

CITY OF JACKSBORO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

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Prepared By

The Department of Finance

**Erika Hobson
Finance Manager**

CITY OF JACKSBORO, TEXAS

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INTRODUCTORY SECTION



May 19, 2010

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, 2009, 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, 2009, 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, 2009, 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. Consequently, this decline and the current state of the economy has caused us to see a decline in sales tax revenues for FY 2009.

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 decreased from \$0.948397 to \$0.92733 per one hundred dollars of assessed valuation. The 2009 certified taxable value of real and personal property is \$136,235,960. This is a 25.20% increase above the 2008 tax year value of \$108,813,330.

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 (budget) 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, 2008.

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,

Shawna L. Dowell
City Manager

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, 2008

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.

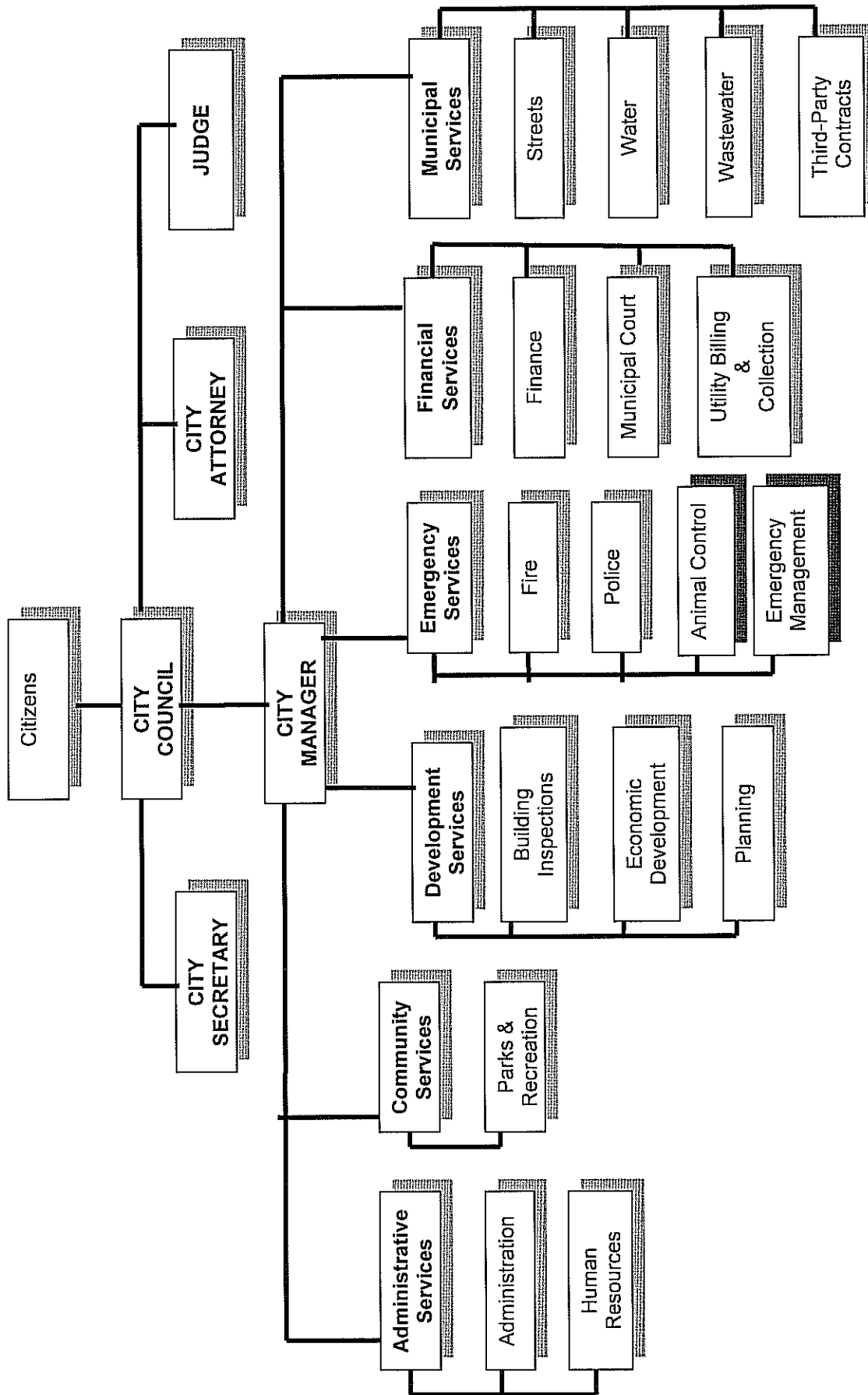


A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



City of Jacksboro
Organizational Chart

City of Jacksboro, Texas
Principal Officials

Elected Officials

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

Appointed Officials

Shawna L. Dowell..... City Manager
Shirley J. Grantham..... City Secretary
Vacant..... 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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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, 2009, 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 an opinion 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund, for the year then ended in 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 May 19, 2010, on our consideration of the City of Jacksboro, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Employee Retirement Plan Schedule of Funding Progress for TMRS listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jacksboro, Texas' financial statements as a whole. 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 financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Wichita Falls, Texas
May 19, 2010



Management's Discussion and Analysis

As management of The City of Jacksboro, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2009.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$7,602,286 (net assets).
- Governmental net assets decreased \$48,451. This change in net assets is primarily attributed to and increase in expenses for the general government and highway and streets funds, a decrease in property and sales tax revenue and charges for services, and a decrease in the funds transferred from the business-type activities to the governmental activities.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$849,682, a decrease of \$627,701 in comparison with the prior year. The decrease is primarily due to a decrease in property and sales tax revenue and funds transferred from the business-type activities to governmental activities. Of the combined ending balances, \$310,380 is unreserved in the general fund, \$147,402 is unreserved in the general debt service fund, \$138,338 is reserved in the special revenue funds, \$251,169 is reserved in the capital projects fund and \$2,393 is reserved in the landfill capital project fund.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$310,380 or 13.4% percent of total general fund expenditures.
- In total, the City's bonded debt increased \$702,144. Key factors in this increase were issuance of \$350,000 in 2008 certificates of obligation, \$920,000 in 2009 certificates of obligation, \$70,000 net increase in refunding bonds, and a \$637,000 reduction of bonds payable due to debt principal payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City'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, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City'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 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 legislative, general government, public safety, highways and streets, community development, and culture 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

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

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

The City maintains three major governmental funds and 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, debt service, and capital projects funds. The nonmajor funds are summarized in the other governmental funds column. The nonmajor funds combining schedules are included in the Combining and Individual Statements and Schedules section of this report.

The City adopts an annual appropriated budget for the general 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 3, B, Budget Amendments, is an integrated part of this statement.

Proprietary funds

The City 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 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.

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 \$7,602,286 at the close of the most recent fiscal year.

The largest portion (65.2%) 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, 2009 and September 30, 2008:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 1,347,356	\$ 1,828,009	\$ 1,855,639	\$ 935,058	\$ 3,202,995	\$ 2,763,067
Capital assets, net of accumulated depreciation	8,544,213	8,624,084	6,693,248	6,221,506	15,237,461	14,845,590
Total assets	<u>9,891,569</u>	<u>10,452,093</u>	<u>8,548,887</u>	<u>7,156,564</u>	<u>18,440,456</u>	<u>17,608,657</u>
Long-term liabilities outstanding	8,146,669	7,525,683	2,270,729	952,140	10,417,398	8,477,823
Other liabilities	258,515	1,391,574	162,257	310,426	420,772	1,702,000
Total liabilities	<u>8,405,184</u>	<u>8,917,257</u>	<u>2,432,986</u>	<u>1,262,566</u>	<u>10,838,170</u>	<u>10,179,823</u>
Net assets						
Invested in capital assets, net of related debt	474,881	757,702	4,482,519	5,686,151	4,957,400	6,443,853
Restricted net assets						
Debt retirement	147,402	275,466	-	-	147,402	275,466
Capital projects	251,189	-	1,050,332	-	1,301,501	-
Specific purpose	140,731	157,326	-	-	140,731	157,326
Unrestricted	472,202	344,342	583,050	207,847	1,055,252	552,189
Total net assets	<u>\$ 1,486,385</u>	<u>\$ 1,534,836</u>	<u>\$ 6,115,901</u>	<u>\$ 5,893,998</u>	<u>\$ 7,602,286</u>	<u>\$ 7,428,834</u>

An additional portion of the City's net assets (21.5%) represents resources that are subject to external restrictions on how they may be used.

Governmental activities

Governmental activities decreased net assets by \$48,451, and business-type activities increased net assets by \$221,903, for a total increase in net assets of \$173,452. The key elements of this City wide increase are shown in the following table:

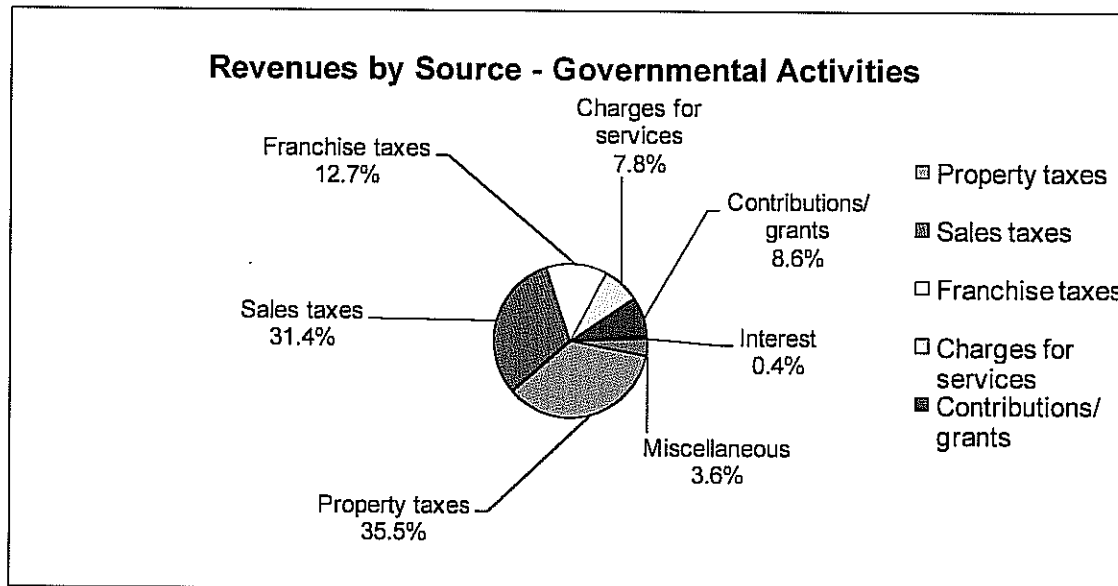
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Programs revenues						
Charges for services	\$ 236,919	\$ 316,861	\$ 2,622,557	\$ 2,350,729	\$ 2,859,476	\$ 2,667,590
Operating grants and contributions	59,549	124,871	-	-	59,549	124,871
Capital grants and contributions	199,827	94,292	76,899	318,766	276,726	413,058
General revenues						
Property taxes	1,072,011	1,079,688	-	-	1,072,011	1,079,688
Franchise taxes	948,050	1,140,405	-	-	948,050	1,140,405
Sales taxes	383,047	360,996	-	-	383,047	360,996
Interest	11,054	43,073	6,300	15,120	17,354	58,193
Loss on sales of capital assets	-	(6,116)	(2,174)	-	(2,174)	(6,116)
Miscellaneous	108,142	40,226	-	4,651	108,142	44,877
Total revenues	<u>3,018,599</u>	<u>3,194,296</u>	<u>2,703,582</u>	<u>2,689,266</u>	<u>5,722,181</u>	<u>5,883,562</u>
Expenses:						
Legislative	32,305	31,869	-	-	32,305	31,869
General government	901,048	787,637	-	-	901,048	787,637
Public safety	1,249,648	1,284,841	-	-	1,249,648	1,284,841
Highways and streets	537,893	307,501	-	-	537,893	307,501
Culture and recreation	452,765	510,059	-	-	452,765	510,059
Interest on debt service	469,985	468,532	-	-	469,985	468,532
Water and sewer utilities	-	-	1,905,085	1,824,964	1,905,085	1,824,964
Total expenses	<u>3,643,644</u>	<u>3,390,439</u>	<u>1,905,085</u>	<u>1,824,964</u>	<u>5,548,729</u>	<u>5,215,403</u>
Increase (decrease) in net assets before transfer	(625,045)	(196,143)	798,497	864,302	173,452	668,159
Net transfers	<u>576,594</u>	<u>824,247</u>	<u>(576,594)</u>	<u>(824,247)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(48,451)	628,104	221,903	40,055	173,452	668,159
Net assets - beginning (restated)	<u>1,534,836</u>	<u>906,732</u>	<u>5,893,998</u>	<u>5,853,943</u>	<u>7,428,834</u>	<u>6,760,675</u>
Net assets - ending	<u>\$ 1,486,385</u>	<u>\$ 1,534,836</u>	<u>\$ 6,115,901</u>	<u>\$ 5,893,998</u>	<u>\$ 7,602,286</u>	<u>\$ 7,428,834</u>

The \$173,452 increase in net assets for the City is represented by the degree in which ongoing revenues have exceeded expenses. The key factor in the increase in net assets of the business-type activities was the increase in charges for services (\$271,828 more than the prior year) due to increases in water and sewer rates. Business-type expenses increase \$80,121 over the prior year due to higher system maintenance costs for the utility system.

The key factors in the decrease in net assets of the governmental activities was the decrease in property and sales tax revenues and charges for services and the increase in general government and highways and streets expense.

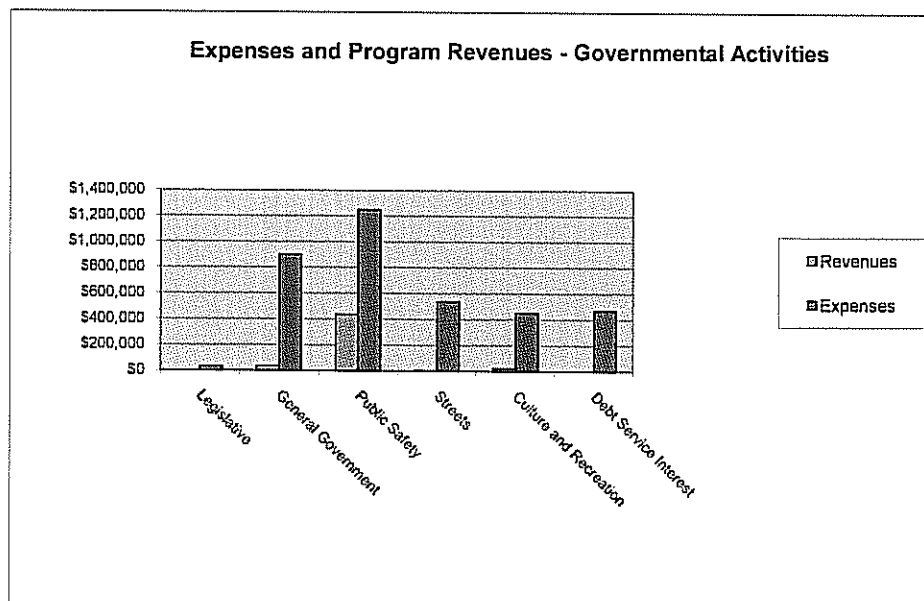
Revenues by source – governmental activities

Property taxes, sales taxes, franchise taxes, and charges for services provide 87.4% of the revenues for the governmental activities. The chart below provides a graphic representation of the City's revenues by source:



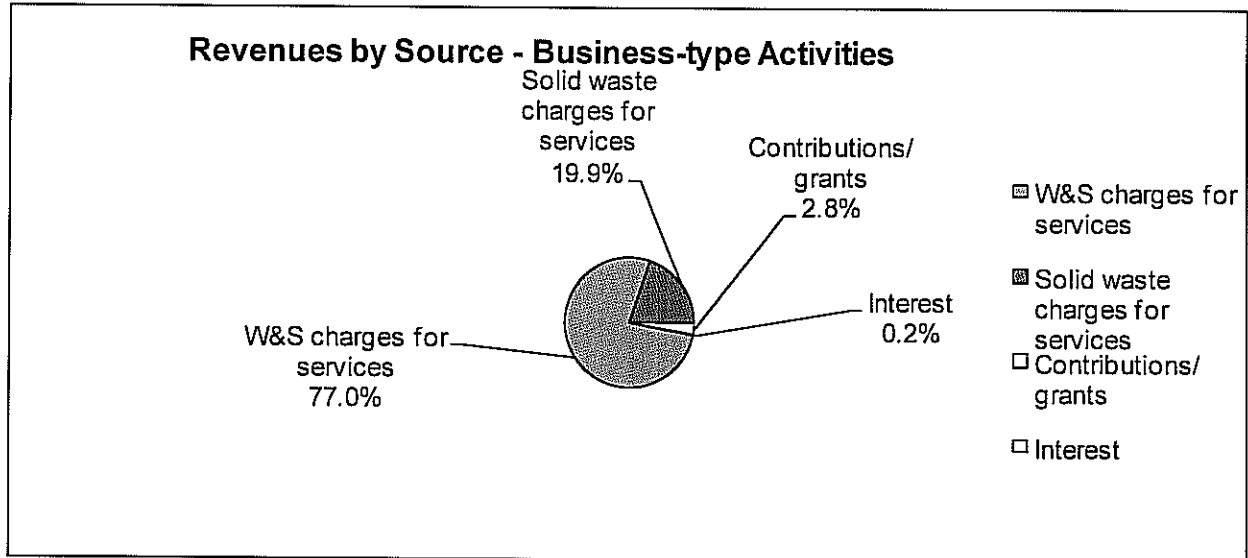
Expenses and program revenues – governmental activities

Public safety, general government, and interest on debt service provide 71.9% 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.



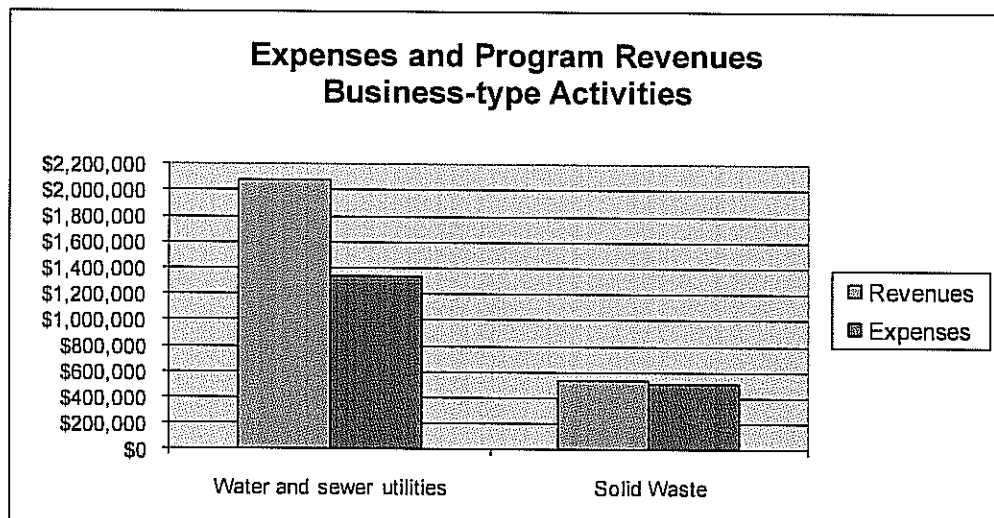
Revenues by source – business-type activities

Water and sewer and solid waste charges for services account for 97.0% of the revenue. Comparatively, water and sewer charges for services were significantly greater in FY 09 due to an increase in water, sewer and sanitation rates.



Expenses and program revenues – business-type activities

Business-type activities increased the City's net assets by \$221,903. The water and sewer fund operating income of \$764,794 was higher than the previous year due to an increase in water, sewer and sanitation rates. Other major non-operating revenues of the water and sewer fund were capital grants and contributions of \$76,899, and interest income of \$6,300.



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 \$849,682, a decrease of \$627,701 in comparison with the prior year. Approximately 36.5% of this total amount, \$310,380, 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 \$147,402, 2) hotel/motel tax \$106,932, 3) court technology \$24,405, 4) grant fund \$1,883, 5) court security \$139, 6) school safety \$213, 7) crossing guard fund \$4,766, 8) capital projects fund \$251,169 and 9) landfill CIP fund \$2,393.

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 \$310,380. 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 13.4% of total general fund expenditures.

The fund balance of the general fund increased \$5,440 during the current fiscal year. Key factors in this increase are as follows:

- Increased miscellaneous revenues for rental income received by the City for a building purchased in April 2008.
- Decrease in sales and property tax revenues.
- Decrease in governmental expenditures due to reducing the budget to help preserve fund balance.

The debt service fund has a total fund balance of \$147,402, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$128,064, due to the usage of funds to repay debt service in order to decrease the payment burden on the water and sewer fund.

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 \$583,050. The remaining amount of \$1,050,332 is reserved for capital projects. Net assets increased \$221,903 from the prior year. Factors regarding the finances were addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Revenues failed to meet the City's budgeted projections by \$43,733, primarily due to the following items: 1) sales tax below by \$78,450, 2) court fines below by \$47,647, and 3) miscellaneous above the budgeted amount by \$43,702. Additional miscellaneous collections were due to rental income received by the City for a building purchased in April 2008. Expenditures were less than the final budget by \$107,534.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2009 amounts to \$15,237,461 (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.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 205,014	\$ 185,714	\$ -	\$ -	\$ 205,014	\$ 185,714
Construction in progress	40,877	40,877	53,320	18,140	94,197	59,017
Buildings and Improvements	1,094,842	1,196,852	-	-	1,094,842	1,196,852
Lost Creek Dam & Reservoir	5,847,067	6,010,102	-	-	5,847,067	6,010,102
Streets	843,317	893,604	-	-	843,317	893,604
Water and sewer system	-	-	6,395,172	6,122,757	6,395,172	6,122,757
Furniture and fixtures	-	-	2,270	3,678	2,270	3,678
Machinery & equipment	513,086	296,935	242,486	76,931	755,582	373,866
Total	<u>\$ 8,544,213</u>	<u>\$ 8,624,084</u>	<u>\$ 6,693,248</u>	<u>\$ 6,221,506</u>	<u>\$ 15,237,461</u>	<u>\$ 14,845,590</u>

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 2009 fiscal year, the City had total bonded debt outstanding of \$10,173,039. There were two new debt issuances during the year, an advance refunding bond, and debt service payments were made when due. Consequently, the overall increase in outstanding bonded debt was \$702,144.

Table IV
City of Jacksboro Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Bonds Payable	\$ 7,993,039	\$ 8,520,895	\$ 2,180,000	\$ 950,000	\$ 10,173,039	\$ 9,470,895
Capital leases	76,293	92,813	19,651	6,048	95,944	98,861
Compensated absences	77,337	41,495	71,078	62,140	148,415	103,635
Total	<u>\$ 8,146,669</u>	<u>\$ 8,655,203</u>	<u>\$ 2,270,729</u>	<u>\$ 1,018,188</u>	<u>\$ 10,417,398</u>	<u>\$ 9,673,391</u>

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

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

- 2009 appraised value used for the FY 10 budget preparation is \$27,422,660, or 25.20% more than the 2008 appraised values.
- The FY 10 adopted general operating fund budget decreases expenditures compared to the final FY 09 actual amount, from \$2,313,286 actual in FY 09 to a budgeted \$2,258,905 in FY 10. This is a 2.4% decrease due to reducing expenditures in order to maintain fund balance.
- The \$350,000 budgeted transfer-in to the general fund from the utility fund remained the same for FY 10.

These indicators were taken into account when adopting the FY 10 general fund budget. Beginning estimated fund balance available for appropriation in the FY 10 general fund budget was \$370,169. The maintenance and operation (M&O) property tax levy was increased by 59.66% to fund the increased operating costs of the general fund and to reduce dependence on the sales taxes as primary source of operating revenue.

In total, the City's adopted FY 10 general fund budget is projected to increase the ending fund balance by \$8,795.

Component Unit

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

Component Unit Financial Highlights

- The assets of the JEDC exceeded its liabilities by \$1,689,468 at September 30, 2009, which is its ending net asset balance.
- Net assets increased \$199,704 in comparison with the prior year. The increase in net assets is primarily attributed to current year revenues in excess of current year expenses.

Jacksboro Economic Development Corporation Net Assets

	Governmental Activities	
	2009	2008
Current and other assets	\$ 1,530,295	\$ 1,027,498
Capital assets, net of accumulated depreciation	539,678	539,678
Total assets	<u>2,069,973</u>	<u>1,567,176</u>
Long-term liabilities outstanding	375,000	75,984
Other liabilities	5,505	1,428
Total liabilities	<u>380,505</u>	<u>77,412</u>
Net assets		
Invested in capital assets, net of related debt	164,678	463,695
Unrestricted	1,524,790	1,026,069
Total net assets	<u>\$ 1,689,468</u>	<u>\$ 1,489,764</u>

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City'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, 2009

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	\$ 501,383	\$ 321,276	\$ 822,659	\$ 1,438,808
Receivables (net of allowance for uncollectibles)	414,467	429,531	843,998	35,834
Due from primary government	-	-	-	55,653
Internal balances	200	(200)	-	-
Deferred charges	43,754	54,700	98,454	-
Restricted assets:				
Cash and cash equivalents	387,552	1,050,332	1,437,884	-
Capital assets not being depreciated:				
Land	205,014	-	205,014	539,678
Construction in progress	40,877	53,320	94,197	-
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	-	10,532,278	10,532,278	-
Machinery and equipment	1,109,309	453,894	1,563,203	-
Furniture and fixtures	3,767	45,199	48,966	-
Accumulated depreciation	(4,093,503)	(4,391,443)	(8,484,946)	-
Total assets	<u>9,891,569</u>	<u>8,548,887</u>	<u>18,440,456</u>	<u>2,069,973</u>
LIABILITIES				
Current liabilities:				
Accounts payable	91,395	76,165	167,560	3,021
Wages payable	39,952	21,574	61,526	-
Due to component unit	55,653	-	55,653	-
Accrued interest payable	71,515	20,038	91,553	2,484
Customer deposits	-	44,480	44,480	-
Non-current liabilities:				
Due within one year	867,329	88,050	955,379	75,000
Due in more than one year	7,279,340	2,182,679	9,462,019	300,000
Total liabilities	<u>8,405,184</u>	<u>2,432,986</u>	<u>10,838,170</u>	<u>380,505</u>
NET ASSETS				
Invested in capital assets, net of related debt	474,881	4,482,519	4,957,400	164,678
Restricted for debt service	147,402	-	147,402	-
Restricted for capital projects	251,169	1,050,332	1,301,501	-
Restricted for specific purposes	140,731	-	140,731	-
Unrestricted	472,202	583,050	1,055,252	1,524,790
Total net assets	<u>\$ 1,486,385</u>	<u>\$ 6,115,901</u>	<u>\$ 7,602,286</u>	<u>\$ 1,689,468</u>

City of Jacksboro, Texas
Statement of Activities
For the Year Ended September 30, 2009

Functions/programs Primary government:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Legislative	\$ 32,305	\$ -	\$ -	\$ -	\$ (32,305)	\$ -	\$ (32,305)
General government	901,048	-	35,500	-	(865,548)	-	(865,548)
Public safety	1,249,648	216,166	24,049	195,768	(813,865)	-	(813,865)
Highways and streets	537,893	-	-	4,059	(533,834)	-	(533,834)
Culture and recreation	452,765	20,753	-	-	(432,012)	-	(432,012)
Interest expense	469,985	-	-	-	(469,985)	-	-
Total governmental activities	3,643,644	236,919	59,549	199,827	(3,147,349)	-	(3,147,349)
Business-type activities:							
Water, sewer and solid waste utilities	1,905,085	2,622,557	-	76,899	-	794,371	794,371
Total business-type activities	1,905,085	2,622,557	-	76,899	-	794,371	794,371
Total Primary Government	\$ 5,548,729	\$ 2,859,476	\$ 59,549	\$ 276,726	\$ (3,147,349)	\$ 794,371	\$ (2,352,978)
Component unit:							
Economic Development Corporation	123,540	-	-	-	-	-	(123,540)
Total Component Unit	\$ 123,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (123,540)
General revenues:							
Property taxes					1,072,011	-	1,072,011
Sales taxes					948,050	-	948,050
Franchise taxes					383,047	-	383,047
Interest					11,054	6,300	17,354
Loss on sales of capital assets					-	(2,174)	(2,174)
Miscellaneous					108,142	-	108,142
Transfers in (out)					576,594	(576,594)	-
Total general revenues and transfers					3,086,898	(572,468)	2,526,430
Change in net assets					(48,451)	221,903	173,452
Net assets - beginning (restated)					1,534,836	5,893,998	7,428,833
Net assets - ending					\$ 1,486,385	\$ 6,115,901	\$ 7,602,286

City of Jacksboro, Texas
Balance Sheet
Governmental Funds
September 30, 2009

	General Fund	General Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 353,030	\$ 148,353	\$ -	\$ -	\$ 501,383
Receivables (net of allowance for uncollectibles)					
Property taxes	19,464	51,042	-	-	70,506
Sales taxes	108,084	-	-	-	108,084
Other	225,782	-	-	10,095	235,877
Due from other funds	5,495	-	-	-	5,495
Restricted cash	403	-	256,513	130,636	387,552
Total assets	<u>712,258</u>	<u>199,395</u>	<u>256,513</u>	<u>140,731</u>	<u>1,308,897</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and other current liabilities	87,651	-	3,744	-	91,395
Wages payable	39,952	-	-	-	39,952
Due to component unit	55,653	-	-	-	55,653
Due to other funds	-	3,695	1,600	-	5,295
Deferred revenue	218,622	48,298	-	-	266,920
Total liabilities	<u>401,878</u>	<u>51,993</u>	<u>5,344</u>	<u>-</u>	<u>459,215</u>
Fund balances:					
General fund - unreserved	310,380	-	-	-	310,380
Reserved, reported in:					
Special revenue funds	-	-	-	138,338	138,338
Debt service fund	-	147,402	-	-	147,402
Capital projects fund	-	-	251,169	-	251,169
Landfill capital projects fund	-	-	-	2,393	2,393
Total fund balances	<u>310,380</u>	<u>147,402</u>	<u>251,169</u>	<u>140,731</u>	<u>849,682</u>
Total liabilities and fund balances	<u>\$ 712,258</u>	<u>\$ 199,395</u>	<u>\$ 256,513</u>	<u>\$ 140,731</u>	<u>\$ 1,308,897</u>

City of Jacksboro, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2009

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

Fund balances - total governmental funds	\$ 849,682
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,544,214
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.	(8,102,915)
Accrued interest is reported in the statement of net assets but does not require the use of current financial resources, therefore, it is not reported in the governmental funds.	(71,515)
Deferred revenues are reported in the governmental funds but do not provide current financial resources, therefore, they are not reported in the government-wide financial statements.	266,920
Net assets of governmental activities	<u>\$ 1,486,385</u>

City of Jacksboro, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2009

	General Fund	General Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 307,060	\$ 728,834	\$ -	\$ -	\$ 1,035,894
Sales	948,050	-	-	-	948,050
Franchise	360,015	-	-	23,031	383,046
Charges for services	1,635	-	-	-	1,635
Licenses, permits and fees	63,263	-	-	-	63,263
Recreation fees	20,753	-	-	-	20,753
Court fines	134,353	-	-	4,193	138,546
Rentals	3,690	-	-	-	3,690
Donations	35,845	-	-	-	35,845
Intergovernmental	4,663	-	-	218,868	223,531
Interest income	2,355	3,341	4,459	899	11,054
Miscellaneous	103,702	668	3,772	-	108,142
Total revenues	<u>1,985,384</u>	<u>732,843</u>	<u>8,231</u>	<u>246,991</u>	<u>2,973,449</u>
EXPENDITURES					
Current:					
Legislative	32,305	-	-	-	32,305
General government	808,395	-	54,351	18,400	881,146
Public safety	993,151	-	50,872	90,735	1,134,758
Highways and streets	225,854	-	222,909	-	448,763
Culture and recreation	232,969	-	-	-	232,969
Capital outlay:					
General government	-	-	117,526	9,000	126,526
Public safety	-	-	18,385	175,000	193,385
Highways and streets	-	-	6,870	-	6,870
Culture and recreation	-	-	12,909	-	12,909
Debt service					
Principal retirement	16,519	597,856	-	-	614,375
Interest	4,093	488,423	-	-	492,516
Paying agent fees	-	41,876	-	-	41,876
Total expenditures	<u>2,313,266</u>	<u>1,128,155</u>	<u>483,822</u>	<u>293,135</u>	<u>4,218,398</u>
Deficiency of revenues under expenditures	<u>(327,902)</u>	<u>(395,312)</u>	<u>(475,591)</u>	<u>(46,144)</u>	<u>(1,244,948)</u>
OTHER FINANCING SOURCES					
Transfers in	333,342	226,594	-	16,658	576,594
Issuance of refunding bonds	-	2,635,000	-	-	2,635,000
Refunded bonds redeemed	-	(2,594,346)	-	-	(2,594,346)
Total other financing sources and uses	<u>333,342</u>	<u>267,248</u>	<u>-</u>	<u>16,658</u>	<u>617,248</u>
Net change in fund balances	5,440	(128,064)	(475,591)	(29,466)	(627,701)
Fund balances - beginning	304,940	275,466	726,760	170,217	1,477,383
Fund balances - ending	<u>\$ 310,380</u>	<u>\$ 147,402</u>	<u>\$ 251,169</u>	<u>\$ 140,731</u>	<u>\$ 849,682</u>

City of Jacksboro, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
September 30, 2009

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

Net change in fund balances - total governmental funds	\$ (627,701)
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.	(79,871)
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.	578,365
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.	49,348
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.	31,408
Change in net assets of governmental activities	<u>\$ (48,451)</u>

City of Jacksboro, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 300,200	\$ 300,200	\$ 307,060	\$ 6,860
Sales	1,026,500	1,026,500	948,050	(78,450)
Franchise	347,000	347,000	360,015	13,015
Charges for services	2,500	2,500	1,635	(865)
Licenses, permits and fees	35,000	35,000	63,263	28,263
Recreation fees	20,000	20,000	20,753	753
Court fines	182,000	182,000	134,353	(47,647)
Rentals	3,600	3,600	3,690	90
Donations	-	35,000	35,845	845
Intergovernmental	1,317	7,317	4,663	(2,654)
Interest income	10,000	10,000	2,355	(7,645)
Miscellaneous	30,078	60,000	103,702	43,702
Total revenues	<u>1,958,195</u>	<u>2,029,117</u>	<u>1,985,384</u>	<u>(43,733)</u>
EXPENDITURES				
Current:				
Legislative	30,055	30,305	32,305	(2,000)
General government	800,089	836,739	808,395	28,344
Public safety	992,198	1,012,058	993,151	18,907
Highways and streets	220,141	220,141	225,854	(5,713)
Culture and recreation	282,219	300,977	232,969	68,008
Debt service:				
Capital lease Principal	16,500	16,500	16,519	(19)
Capital lease interest	4,100	4,100	4,093	7
Total expenditures	<u>2,345,302</u>	<u>2,420,820</u>	<u>2,313,286</u>	<u>107,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(387,107)</u>	<u>(391,703)</u>	<u>(327,902)</u>	<u>63,801</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
Transfers out	(8,000)	(8,000)	(16,658)	(8,658)
Total other financing sources and uses	<u>342,000</u>	<u>342,000</u>	<u>333,342</u>	<u>(8,658)</u>
Net change in fund balances	<u>(45,107)</u>	<u>(49,703)</u>	<u>5,440</u>	<u>55,143</u>
Fund balances - beginning	304,940	304,940	304,940	-
Fund balances - ending	<u>\$ 259,833</u>	<u>\$ 255,237</u>	<u>\$ 310,380</u>	<u>\$ 55,143</u>

City of Jacksboro, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2009

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 321,276
Receivables (net of allowance for uncollectibles)	429,331
Total current assets	<u>750,607</u>
Noncurrent assets:	
Restricted Cash	1,050,332
Deferred charges	54,700
Capital assets:	
Water and sewer system	10,532,278
Machinery and equipment	453,894
Furniture and fixtures	45,199
Construction in progress	53,320
Less: accumulated depreciation	<u>(4,391,443)</u>
Total capital assets (net of accumulated depreciation)	<u>6,693,248</u>
Total noncurrent assets	<u>7,798,280</u>
Total assets	<u><u>8,548,887</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	76,165
Wages payable	21,574
Utility customer deposits	44,480
Compensated absences	20,000
Lease payable current	8,050
Bonds payable current	60,000
Accrued interest payable	20,038
Total current liabilities	<u>250,307</u>
Noncurrent liabilities:	
Bonds payable	2,120,000
Lease payable	11,601
Compensated absences	51,078
Total noncurrent liabilities	<u>2,182,679</u>
Total liabilities	<u><u>2,432,986</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	4,482,519
Restricted for capital projects	1,050,332
Unrestricted	583,050
Total net assets	<u><u>\$ 6,115,901</u></u>

City of Jacksboro, Texas
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2009

	Water and Sewer Fund
OPERATING REVENUES:	
Charges for sales and services:	
Water sales	\$ 1,219,622
Sewer charges	807,067
Solid waste	538,312
Penalties	48,606
Tap fees	8,950
Total operating revenues	<u>2,622,557</u>
OPERATING EXPENSES:	
Costs of sales and services:	
Salaries and benefits	607,945
Supplies and maintenance	354,227
Contractual services	73,225
Sanitation contractual services	503,529
Depreciation	270,615
Bad debt expense	46,048
Miscellaneous	2,174
Total operating expenses	<u>1,857,763</u>
Operating income	<u>764,794</u>
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	6,300
Interest expense	(49,496)
Total nonoperating revenue (expense)	<u>(43,196)</u>
Income before capital contributions and transfers	721,598
Transfers out	(576,594)
Capital contributions	76,899
Change in net assets	221,903
Total net assets - beginning	5,893,998
Total net assets - ending	<u><u>\$ 6,115,901</u></u>

City of Jacksboro, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2009

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,557,666
Cash payments to suppliers for goods and services	(955,010)
Cash payments to employees and professional contractors for services	(686,511)
Net cash provided by operating activities	<u>916,145</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to other funds	(576,594)
Net cash used by noncapital financing activities	<u>(576,594)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(742,358)
Debt issuance costs	(27,452)
Bond sale proceeds	1,294,294
Principal and interest paid on capital debt	(87,000)
Contributed capital	76,899
Net cash provided by capital and related financing activities	<u>514,383</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	6,300
Net cash provided by investing activities	<u>6,300</u>
Net increase in cash and cash equivalents	860,234
Cash and cash equivalents - beginning	511,374
Cash and cash equivalents - ending	* <u>\$ 1,371,608</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 764,794
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	270,615
Increase (decrease) in allowance for uncollectibles	15,341
(Increase) decrease in accounts receivable	(49,905)
Increase (decrease) in accounts payable	(97,254)
Increase (decrease) in wages payable	3,597
Increase (decrease) in utility customer deposits	19
Increase (decrease) in compensated absences	8,938
Net cash provided by operating activities	<u>\$ 916,145</u>
Non cash supplemental items	
Issuance of refunding bonds	\$ 2,635,000
Bonds redeemed with refunding	<u>\$ 2,565,000</u>
Purchase of capital assets with debt	<u>\$ 24,295</u>
* Unrestricted cash and cash equivalents	\$ 321,276
Restricted cash and cash equivalents	1,050,332
Total cash and cash equivalents	<u>\$ 1,371,608</u>

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The City is incorporated as a general law municipal corporation under the laws of the State of Texas. The City operates under a Mayor / Aldermanic form of government and provides the following services: 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, Texas.

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. 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, 2008 to September 30, 2009. 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

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

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 the accounting standards. 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, 2009, are as follows: general fund, debt service fund, capital projects fund, and the water and sewer fund. The non-major governmental funds are as follows: hotel/motel tax, court technology, court security, school safety, crossing guard, grant, and landfill capital projects fund.

Major governmental funds include the following:

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

Debt Service Fund: This governmental debt service 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.

The Water and Sewer Fund includes the following:

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

Solid Waste Services: This proprietary enterprise type fund is used to account for the sanitation services provided by the City.

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

C. Measurement Focus and Basis of Accounting

1) Governmental Funds

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

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

Sales taxes are collected by the State and remitted to the City in 60 days arrears. The City allocates its sales tax revenues to the General Fund and JEDC 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 the next October 1 and are past due after February 1 of the following year. Property taxes at the fund level are recorded on October 1 when taxes are assessed as receivables and deferred revenue 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. Amounts estimated to be collectible in time to be a resource payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with GAAP have been recognized as revenue.

2) Government-Wide Financial Statements and Proprietary Funds

The accrual basis of accounting and flow of economic resources measurement focus are used in the government-wide financial statements and all proprietary fund types. All assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statement of activities presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, and expenses (including depreciation) are recorded when the liability is incurred. For the proprietary funds and for the government-wide financial statements and in accordance with GASB Accounting Standards Codification section P80, 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 for the proprietary fund 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

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, Fund Balance/Net Assets and Other

1) Pooled Cash, Investments and Temporary Deposits

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

2) Capital Assets and Depreciation

Capital assets (i.e., land, 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	20-50 years

3) Compensated Absences

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

4) 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 Accounting Standards Codification sections C50 and Po20.

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

5) Interfund Transfers

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

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

6) Use of Estimates

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

7) Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

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 \$8,102,915 difference are as follows:

Bonds Payable	\$ 7,993,039
Less: deferred charges for issuance costs (to be amortized over life of debt)	(43,754)
Capital leases payable	76,293
Compensated absences	77,337
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 8,102,915</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

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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 \$79,871 difference are as follows:

Capital outlay	\$ 339,690
Depreciation expense	(419,561)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (79,871)</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 \$578,365 difference are as follows:

Debt principal repayments:	
General obligation debt	\$ 597,856
Capital leases	16,519
Issuance costs	(39,754)
Amortization of issuance costs	3,744
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 578,365</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 \$49,348 difference are as follows:

Accrued interest	\$ 92,531
Compensated absences	(43,183)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 49,348</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 \$31,408 difference are as follows:

Ad valorem taxes	\$ 7,854
Municipal court fines	23,554
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 31,408</u>

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

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, Special Revenue Funds 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, 2009 the General Fund budget was amended during the fiscal year to reflect additional expenditures of \$75,518. These additional costs included: \$14,500 for the purchase of a new animal control vehicle, \$16,723 in parks and recreation including funding to assist with the stabilization of roads at the park facilities and a new lawn mower. These increased costs are funded partially by donations of \$35,000. The net effect of the budget amendments to the General Fund balance is an additional budgeted increase of \$4,593.

4. Detailed Notes on All funds

A. Assets

1) Deposits

At September 30, 2009, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$840,750, and the combined bank account balances at the First Bank of Jacksboro amounted to \$942,892. The difference of \$102,142 is due to a combination of deposits in transit and outstanding checks. The City's cash deposits at September 30, 2009 and during the fiscal year ended September 30, 2009, 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
SEPTEMBER 30, 2009**

2) Investments

State statutes authorize the City's investments. These investments include obligations of the United States Government or agencies and instrumentalities and obligations of the State of Texas and other political subdivisions.

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

At September 30, 2009 the book value of the City's deposits in TexSTAR local government investment pool was \$1,419,793. The average monthly rate of the pool was 0.2629%, the weighted average maturity of the pool was 48 days. These investments are considered a cash equivalent in the financial statements.

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

a. Credit Risk

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

1. Limiting investments to suitable and authorized investments including obligations of the United States, bank certificates of deposits, fully collateralized direct repurchase agreements, money market mutual funds and local government investment pools 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.

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

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

c. Concentration of Credit Risk

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

1. Investments are limited to avoid concentration in securities from a specific issuer or business sector (excluding U.S. treasury securities).
2. Limiting investments in securities that have higher credit risks.
3. Investing in securities with varying maturities.
4. Continuously investing 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, 2009 for the City's individual major funds including the allowances for uncollectible accounts, are as follows:

	General Fund	Hotel/ Motel Tax Fund	Debt Service Fund	Grant Fund	Utility Fund	Total
Receivables:						
Property tax	\$ 22,613	\$ -	\$ 58,548	\$ -	\$ -	\$ 81,161
Sales tax	108,084	-	-	-	-	108,084
Hotel/Motel tax	-	6,345	-	-	-	6,345
Franchise fees	21,988	-	-	-	-	21,988
Municipal Court fines	401,007	-	-	-	-	401,007
Customer accounts	-	-	-	-	460,081	460,081
Miscellaneous	3,291	-	-	3,750	-	7,041
Gross receivables	<u>556,983</u>	<u>6,345</u>	<u>58,548</u>	<u>3,750</u>	<u>460,081</u>	<u>1,085,707</u>
Less: Allowance for uncollectibles						
Property tax	(3,149)	-	(7,506)	-	-	(10,655)
Municipal Court fines	(200,504)	-	-	-	-	(200,504)
Customer accounts	-	-	-	-	(30,550)	(30,550)
Total allowance for uncollectibles	<u>(203,653)</u>	<u>-</u>	<u>(7,506)</u>	<u>-</u>	<u>(30,550)</u>	<u>(241,709)</u>
Net total receivables	<u>\$ 353,330</u>	<u>\$ 6,345</u>	<u>\$ 51,042</u>	<u>\$3,750</u>	<u>\$ 429,531</u>	<u>\$ 843,998</u>

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4) Capital Assets

Capital assets, additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2009 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 185,714	\$ 19,300	\$ -	\$ 205,014
Construction in progress	40,877	-	-	40,877
Total capital assets not being depreciated	<u>226,591</u>	<u>19,300</u>	<u>-</u>	<u>245,891</u>
Capital assets being depreciated:				
Furniture & fixtures	3,767	-	-	3,767
Machinery & equipment	788,919	320,390	-	1,109,309
Streets	1,005,762	-	-	1,005,762
Lost Creek Dam & Reservoir	8,355,568	-	-	8,355,568
Buildings and improvements	1,917,419	-	-	1,917,419
Total capital assets being depreciated	<u>12,071,435</u>	<u>320,390</u>	<u>-</u>	<u>12,391,825</u>
Less: accumulated depreciation				
Furniture & fixtures	(3,767)	-	-	(3,767)
Machinery & equipment	(491,984)	(104,229)	-	(596,213)
Streets	(112,158)	(50,287)	-	(162,445)
Lost Creek Dam & Reservoir	(2,345,466)	(163,035)	-	(2,508,501)
Buildings and improvements	(720,567)	(102,010)	-	(822,577)
Total accumulated depreciation	<u>(3,673,942)</u>	<u>(419,561)</u>	<u>-</u>	<u>(4,093,503)</u>
Total capital assets being depreciated, net	<u>8,397,493</u>	<u>(99,171)</u>	<u>-</u>	<u>8,298,322</u>
Total governmental capital assets, net	<u>\$ 8,624,084</u>	<u>\$ (79,871)</u>	<u>\$ -</u>	<u>\$ 8,544,213</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 18,140	\$ 35,180	\$ -	\$ 53,320
Total capital assets not being depreciated	<u>18,140</u>	<u>35,180</u>	<u>-</u>	<u>53,320</u>
Capital assets being depreciated:				
Furniture & fixtures	45,199	-	-	45,199
Machinery & equipment	284,293	169,601	-	453,894
Water and sewer system	9,994,702	537,576	-	10,532,278
Total capital assets being depreciated	<u>10,324,194</u>	<u>707,177</u>	<u>-</u>	<u>11,031,371</u>
Less: accumulated depreciation				
Furniture & fixtures	(41,521)	(1,408)	-	(42,929)
Machinery & equipment	(207,362)	(4,046)	-	(211,408)
Water and sewer system	(3,871,945)	(265,161)	-	(4,137,106)
Total accumulated depreciation	<u>(4,120,828)</u>	<u>(270,615)</u>	<u>-</u>	<u>(4,391,443)</u>
Total capital assets being depreciated, net	<u>6,203,366</u>	<u>436,562</u>	<u>-</u>	<u>6,639,928</u>
Total business-type capital assets, net	<u>\$ 6,221,506</u>	<u>\$ 471,742</u>	<u>\$ -</u>	<u>\$ 6,693,248</u>

Depreciation expense was charged to governmental functions as follows:

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<u>Depreciation Detail by Function:</u>	<u>Amount</u>
Culture and Recreation	\$ 216,957
General Government	25,432
Highways and Streets	62,282
Public Safety	114,890
Total Depreciation	<u>\$ 419,561</u>

B. Liabilities

1) Changes in general long term liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 8,520,895	\$ 2,847,144	\$ (3,375,000)	\$ 7,993,039	\$ 830,000
Capital leases payable	92,813	-	(16,520)	76,293	17,329
Compensated absences	41,495	72,994	(37,152)	77,337	20,000
Total governmental long-term debt	<u>\$ 8,655,203</u>	<u>\$ 2,920,138</u>	<u>\$ (3,428,672)</u>	<u>\$ 8,146,669</u>	<u>\$ 867,329</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities:					
Bonds payable	\$ 950,000	\$ 1,270,000	\$ (40,000)	\$ 2,180,000	\$ 60,000
Capital leases payable	6,048	24,295	(10,692)	19,651	8,050
Compensated absences	62,140	8,938	-	71,078	20,000
Total business-type long-term debt	<u>\$ 1,018,188</u>	<u>\$ 1,303,233</u>	<u>\$ (50,692)</u>	<u>\$ 2,270,729</u>	<u>\$ 88,050</u>

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 fund and proprietary funds.

On October 14, 2008, the City issued Series 2008 General Obligation Refunding Bonds in the amount of \$2,635,000, with an interest rate of 4.9%. The maturity dates range from 2014 through 2020. The net proceeds of \$2,594,346 (after issuance cost of \$40,654) were used to refund various bonds with a total principal amount of \$2,565,000.

The current refunding was done in order to reduce debt payments in the short-term. The refunding increased total debt service payments approximately \$500,000 and resulted in an economic loss of approximately \$26,000.

A summary of the changes in governmental activities and business-type activities long-term debt for the fiscal year ended September 30, 2009, is as follows:

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Description	Series	Interest Rate	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:								
Comb Tax & Rev - Cert of Obligation	1988	4.7 - 7.45%	\$ 5,799,013	\$ 2,925,895	\$ -	\$ (502,856)	\$ 2,423,039	[2] \$ 715,000
Comb Tax & Rev - Cert of Obligation	1994A	4.25 - 5.8%	1,535,000	125,000	-	(125,000)	-	[3] -
Comb Tax & Rev - Cert of Obligation	1994B	4.75 - 6.9%	1,040,000	-	-	-	-	[3] -
Comb Tax & Rev - Cert of Obligation	1997	3.45 - 4.95%	2,550,000	1,610,000	-	(1,610,000)	-	[3] -
General Obligation Refunding Bonds	1999	3.9 - 5.2%	5,760,000	1,620,000	-	(830,000)	790,000	[3] -
Comb Tax & Rev - Cert of Obligation	2004	4.65%	273,000	245,000	-	(10,000)	235,000	[3] 10,000
Comb Tax & Rev - Cert of Obligation	2006	4.73%	455,000	395,000	-	(15,000)	380,000	[3] 15,000
Comb Tax & Rev - Cert of Obligation	2008	4.00%	1,600,000	1,600,000	-	(70,000)	1,530,000	[3] 90,000
General Obligation Refunding Bonds	2008	4.98%	2,635,000	-	2,635,000	-	2,635,000	[1] -
Total Governmental Activities			<u>\$ 21,647,013</u>	<u>\$ 8,520,895</u>	<u>\$ 2,635,000</u>	<u>\$ (3,162,856)</u>	<u>\$ 7,893,039</u>	<u>\$ 830,000</u>
Business-type activities:								
Water and wastewater fund								
Comb Tax & Rev - Cert of Obligation	2004	4.65%	\$ 262,000	\$ 230,000	\$ -	\$ (10,000)	\$ 220,000	[3] \$ 10,000
Comb Tax & Rev - Cert of Obligation	2006	4.71%	545,000	520,000	-	(20,000)	500,000	[3] 20,000
Comb Tax & Rev - Cert of Obligation	2008	4.00%	200,000	200,000	-	(10,000)	190,000	[3] 10,000
Comb Tax & Rev - Cert of Obligation	2008A	4.88% - 6.85%	350,000	-	350,000	-	350,000	[3] -
Comb Tax & Rev - Cert of Obligation	2009	5.35% - 6.75%	920,000	-	920,000	-	920,000	[3] 20,000
Total Business-type Activities			<u>\$ 2,277,000</u>	<u>\$ 950,000</u>	<u>\$ 1,270,000</u>	<u>\$ (40,000)</u>	<u>\$ 2,180,000</u>	<u>\$ 60,000</u>

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

[2] Issued to purchase the Lost Creek Reservoir

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

Annual debt service requirements are as follows:

Years ending September 30:	Principal	Interest	Total Requirements
Governmental activities:			
2010	\$ 830,000	\$ 434,407	\$ 1,264,407
2011	697,276	388,567	1,085,843
2012	732,545	339,787	1,072,332
2013	595,310	288,043	883,353
2014	687,690	242,594	930,284
2015-2019	2,989,723	712,379	3,702,102
2020-2024	1,027,841	183,696	1,211,537
2025-2029	432,654	34,754	467,408
	<u>\$ 7,993,039</u>	<u>\$ 2,624,227</u>	<u>\$ 10,617,266</u>
Business-type activities:			
2010	\$ 60,000	\$ 132,831	\$ 192,831
2011	89,785	103,400	193,185
2012	93,681	99,012	192,693
2013	94,443	94,370	188,813
2014	107,310	89,440	196,750
2015-2019	540,277	421,656	961,933
2020-2024	712,158	262,378	974,536
2025-2029	482,346	77,921	560,267
	<u>\$ 2,180,000</u>	<u>\$ 1,281,008</u>	<u>\$ 3,461,008</u>

CITY OF JACKSBORO, TEXAS
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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, 2009 are accounted for in the Statement of Net Assets. The assets acquired through capital leases are as follows:

	Net Asset Book Value	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:						
Fire truck	\$ 115,767	\$ 92,813	\$ -	\$ (16,520)	\$ 76,293	\$ 17,329
2004 one ton truck	13,115	-	-	-	-	-
2004 Kubota	17,671	-	-	-	-	-
2005 Crown Victoria	14,270	-	-	-	-	-
Total Governmental Activities:	\$ 160,823	\$ 92,813	\$ -	\$ (16,520)	\$ 76,293	\$ 17,329
Business-type activities:						
Water and wastewater fund						
Backhoe	\$ 21,227	\$ -	\$ -	\$ -	\$ -	\$ -
2004 one ton truck	10,259	-	-	-	-	-
2007 pickup	17,233	6,048	-	(6,048)	-	-
Backhoe	24,294	-	24,295	(4,644)	19,651	8,050
Total Business-type Activities:	\$ 73,013	\$ 6,048	\$ 24,295	\$ (10,692)	\$ 19,651	\$ 8,050

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2009 as follows:

<u>Years ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
Governmental activities:			
2010	\$ 17,329	\$ 3,283	\$ 20,612
2011	18,180	2,433	20,613
2012	19,067	1,545	20,612
2013-2014	21,717	612	22,329
Total governmental activities	\$ 76,293	\$ 7,873	\$ 84,166
Business-type activities:			
2010	\$ 8,050	\$ 223	\$ 8,273
2011	8,164	110	8,274
2012	3,437	12	3,449
Total business-type activities	\$ 19,651	\$ 345	\$ 19,996

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. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

**CITY OF JACKSBORO, TEXAS
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SEPTEMBER 30, 2009**

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

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). 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.

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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). 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 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. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for 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 \$567.2 million and \$512.9 million were made in 2008 and 2007 by the member cities in accordance with the actuarially determined city contribution rates, based on the December 31, 2007 and 2006 actuarial valuations, respectively. The employees of the cities contributed \$298.0 million and \$276.0 million in 2008 and 2007 in accordance with the city-adopted employee contribution rate for each city.

	2006	2007	2008
PLAN PROVISIONS			
1 Total # of participating entities	821	827	827
City Specific:			
2 Employee deposit rate	7.0%	7.0%	7.0%
3 Matching ratio (city to employee)	2 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 December 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

CITY OF JACKSBORO, TEXAS
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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, 2008, the City's annual pension cost of \$163,591 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
09/30/2008	\$163,591	100%	\$0

The required contribution was determined as part of the December 31, 2006 actuarial valuation using the Unit Credit actuarial funding method. The actuarial assumptions at December 31, 2006 included (a) a 7.0 % investment rate of return, (b) no projected salary increases, and (c) an inflation factor of 3.0%. City specific assumptions included (a) payroll growth assumption of 3% and (b) High/Low withdrawal rates for Male/Female.

ACTUARIAL INFORMATION	2006	2007	2008
1 Actuarial cost method	Unit Credit	Projected 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	30 years - closed period	29 years - closed period
4 Asset valuation method	Amortized cost	Amortized cost	Amortized cost
5 Assumptions			
Investment return	7%	7%	7.5%
Projected salary increases	None	Varies by age and service	Varies by age and service
Inflation	3.5%	3.0%	3.0%
Cost of living adjustments	None	2.1 % (3.0% CPI)	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, 2008, the most recent actuarial valuation date, the plan was 64.4% funded. The actuarial accrued liability for benefits was \$3.962 million, and the actuarial value of assets was \$2.553 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.234 million, and the ratio of the UAAL to the covered payroll was 114.2%. The schedule of funding progress, presented as Required Supplementary Information (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-

CITY OF JACKSBORO, TEXAS
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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.

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 Accounting Standards Codification sections Pe5, Pe6, and Po50.

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 is as 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 Accounting Standards Codification sections Pe5, Pe6, and Po50 require 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%.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

	<u>2008</u>
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 2008 this was 0.35% of the annual covered payroll. The City's contributions for the years ended September 30, 2008, 2007, and 2006 were \$4,318, \$4,502, and \$4,214, respectively, which equaled the required contributions each year.

	<u>2008</u>
ACTUARIAL INFORMATION	
1 Valuation date	12/31/2008
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
5 Assumptions	
Investment return	4.25%
Projected salary increases	None
Inflation	3.0%
Cost of living adjustments	None
6 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, 2009, are comprised of the following:

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

Governmental funds restricted assets:

Special revenue funds:	
Hotel/Motel fund	\$ 106,932
Court technology fund	24,405
Court security fund	139
School safety fund	213
Crossing guard fund	4,766
Grant fund	1,883
Debt service fund	147,402
General capital projects fund	251,169
Landfill capital projects fund	2,393
Total governmental funds restricted assets	<u>\$ 539,302</u>

Utility fund restricted assets:

Utility capital projects fund	<u>\$ 1,050,332</u>
Total utility fund restricted assets	<u>\$ 1,050,332</u>

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. Transfers

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

Transfer from	Transfer to	Amount	Purpose
Proprietary Funds	General Fund	\$ 342,091	Provide subsidy to cover City operations
Proprietary Funds	General Debt Service Fund	227,394	Transfer to pay general long-term debt
Proprietary Funds	Non-major Governmental Fund	7,109	Provide for City match of grant award
		<u>\$ 576,594</u>	

The following schedule presents significant transfers between the primary government and its component unit during the year ended September 30, 2009:

<u>Component Unit</u>	<u>Significant Transactions</u>
Jacksboro Economic Development Corporation	Transfer of sale tax revenues in the amount of \$313,705, of which \$55,653 is due from the primary government at September 30, 2009

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

E. Jacksboro Economic Development Corporation

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

Discrete methodology 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.

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 JEDC records all sales taxes earned during the fiscal year as revenue when earned and available.

As of September 30, 2009, the carrying amount of JEDC's deposits was \$1,148,808 and the bank balance was \$1,148,595. Of the Corporation's cash deposits at September 30, 2008 and during the year ended September 30, 2009, \$200,000 was covered by FDIC insurance.

Capital Asset Activity:

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

In FY 05 JEDC 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) acquired 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 JEDC borrowed \$321,658 from the Jacksboro National Bank at the rate of 6% per year. JEDC's Board of Directors has an officer of the Jacksboro National Bank as a member. This note was paid in full in 2009.

In 2009, JEDC borrowed \$375,000 from The Independent Bankers Bank (TIB) at a rate of 5% per year. Interest is paid semi-annually on September 1 and March 1. Principal payments of \$75,000 are made each September 1 until maturity at September 1, 2014.

Long Term Debt Activity:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Note Payable - Jacksboro National Bank	\$ 75,983	\$ -	\$ (75,983)	\$ -	\$ -
TIB - The Independent Bankers Bank	-	375,000	-	375,000	75,000
Total Governmental Activities:	<u>\$ 75,983</u>	<u>\$ 375,000</u>	<u>\$ (75,983)</u>	<u>\$ 375,000</u>	<u>\$ 75,000</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

Annual debt service requirements are as follows:

Year Ending Sept. 30	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 75,000	\$18,750	\$ 93,750
2011	75,000	15,000	90,000
2012	75,000	11,250	86,250
2013	75,000	7,500	82,500
2014	<u>75,000</u>	<u>3,750</u>	<u>78,750</u>
	<u>\$375,000</u>	<u>\$56,250</u>	<u>\$431,250</u>

F. Prior Period Adjustment

Net assets in the governmental activities of the government-wide financial statements at October 1, 2008, the beginning of the current year, have been restated to reflect the proper amount of accumulated depreciation at that date for the City's Lost Creek Dam. The effect of this restatement is to increase net assets and capital assets, net of accumulated depreciation, in the amount of \$140,824. The restatement had no effect on revenues and expenses in the current year.

G. Commitments and Contingencies

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

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

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2005	\$ 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*

City of Jacksboro, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2009

	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	
ASSETS								
Cash and cash equivalents	\$ 100,587	\$ 24,405	\$ 139	\$ 213	\$ 4,766	\$ -	\$ 2,393	\$ 132,503
Net receivables	6,345	-	-	-	-	3,750	-	10,095
Total assets	106,932	24,405	139	213	4,766	3,750	2,393	142,598
LIABILITIES AND FUND BALANCE								
Liabilities:								
Bank overdrafts	-	-	-	-	-	1,867	-	1,867
Total liabilities	-	-	-	-	-	1,867	-	1,867
Fund balances:								
Unreserved, undesignated	106,932	24,405	139	213	4,766	1,883	2,393	140,731
Total fund balances	106,932	24,405	139	213	4,766	1,883	2,393	140,731
Total liabilities and fund balances	\$ 106,932	\$ 24,405	\$ 139	\$ 213	\$ 4,766	\$ 3,750	\$ 2,393	\$ 142,598

City of Jacksboro, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2009

	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	
REVENUES								
Taxes:								
Franchise	\$ 23,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,031
Court fines	-	2,456	83	850	794	-	-	4,183
Interest Income	652	154	1	1	28	-	63	899
Intergovernmental	-	-	-	-	-	218,868	-	218,868
Total revenues	23,683	2,610	94	851	822	218,868	63	245,991
EXPENDITURES								
Current:								
General government	16,538	-	-	-	-	-	10,562	27,400
Public safety	-	1,085	-	797	-	263,853	-	265,735
Total expenditures	16,538	1,085	-	797	-	263,853	10,562	293,135
Excess (deficiency) of revenues over (under) expenditures	6,845	1,525	94	54	822	(44,985)	(10,499)	(46,144)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	16,658	-	16,658
Total other financing sources and uses	-	-	-	-	-	16,658	-	16,658
Net change in fund balances	6,845	1,525	94	54	822	(28,327)	(10,499)	(23,486)
Fund balances - beginning	100,087	22,860	45	159	3,844	30,210	12,892	170,217
Fund balances - ending	\$ 106,932	\$ 24,405	\$ 139	\$ 213	\$ 4,766	\$ 1,883	\$ 2,393	\$ 140,731

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 690,633	\$ 690,633	\$ 704,503	\$ 13,870
Delinquent taxes	-	-	15,808	15,808
Penalty and interest	-	-	8,523	8,523
Interest income	20,000	20,000	3,341	(16,659)
Total revenues	710,633	710,633	732,175	21,542
EXPENDITURES				
Current:				
Principal	284,785	284,785	597,856	(313,071)
Interest	887,095	887,095	488,423	398,672
Agent fees	4,500	4,500	41,208	(36,708)
Total expenditures	1,176,380	1,176,380	1,127,487	48,893
Excess (deficiency) of revenues over (under) expenditures	(465,747)	(465,747)	(395,312)	70,435
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	226,594	(73,406)
Issuance of refunding bonds	-	-	2,635,000	2,635,000
Refunded bonds redeemed	-	-	(2,594,346)	(2,594,346)
Total other financing sources and uses	300,000	300,000	267,248	(32,752)
Net change in fund balances	(165,747)	(165,747)	(128,064)	37,683
Fund balances - beginning	275,466	275,466	275,466	-
Fund balances - ending	\$ 109,719	\$ 109,719	\$ 147,402	\$ 37,683

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Franchise	\$ 15,000	\$ 15,000	\$ 23,031	\$ 8,031
Interest income	1,800	1,800	652	(1,148)
Total revenues	<u>16,800</u>	<u>16,800</u>	<u>23,683</u>	<u>6,883</u>
EXPENDITURES				
Current:				
General government	7,500	7,500	7,838	(338)
Capital Outlay:				
General government	34,908	34,908	9,000	25,908
Total expenditures	<u>42,408</u>	<u>42,408</u>	<u>16,838</u>	<u>25,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,608)</u>	<u>(25,608)</u>	<u>6,845</u>	<u>32,453</u>
Net change in fund balances	(25,608)	(25,608)	6,845	32,453
Fund balances - beginning	100,087	100,087	100,087	-
Fund balances - ending	<u>\$ 74,480</u>	<u>\$ 74,480</u>	<u>\$ 106,932</u>	<u>\$ 32,453</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 4,000	\$ 4,000	\$ 2,456	\$ (1,544)
Interest income	750	750	154	(596)
Total revenues	4,750	4,750	2,610	(2,140)
EXPENDITURES				
Current:				
Public safety	2,200	2,200	1,085	1,115
Capital Outlay:				
Public safety	-	-	-	-
Total expenditures	2,200	2,200	1,085	1,115
Excess (deficiency) of revenues over (under) expenditures	2,550	2,550	1,525	(1,025)
Net change in fund balances	2,550	2,550	1,525	(1,025)
Fund balances - beginning	22,880	22,880	22,880	-
Fund balances - ending	\$ 25,430	\$ 25,430	\$ 24,405	\$ (1,025)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 36	\$ 36	\$ 93	\$ 57
Interest income	-	-	1	1
Total revenues	36	36	94	58
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital Outlay:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	36	36	94	58
Net change in fund balances	36	36	94	58
Fund balances - beginning	45	45	45	-
Fund balances - ending	<u>\$ 81</u>	<u>\$ 81</u>	<u>\$ 139</u>	<u>\$ 58</u>

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 50	\$ 50	\$ 850	\$ 800
Interest income	20	20	1	(19)
Total revenues	70	70	851	781
EXPENDITURES				
Current:				
Public safety	-	-	797	(797)
Total expenditures	-	-	797	(797)
Excess (deficiency) of revenues over (under) expenditures	70	70	54	(16)
Net change in fund balances	70	70	54	(16)
Fund balances - beginning	457	457	159	(298)
Fund balances - ending	\$ 527	\$ 527	\$ 213	\$ (314)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 100	\$ 100	\$ 794	\$ 694
Interest income	50	50	28	(22)
Total revenues	150	150	822	672
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital Outlay:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	150	150	822	672
Net change in fund balances	150	150	822	672
Fund balances - beginning	3,944	3,944	3,944	-
Fund balances - ending	\$ 4,094	\$ 4,094	\$ 4,766	\$ 672

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 29,817	\$ 29,817	\$ 218,868	\$ 189,051
Total revenues	29,817	29,817	218,868	189,051
EXPENDITURES				
Current:				
General government		-	-	-
Public safety	29,817	29,817	263,853	(234,036)
Total expenditures	29,817	29,817	263,853	(234,036)
Excess (deficiency) of revenues over (under) expenditures	-	-	(44,985)	(44,985)
OTHER FINANCING SOURCES (USES)				
Transfers in	16,659	16,659	16,658	1
Total other financing sources and uses	16,659	16,659	16,658	1
Net change in fund balances	16,659	16,659	(28,327)	(44,984)
Fund balances - beginning	30,209	30,209	30,210	-
Fund balances - ending	\$ 46,868	\$ 46,868	\$ 1,883	\$ (44,984)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 4,459	\$ 4,459
Miscellaneous	-	-	3,772	3,772
Total expenditures	-	-	8,231	8,231
EXPENDITURES				
Capital outlay	-	756,421	483,822	(272,599)
Total expenditures	-	756,421	483,822	272,599
Excess (deficiency) of revenues over (under) expenditures	-	(756,421)	(475,591)	280,830
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	(756,421)	(475,591)	30
Fund balances - beginning	726,760	726,760	726,760	-
Fund balances - ending	\$ 726,760	\$ (29,661)	\$ 251,169	\$ 30

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 63	\$ 63
EXPENDITURES				
General government	-	-	10,562	(10,562)
Total expenditures	-	-	10,562	10,562
Excess (deficiency) of revenues over (under) expenditures	-	-	(10,499)	(10,499)
Net change in fund balances	-	-	(10,499)	(10,499)
Fund balances - beginning	12,890	12,890	12,892	-
Fund balances - ending	<u>\$ 12,890</u>	<u>\$ 12,890</u>	<u>\$ 2,393</u>	<u>\$ (10,499)</u>

Jacksboro Economic Development Corporation
Balance Sheet
Governmental Funds
September 30, 2009

	EDC General Fund
ASSETS	
Cash and cash equivalents	\$ 1,438,808
Receivables	91,487
Total assets	<u>1,530,295</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	3,021
Total liabilities	<u>3,021</u>
Fund balances:	
Unreserved	<u>1,527,274</u>
Total fund balance	<u>1,527,274</u>
Total liabilities and fund balance	<u><u>\$ 1,530,295</u></u>

Jacksboro Economic Development Corporation
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2009

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

Fund balance	\$ 1,527,274
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.	(375,000)
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.	(2,484)
Net assets of governmental activities	<u>\$ 1,689,468</u>

Jacksboro Economic Development Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Governmental Funds
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts EDC General Fund	Variance with Final Budget
	Original	Final		
REVENUES				
Sales tax	\$ 340,000	\$ 340,000	\$ 313,705	\$ (26,295)
Interest income	2,500	2,500	9,539	7,039
Debt proceeds	-	-	375,000	375,000
Total revenues	<u>342,500</u>	<u>342,500</u>	<u>698,244</u>	<u>355,744</u>
EXPENDITURES				
Current:				
General government	683,000	683,000	119,344	563,656
Debt service:				
Note principal	89,084	89,084	75,984	13,100
Note interest	10,916	10,916	3,092	7,824
Total expenditures	<u>783,000</u>	<u>783,000</u>	<u>198,420</u>	<u>584,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(440,500)</u>	<u>(440,500)</u>	<u>499,824</u>	<u>940,324</u>
Net change in fund balances	(440,500)	(440,500)	499,824	940,324
Fund balances - beginning	1,027,451	1,027,451	1,027,451	-
Fund balances - ending	<u>\$ 586,951</u>	<u>\$ 586,951</u>	<u>\$ 1,527,274</u>	<u>\$ 940,324</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, 2009

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

Net change in fund balances - total governmental funds	\$ 499,824
Debt proceeds are reported as revenues in the governmental funds, but are reported as debt in the government-wide financial statements.	(375,000)
The retirement of long-term debt (e.g., notes payable) provides current financial resources to governmental 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.	(1,104)
Change in net assets of governmental activities	<u>\$ 199,704</u>

*STATISTICAL SECTION
(UNAUDITED)*

Statistical Section

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

<u>Contents</u>	<u>Table</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	1 - 4
Revenue Capacity <i>These schedules contain information to help the reader assess the significant local revenue sources.</i>	5 - 9
Debt Capacity <i>These schedules offer demographic and economic indicators to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	10 - 12
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	13 - 14
Operating Information <i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	15 - 16

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

CITY OF JACKSBORO, TEXAS
NET ASSETS BY COMPONENT

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

Table 1

	2005	2006	2007	2008	2009
Governmental activities					
Invested in capital assets, net of related debt					
Restricted	\$ 1,355,078	\$ 1,872,804	\$ 2,762,130	\$ 757,702	\$ 474,881
Unrestricted	47,045	663,157	302,471	1,172,443	539,302
Total governmental activities net assets	\$ 1,920,074	\$ 2,877,152	\$ 3,323,667	\$ 1,534,836	\$ 1,486,385
Business-type activities					
Invested in capital assets, net of related debt					
Restricted	\$ 5,927,370	\$ 5,784,032	\$ 5,605,678	\$ 5,686,151	\$ 4,482,519
Unrestricted	-	537,583	462,418	420,692	1,050,332
Total business-type activities net assets	\$ 5,927,370	\$ 6,321,615	\$ 6,068,096	\$ 6,106,843	\$ 5,532,851
Primary government					
Invested in capital assets, net of related debt					
Restricted	\$ 7,282,448	\$ 7,656,836	\$ 8,367,808	\$ 6,443,853	\$ 4,957,400
Unrestricted	47,045	1,200,740	764,889	1,593,135	1,589,661
Total primary government net assets	\$ 7,329,493	\$ 8,857,576	\$ 9,132,697	\$ 8,036,988	\$ 6,547,061

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

	2009	2008	2007	2006	2005
Expenses					
Governmental activities:					
Legislative					
General government	\$ 37,779	\$ 48,025	\$ 42,935	\$ 31,869	\$ 32,305
Public safety	641,265	900,649	696,107	787,637	901,048
Streets	907,425	1,046,882	1,107,883	1,284,841	1,249,648
Culture and recreation	288,687	260,105	251,085	307,501	537,893
Interest on long term debt	403,672	469,345	463,105	510,059	452,765
Total governmental activities expenses	332,645	329,195	1,013,506	468,532	469,985
	2,611,473	3,054,201	3,574,620	3,390,439	3,643,644
Business-type activities:					
Water and sewer	1,000,011	1,098,356	1,229,125	1,819,817	1,390,890
Sanitation	394,975	406,103	415,594	5,147	514,195
Total business-type activities expenses	1,394,986	1,504,459	1,644,719	1,824,964	1,905,085
Total primary government expenses	4,006,459	4,558,660	5,219,339	5,215,403	5,548,729
Program Revenues					
Governmental activities:					
Fees, Fines, and Charges for Services:					
General government and administration	-	-	-	-	-
Public safety	221,221	211,628	262,874	281,845	216,166
Streets	-	15	-	-	-
Cultural and recreational	56,681	65,581	42,658	35,016	20,753
Operating grants and contributions	142,826	80,957	52,301	124,871	59,549
Capital grants and contributions	41,815	72,351	8,706	94,292	199,827
Total governmental activities program revenues	462,543	430,532	366,540	536,024	496,295
Business-type activities:					
Charges for services:					
Water and sewer	1,916,667	1,979,112	1,860,458	1,858,573	2,084,245
Sanitation	381,984	403,158	422,358	492,157	538,312
Operating grants and contributions	17,800	-	-	-	-
Capital grants and contributions	173,881	57,876	57,022	318,766	76,899
Total business-type activities program revenues	2,490,332	2,440,146	2,339,838	2,669,495	2,699,456
Total primary government program revenues	2,952,875	2,870,678	2,706,378	3,205,519	3,195,751

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

Table 2

	2005	2006	2007	2008	2009
Net (Expense) Revenue					
Governmental Activities	(2,148,930)	(2,623,669)	(3,208,080)	(2,854,415)	(3,147,349)
Business-type Activities	1,095,346	935,687	695,120	844,531	794,371
Total Primary government net expense	<u>(1,053,584)</u>	<u>(1,687,982)</u>	<u>(2,512,960)</u>	<u>(2,009,884)</u>	<u>(2,352,978)</u>
General Revenues					
and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Ad valorem	851,822	878,931	848,580	1,079,688	1,072,011
Sales	950,437	1,137,586	1,123,789	1,140,405	948,050
Franchise Fees	339,539	384,311	376,255	360,996	383,047
Investment earnings	50,547	47,558	80,179	43,073	11,054
Gain on sale/retirement of capital asset	-	-	63,634	(6,116)	-
Miscellaneous	36,833	10,564	13,296	40,226	108,142
Transfers	1,156,626	1,121,797	1,148,863	824,247	576,594
Total Governmental Activities	<u>3,385,804</u>	<u>3,580,747</u>	<u>3,654,595</u>	<u>3,482,519</u>	<u>3,098,898</u>
Business-type Activities:					
Investment earnings	2,433	17,119	38,518	15,120	6,300
Gain on sale/retirement of capital assets	-	-	-	-	(2,174)
Miscellaneous	9,680	6,843	(3,727)	4,650	-
Transfers	(1,156,626)	(1,121,797)	(1,148,863)	(824,247)	(576,594)
Total Business-type Activities	<u>(1,144,513)</u>	<u>(1,097,835)</u>	<u>(1,114,071)</u>	<u>(804,477)</u>	<u>(572,468)</u>
Total Primary Government	<u>2,241,291</u>	<u>2,482,912</u>	<u>2,540,523</u>	<u>2,678,042</u>	<u>2,526,430</u>
Change in Net Assets					
Governmental Activities	1,236,872	957,078	446,515	628,104	(48,451)
Business-type Activities	(49,166)	(162,148)	(418,951)	40,054	221,903
Total Primary Government	<u>\$ 1,187,706</u>	<u>\$ 794,930</u>	<u>\$ 27,564</u>	<u>\$ 668,158</u>	<u>\$ 173,452</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)

Table 3

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,503	\$ 22,721	\$ 403	\$ -	\$ -
Unreserved	\$ 80,847	\$ 56,917	\$ 94,172	\$ (153,624)	\$ 105,852	\$ 9,284	\$ 192,242	\$ 290,248	\$ 304,940	\$ 310,380
Total general fund	\$ 80,847	\$ 56,917	\$ 94,172	\$ (153,624)	\$ 105,852	\$ 269,787	\$ 214,963	\$ 290,651	\$ 304,940	\$ 310,380
All Other Governmental Funds										
Unreserved, reported in:										
Debt Service Fund	\$ 66,327	\$ 65,572	\$ 51,951	\$ 22,562	\$ 68,674	\$ 117,508	\$ 176,980	\$ 216,539	\$ 275,486	\$ 147,402
Special revenue funds	\$ 33,802	\$ 46,358	\$ 56,411	\$ 65,570	\$ 79,132	\$ 72,251	\$ 78,355	\$ 117,926	\$ 170,217	\$ 140,731
Capital funds	-	-	-	-	\$ 753,979	\$ 13,483	\$ 463,457	\$ 12,483	\$ 726,760	\$ 251,169
Total all other governmental funds	\$ 100,129	\$ 111,930	\$ 108,362	\$ 88,152	\$ 901,785	\$ 203,242	\$ 718,792	\$ 346,948	\$ 1,172,443	\$ 539,302

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES:										
Taxes:										
Ad valorem										
Sales	\$ 376,775	\$ 418,231	\$ 432,427	\$ -	\$ 862,352	\$ 852,544	\$ 893,642	\$ 840,345	\$ 1,091,782	\$ 1,035,884
Taxes, licenses, permits and fees	921,895	957,824	1,030,715	1,495,460	700,697	950,437	1,137,586	1,123,789	1,140,405	948,050
Franchise fees	-	-	-	-	376,036	339,539	384,311	376,255	360,996	383,046
Charges for services	-	33,536	31,685	53,684	1,718	3,450	1,840	2,645	2,460	1,635
Licenses and permits	-	-	-	-	17,125	11,853	15,501	84,812	53,996	63,263
Recreation fees	-	-	-	-	39,988	56,408	65,581	42,658	35,016	20,753
Court fines	70,561	98,443	118,988	149,554	206,112	142,845	174,893	182,369	138,306	138,546
Rentals	5,250	5,000	4,100	4,431	7,900	4,800	4,100	3,706	3,800	3,690
Donations	-	-	-	-	50,196	67,473	62,638	27,593	40,475	35,845
Intergovernmental	31,183	3,345	28,767	28,724	112,368	35,887	69,851	30,495	174,788	223,531
Investment earnings	27,518	27,242	11,565	7,896	15,188	50,547	47,558	60,179	43,073	11,054
Miscellaneous	43,725	18,395	25,570	35,017	5,867	36,833	10,564	525,259	40,226	108,142
Total Revenues	1,817,826	1,563,016	1,684,797	1,774,866	2,318,662	2,629,095	2,868,065	3,320,304	3,125,421	2,973,449
EXPENDITURES:										
Legislative	34,135	36,805	45,981	34,246	27,709	37,778	48,025	42,935	31,869	32,305
General government and administration	522,189	300,176	323,706	401,179	442,625	631,404	875,616	606,440	780,146	861,146
Public safety	371,117	424,780	452,882	636,828	824,182	920,458	1,036,984	1,114,989	1,221,957	1,134,758
Streets	186,647	183,575	173,165	155,673	226,850	291,705	481,199	272,071	228,829	448,763
Cultural and recreational	102,010	135,007	136,474	165,756	221,200	448,135	269,079	280,047	301,706	232,989
Sanitation	-	-	-	-	-	-	-	-	-	-
Capital outlay	52,504	72,744	67,864	88,213	19,951	723,453	13,575	490,570	863,939	339,690
Debt Service:										
Principal retirement	694,169	807,765	853,288	850,811	855,000	895,000	990,918	1,056,375	1,039,442	614,375
Interest and fiscal charges	488,106	434,922	398,667	370,467	321,321	337,471	285,587	631,898	241,997	534,392
Total expenditures	2,450,877	2,375,784	2,492,027	2,704,173	2,938,818	4,285,409	4,000,993	4,765,322	4,709,886	4,218,388
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(633,051)	(812,768)	(767,230)	(929,307)	(619,956)	(1,656,311)	(1,132,928)	(1,445,017)	(1,584,463)	(1,244,948)
OTHER FINANCING SOURCES (USES):										
Bonds issued	-	-	-	-	773,000	-	455,000	-	1,600,000	2,635,000
Bond issue costs	-	-	-	-	(21,450)	-	(8,645)	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-	-	(2,594,346)
Lease purchase proceeds	-	52,898	22,072	80,101	42,262	31,817	-	-	-	-
Transfers in	713,478	780,251	780,000	601,200	799,533	1,156,628	1,121,797	1,148,863	832,965	593,252
Transfers out	-	-	-	-	-	-	-	-	(8,718)	(16,959)
Total Other Financing Sources (Uses)	713,478	833,149	802,072	661,301	1,593,345	1,183,443	1,568,152	1,148,863	2,424,247	617,248
NET CHANGE IN FUND BALANCES	\$ 80,427	\$ 20,381	\$ 34,842	\$ (268,006)	\$ 973,391	\$ (467,866)	\$ 435,227	\$ (296,154)	\$ 839,783	\$ (827,701)
Debt service as a percentage of noncapital expenditures	49.3%	54.0%	52.5%	46.7%	40.3%	34.8%	32.0%	44.2%	33.3%	29.6%

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			
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
2009	147,423,560	37,344,180	48,531,780	136,235,960	0.927330

Source: Jack County Appraisal District

CITY OF JACKSBORO, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)
Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year	City Direct Rates				Overlapping Rates			
	Operating/ General Rate	General Debt Service	Obligation Total Direct	Jack County	Jack County Special	Jacksboro ISD	Faith Community Hospital	Jack WCID #1
2000	0.270000	0.720000	0.990000	0.369440	0.108030	1.440000	0.250000	0.040000
2001	0.290000	0.700000	0.990000	0.365640	0.092430	1.410000	0.900000	0.034000
2002	0.300000	0.690000	0.990000	0.384140	0.089910	1.500000	0.197500	0.034000
2003	0.300000	0.690000	0.990000	0.515450	0.091280	1.500000	0.195800	0.032600
2004	0.271200	0.694900	0.966100	0.489310	0.082220	1.500000	0.184600	0.029800
2005	0.249800	0.661400	0.911200	0.413720	0.067700	1.500000	0.136100	0.021700
2006	0.222780	0.591090	0.813870	0.398080	0.064399	1.657000	0.130700	0.020099
2007	0.245000	0.668100	0.913100	0.376191	0.063283	1.368000	0.116000	0.017870
2008	0.280297	0.668100	0.948397	0.301741	0.062646	1.339040	0.116000	0.013094
2009	0.447530	0.479800	0.948397	0.299419	0.062460	1.500000	0.106110	0.013094

Source: Jack County Appraisal District

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

Table 7

2009		2000	
Taxpayer	Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^a
EOG Resources, Inc.	\$ 15,743,920	\$ 2,270,690	3.12 %
Hurd Oil Field Service	4,862,360	1,775,270	2.44
Halliburton Services	3,471,540	1,432,460	1.97
Banc of America Lease & Cap., Inc.	2,568,330	1,333,480	1.83
Oncor Electric Delivery Co.	1,863,050	963,180	1.33
Geer Tank Trucks, Inc.	1,196,250	888,960	1.22
Jacksboro Assisted Living, Inc.	1,083,070	776,940	1.07
Bell Tubulurs	1,064,810	621,160	0.85
Southwestern Bell Telephone	951,240	587,920	0.81
Diamond Food Markets, Inc.	883,760	564,700	0.78
Total	\$ 33,688,330	\$ 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
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
2008/09	1,030,966	(714)	1,030,195	1,017,895	97.84	12,198	1,017,895	98.81

Source: Jack County Appraisal District

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

Table 9

Fiscal Year	Water Revenues	Sewer Revenues	Sanitation Revenues
2003/04	\$ 1,014,765	\$ 736,851	\$ 392,744
2004/05	1,097,052	763,238	381,984
2005/06	1,156,313	775,322	403,158
2006/07	1,066,509	745,781	422,358
2007/08	1,094,041	716,448	492,157
2008/09	1,219,622	807,067	527,369

Source: City records

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

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

Table 10

Fiscal Year	Governmental Activities		Business-type Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Certificates of Obligation	Total Primary Government			
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	6,210,895	775,000	8,715,895	NA	1,854	
2008	1,620,000	6,900,895	950,000	9,470,895	NA	2,015	
2009	3,425,000	4,568,039	2,180,000	10,173,039	NA	2,178	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
^aSee 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 ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligations	Total		
2001	\$ 4,845,000	\$ 4,349,013	\$ 9,194,013	12.29 %	\$ 2,028
2002	4,285,000	4,129,013	8,414,013	10.34	1,856
2003	3,700,000	3,894,013	7,594,013	8.85	1,675
2004	3,085,000	4,427,013	7,512,013	8.55	1,657
2005	2,450,000	4,172,013	6,622,013	7.09	1,461
2006	1,780,000	4,354,013	6,134,013	6.56	1,353
2007	1,730,000	6,210,895	7,940,895	8.50	1,689
2008	1,620,000	6,900,895	8,520,895	9.12	1,813
2009	3,425,000	4,568,039	7,993,039	8.55	1,700

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

^aSee Table 5 for property value data.

^bSee 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, 2009
(Unaudited)

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Jack County	\$ 5,467,614	15.78%	\$ 862,789
Jacksboro Independent School District	28,213,199	23.33%	6,582,139
Subtotal, overlapping debt			7,444,928
City of Jacksboro (direct debt)	7,993,039	100.00%	7,993,039
Total direct and overlapping debt			\$ 15,437,967

Source: Debt outstanding data provided by each governmental unit.

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

Table 13

Year	Estimated Population	Jack County			Median Age	School Enrollment	Jack County Unemployment Rate
		Personal Income	Per Capita Personal Income				
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%	
2009	4,671	NA	NA	*	960	6.5%	

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

	2009		2008	
<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	35	0.91%	City of Jacksboro	39 1.01%
Geer Tank Trucks	33	0.86%	Geer Tank Trucks	33 0.86%
Renewable Energy Services Americas, Inc	30	0.78%	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%
Pumpco Service Company	21	0.54%	Devon Gas Services LP	21 0.54%
Total	762	19.78%		757 19.64%

Source: Oncor Economic Development Department

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

Table 15

Function/Program	FISCAL YEAR			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government and Administration	10.00	10.00	12.00	12.00
Public Safety	17.00	18.00	18.50	18.50
Culture and Recreational	5.50	5.50	4.50	4.50
Street Maintenance	5.00	5.00	3.00	3.00
Water and Sewer	12.50	12.50	15.00	15.00
Total	<u>50.00</u>	<u>51.00</u>	<u>53.00</u>	<u>53.00</u>
				<u>45.25</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	2005	2006	2007	2008	2009
Administration					
Council Directed Programs	5	5	5	6	6
Council Meetings	20	20	35	33	36
Proclamations, Ordinances, Resolutions	32	35	47	52	40
Positions filled	5	5	8	14	11
GFOA CAFR Award	1	1	1	1	Pending
GFOA Distinguished Budget Award		1	1	1	1
Public Safety					
Municipal Court					
New cases filed	1,679	1,763	1,900	1,500	980
Warrants cleared	374	349	245	350	387
Police					
Number of Employees	10	10	10	10	10
Calls for service	3,501	6,200	3,941	4,300	3,954
Fire					
Number of Employees	1	2	2	2	2
Number of Fire runs	200	250	286	350	365
Animal Control					
Calls for service	607	1,200	990	1,300	1,250
Animals impounded	232	1,560	875	292	275
Citations Issued	137	312	205	60	45
Development Services					
Building Permits	110	172	122	150	125
Cultural and Recreational					
Parks and Recreation					
Aquatics daily admissions	2,200	2,200	0	0	0
Athletics/ recreation participants	800	925	700	350	200
Activity center memberships	225	250	300	300	250
Park acreage maintained	88	88	89	93	93
Water and Sewer					
Number of Water Consumers	1,800	1,650	1,700	1,700	1,625
Treated water (million gallons per year)	207	225	255	255	255
Treated effluent water (million gallons per year)	135	140	125	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, 2009, which collectively comprise the City of Jacksboro, Texas' basic financial statements and have issued our report thereon dated May 19, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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
May 19, 2010

CITY OF JACKSBORO, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

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, 2009

Not Applicable