65,581	42,658	35,018
Rentals	-	-	-	118,988	149,554	208,112	142,845	174,893	182,368	138,308
Donations	87,672	70,561	99,443	4,100	4,431	7,800	4,800	4,100	3,708	3,900
Intergovernmental	3,000	5,250	5,000	-	-	50,196	67,473	82,638	27,593	40,475
Investment earnings	109,134	31,183	3,345	29,767	28,724	35,887	112,368	69,851	30,495	174,788
Miscellaneous	39,083	27,818	27,242	11,585	7,896	15,188	50,547	47,558	80,178	43,073
	26,440	43,725	18,395	25,570	35,017	5,887	36,833	10,584	525,259	40,228
Total Revenues	1,869,411	1,817,826	1,563,018	1,684,797	1,774,886	2,318,862	2,620,095	2,868,055	3,320,304	3,125,421
<b>EXPENDITURES:</b>										
Legislative	35,211	34,135	36,805	45,981	34,246	27,709	37,778	48,025	42,935	31,869
General government and administration	458,759	522,189	300,176	323,706	401,179	442,825	631,404	875,616	698,440	780,146
Public safety	404,800	371,117	424,790	452,882	836,828	824,162	920,458	1,036,994	1,114,989	1,221,957
Streets	239,344	186,847	163,575	173,165	155,673	226,850	291,706	481,199	272,071	228,929
Cultural and recreational	126,430	102,010	135,007	136,474	165,756	221,200	448,135	269,079	260,047	301,706
Sanitation	93,484	-	-	-	-	-	-	-	-	-
Capital outlay	258,826	52,504	72,744	67,864	89,213	19,951	723,453	13,575	490,570	863,939
Debt Service:										
Principal retirement	981,357	694,169	807,765	853,288	850,811	855,000	895,000	990,918	1,056,375	1,039,442
Interest and fiscal charges	645,078	488,108	434,922	398,667	370,467	321,321	337,471	285,587	831,896	241,987
Total expenditures	3,243,089	2,450,877	2,375,784	2,452,027	2,704,179	2,938,818	4,285,406	4,000,893	4,765,322	4,709,866
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,373,678)</b>	<b>(633,051)</b>	<b>(812,766)</b>	<b>(767,230)</b>	<b>(929,307)</b>	<b>(619,956)</b>	<b>(1,656,311)</b>	<b>(1,132,828)</b>	<b>(1,445,017)</b>	<b>(1,584,463)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Bonds issued	5,677,545	-	-	-	-	773,000	-	455,000	-	1,800,000
Bond issue costs	(97,784)	-	-	-	-	(21,450)	-	(8,845)	-	-
Payment to bond escrow agent	(5,579,761)	-	-	-	-	-	-	-	-	-
Proceeds from golf course sale	17,138	-	-	-	-	-	-	-	-	-
Lease purchase proceeds	-	-	-	22,072	60,101	42,282	31,817	-	-	-
Transfers in	724,864	713,478	780,251	780,000	601,200	799,533	1,156,628	1,121,797	1,148,863	832,865
Transfers out	-	-	-	-	-	-	-	-	-	(8,718)
Total Other Financing Sources (Uses)	742,000	713,478	833,149	802,072	661,301	1,593,345	1,188,443	1,568,152	1,148,863	2,424,247
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (631,678)</b>	<b>\$ 80,427</b>	<b>\$ 20,391</b>	<b>\$ 34,842</b>	<b>\$ (288,006)</b>	<b>\$ 973,391</b>	<b>\$ (467,888)</b>	<b>\$ 435,227</b>	<b>\$ (286,154)</b>	<b>\$ 839,783</b>
Debt service as a percentage of noncapital expenditures	56.3%	49.3%	54.0%	52.5%	46.7%	40.3%	34.6%	32.0%	44.2%	33.3%

Note: Prior to 2004, Taxes, licenses, permits and fees were grouped together.

Source: 1997-2002 - General Purpose Financial Statements, 2003-2007 - Basic Financial Statements.

Table 5

CITY OF JACKSBORO, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Mineral/ Utility Property			
1999	\$ 94,078,420	\$ 10,911,240	\$ 32,299,010	\$ 72,690,650	0.950000
2000	95,469,990	7,970,900	32,740,620	70,700,270	0.990000
2001	99,481,910	8,809,850	33,513,170	74,778,590	0.990000
2002	108,200,750	10,415,440	37,271,450	81,344,740	0.990000
2003	108,573,630	13,534,410	36,324,920	85,783,120	0.983800
2004	108,988,280	15,414,640	36,532,280	87,870,640	0.966100
2005	118,213,760	19,085,660	43,856,890	93,442,530	0.911200
2006	124,216,670	24,727,880	44,230,660	104,713,890	0.813800
2007	128,748,710	31,973,450	45,074,900	115,647,260	0.913100
2008	135,570,890	19,396,040	46,153,630	108,813,300	0.948397

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

City Direct Rates				Overlapping Rates			
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Jack County		Faith Community Hospital	
				Jack County	Jacksboro ISD	Community Hospital	Jack WCID #1
1999	0.270000	0.680000	0.950000	0.112700	1.470000	0.255000	NA
2000	0.270000	0.720000	0.990000	0.108030	1.440000	0.250000	0.040000
2001	0.290000	0.700000	0.990000	0.092430	1.410000	0.900000	0.034000
2002	0.300000	0.690000	0.990000	0.089910	1.500000	0.197500	0.034000
2003	0.300000	0.690000	0.990000	0.091280	1.500000	0.195800	0.032600
2004	0.271200	0.694900	0.966100	0.082220	1.500000	0.184600	0.029800
2005	0.249800	0.661400	0.911200	0.067700	1.500000	0.136100	0.021700
2006	0.222780	0.591090	0.813870	0.064399	1.657000	0.130700	0.020099
2007	0.245000	0.668100	0.913100	0.063283	1.368000	0.116000	0.017870
2008	0.280297	0.668100	0.948397	0.062646	1.339040	0.116000	0.013094

Source: Jack County Appraisal District

CITY OF JACKSBORO, TEXAS  
 PRINCIPAL PROPERTY TAX PAYERS  
 Current Year and Nine Years Ago  
 (Unaudited)

Table 7

	2008			1999		
	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>a</sup>	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>a</sup>
	Halliburton Services	\$ 4,951,050	4.55 %	Halliburton Services	\$ 2,270,690	3.12 %
	Oncor Electric Delivery Co.	1,875,460	1.72	Southwestern Bell Telephone	1,775,270	2.44
	Geer Tank Trucks, Inc.	1,442,820	1.33	Oncor Electric Delivery Co.	1,432,460	1.97
	Hurd Oil Field Service	1,188,840	1.09	Greystone Park, LP	1,333,480	1.83
	Jacksboro Assisted Living, Inc.	1,175,330	1.08	Jacksboro National Bank	963,180	1.33
	Bell Tubulars	1,108,930	1.02	First National Bank - Jacksboro	888,960	1.22
	Southwestern Bell Telephone	1,016,660	0.93	Diamond Food Markets	776,940	1.07
	Diamond Food Markets	873,420	0.80	Primexx Operating Co.	621,160	0.85
	Basin Tool	792,030	0.73	Geer Tank Trucks, Inc.	587,920	0.81
	First National Bank	758,640	0.70	Sr. Living Properties	564,700	0.78
	Total	\$ 15,183,180	13.95 %	Total	\$ 11,214,760	15.42 %

Source: Jack County Appraisal District

CITY OF JACKSBORO, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Five 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
2003/04	\$ 843,035	\$ (2,828)	\$ 840,208	\$ 816,212	97.80 %	\$ 20,236	\$ 836,448	99.55 %
2004/05	849,100	(2,586)	846,514	810,919	95.80	27,330	838,249	99.02
2005/06	851,421	(4,861)	846,560	821,713	97.06	7,959	829,672	98.01
2006/07	836,630	(664)	835,965	799,886	95.68	23,691	823,577	98.52
2007/08	1,055,975	(453)	1,055,522	1,032,756	97.84	12,261	1,045,017	99.00

Source: Jack County Appraisal District

Note: Fiscal years 1997/98 to 2002/03 data not available at time of this publication.

Table 9

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

Fiscal Year	Water Revenues	Sewer Revenues
1998/99	NA	NA
1999/00	NA	NA
2000/01	NA	NA
2001/02	NA	NA
2002/03	NA	NA
2003/04	\$ 1,014,765	\$ 736,851
2004/05	1,097,052	763,238
2005/06	1,156,313	775,322
2006/07	1,066,509	745,781
2007/08	1,094,041	716,448

Source: City records

Note: Fiscal years 1997/98 to 2002/03 data not available at time of this publication.

Table 10

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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Obligation	Certificates of Obligation				
1999	NA	NA	NA	NA	NA	NA	NA
2000	NA	NA	NA	NA	NA	NA	NA
2001	4,845,000	4,349,013	-	9,194,013	0.01	2,028	
2002	4,285,000	4,129,013	-	8,414,013	0.01	1,856	
2003	3,700,000	3,894,013	-	7,594,013	0.01	1,675	
2004	3,085,000	4,427,013	262,000	7,774,013	0.01	1,715	
2005	2,450,000	4,172,013	257,000	6,879,013	NA	1,518	
2006	1,780,000	4,354,013	795,000	6,929,013	NA	1,529	
2007	1,730,000	3,405,528	775,000	5,910,528	NA	1,257	
2008	1,730,000	5,963,286	775,000	8,468,286	NA	1,802	

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

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

Note: Fiscal years 1998 to 2000 data not available at time of this publication.



Table 11

CITY OF JACKSBORO, TEXAS  
 RATIO OF GENERAL BONDED DEBT OUTSTANDING  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificates of Obligations	Total		
1999	NA	NA	NA	NA	NA
2000	NA	NA	NA	NA	NA
2001	4,845,000	4,349,013	9,194,013	12.29	2,028
2002	4,285,000	4,349,013	8,634,013	10.61	1,905
2003	3,700,000	4,349,013	8,049,013	9.38	1,776
2004	3,085,000	4,611,013	7,696,013	8.76	1,698
2005	2,450,000	4,606,013	7,056,013	7.55	1,557
2006	1,780,000	5,144,013	6,924,013	7.41	1,527
2007	1,730,000	5,124,013	6,854,013	7.34	1,458
2008	1,730,000	5,124,013	6,854,013	7.34	1,458

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

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

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

**Note:** Fiscal years 1998 to 2000 data not available at time of this publication.

## CITY OF JACKSBORO, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2008

(Unaudited)

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Jack County	\$ 5,760,000	15.78%	\$ 908,928
Jacksboro Independent School District	28,205,000	23.33%	6,580,227
Subtotal, overlapping debt			7,489,155
<b>City of Jacksboro (direct debt)</b>	7,693,286	100.00%	7,693,286
<b>Total direct and overlapping debt</b>			<u>\$ 15,182,441</u>

**Source:** Debt outstanding data provided by each governmental unit.

Table 13

CITY OF JACKSBORO, TEXAS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 Last Ten Calendar Years  
 (Unaudited)

Year	Estimated Population	Jack County			Median Age	School Enrollment	Jack County Unemployment Rate
		Personal Income	Per Capita Personal Income	Unemployment Rate			
1998	3,527	59,602,552	16,899		*	1,137	NA
1999	3,600	61,515,271	17,088		*	1,112	NA
2000	4,533	83,808,272	18,488		33.0	1,047	4.1%
2001	4,533	85,381,942	18,836		*	1,023	4.3%
2002	4,533	87,538,102	19,311		*	1,006	4.6%
2003	4,533	88,181,791	19,453		*	1,040	5.0%
2004	4,533	91,973,403	20,290		*	1,001	4.9%
2005	4,533	NA	NA		*	1,011	4.4%
2006	4,533	NA	NA		*	970	4.5%
2007	4,701	NA	NA		*	925	3.6%
2008	4,700	NA	NA		*	915	3.8%

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

CITY OF JACKSBORO, TEXAS  
PRINCIPAL EMPLOYERS,  
Current Year and Prior Year  
(Unaudited)

Table 14

2008			2007		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Corrections Corp. of America	250	6.49%	Corrections Corp. of America	250	6.49%
Jacksboro Independent School District	175	4.54%	Jacksboro Independent School District	175	4.54%
Faith Community Hospital	70	1.82%	Faith Community Hospital	70	1.82%
Halliburton Resources	57	1.48%	Halliburton Resources	57	1.48%
Jacksboro Health Care Center	41	1.06%	Jacksboro Health Care Center	41	1.06%
City of Jacksboro	39	1.01%	City of Jacksboro	35	0.91%
Geer Tank Trucks	33	0.86%	Geer Tank Trucks	33	0.86%
First National Bank	25	0.65%	First National Bank	25	0.65%
Jacksboro National Bank	25	0.65%	Jacksboro National Bank	25	0.65%
Hurd Oil Field Services	21	0.54%	Hurd Oil Field Services	21	0.54%
Devon Gas Services LP	21	0.54%	Devon Gas Services LP	21	0.54%
<b>Total</b>	<b>757</b>	<b>19.64%</b>		<b>753</b>	<b>19.54%</b>

Source: Oncon Economic Development Department

CITY OF JACKSBORO, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 Last Five Fiscal Years  
 (Unaudited)

Table 15

<u>Function/Program</u>	<u>FISCAL YEAR</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government and Administration	10.00	10.00	10.00	12.00	12.00
Public Safety	15.00	17.00	18.00	18.50	18.50
Culture and Recreational	5.25	5.50	5.50	4.50	4.50
Street Maintenance	4.00	5.00	5.00	3.00	3.00
Water and Sewer	13.00	12.50	12.50	15.00	15.00
Total	<u>47.25</u>	<u>50.00</u>	<u>51.00</u>	<u>53.00</u>	<u>53.00</u>

Source: City Budget Office

Note: Fiscal years 1998 to 2003 data not available at time of this publication.

CITY OF JACKSBORO, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Five Fiscal Years  
(Unaudited)

Table 16

Function/Program	2004	2005	2006	2007	2008
Administration					
Council Directed Programs	5	5	5	5	6
Council Meetings	26	20	20	35	33
Proclamations, Ordinances, Resolutions	50	32	35	47	52
Positions filled	5	5	5	8	14
GFOA CAFR Award	-	1	1	Pending	Pending
GFOA Distinguished Budget Award	-	-	1	1	1
Public Safety					
Municipal Court					
New cases filed	2,000	1,679	1,763	1,900	1,500
Warrants cleared	400	374	349	245	350
Police					
Number of Employees	9	10	10	10	10
Calls for service	4,900	3,501	6,200	3,941	4,300
Fire					
Number of Employees	0	1	2	2	2
Number of Fire runs	125	200	250	286	350
Animal Control					
Calls for service	2,000	607	1,200	990	1,300
Animals impounded	600	232	1,560	875	292
Citations issued	100	137	312	205	60
Development Services					
Building Permits	150	110	172	122	150
Cultural and Recreational					
Parks and Recreation					
Aquatics daily admissions	2,500	2,200	2,200	0	0
Athletics/recreation participants	750	800	925	700	350
Activity center memberships	300	225	250	300	300
Park acreage maintained	88	88	88	89	93
Water and Sewer					
Number of Water Consumers	1,800	1,600	1,650	1,700	1,700
Treated water (million gallons per year)	250	207	225	255	255
Treated effluent water (million gallons per year)	NA	135	140	125	125

Source: City Departments

Note: Fiscal years 1998 to 2003 data not available at time of this publication.

*INTERNAL CONTROL AND COMPLIANCE SECTION*



**MATHIS, WEST, HUFFINES & Co., P.C.**  
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**Independent Auditor's Report**

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With Government Auditing Standards

City Council  
City of Jacksboro, Texas  
Jacksboro, Texas

Members of the City Council:

We have audited 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, 2008, which collectively comprise the City of Jacksboro, Texas' basic financial statements and have issued our report thereon dated April 21, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Jacksboro, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jacksboro, Texas' internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the City of Jacksboro, Texas' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Jacksboro, Texas' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Jacksboro, Texas' financial statements that is more than inconsequential will not be prevented or detected by City of Jacksboro, Texas' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by City of Jacksboro, Texas' internal control.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jacksboro, Texas' financial statements are free of 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*.

This report is intended solely for the information and use of management, others within the organization and the City Council, and is not intended to be and should not be used by anyone other than these specified parties.

*Mathis, West, Huffines & Co., P.C.*  
MATHIS, WEST, HUFFINES & CO., P.C.

Wichita Falls, Texas  
April 21, 2009

# CITY OF JACKSBORO, TEXAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

### A. Summary of Auditor's Results

#### 1. Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_ Yes      X   No

Reportable condition(s) identified that are not  
considered to be material weaknesses?

\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial  
statements noted?

\_\_\_\_ Yes      X   No

### B. Financial Statement Findings

None

**CITY OF JACKSBORO, TEXAS**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Not Applicable