

CITY OF JACKSBORO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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Prepared By

The Department of Finance

**Erika Hobson
Finance Manager**

CITY OF JACKSBORO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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INTRODUCTORY SECTION



March 2, 2011

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

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, Texas' (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, 2010, is hereby issued.

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

The City's financial statements have been audited by MWH Group, P.C., independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2010, 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, 2010, 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, Texas, 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 approximately 4,700. 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, Texas 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, these declines and the current state of the economy have caused us to see a decline in sales tax revenues for FY 2010.

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 2009-2010 in order to maintain adequate fund balances. Due to increased maintenance and operations costs, the property tax rate was increased from \$0.92733 to \$0.9837 per one hundred dollars of assessed valuation. The 2010 certified taxable value of real and personal property is \$124,745,190. This is an 8.4% decrease below the 2009 tax year value of \$136,235,960.

Accounting System and Budgetary Control

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

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

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

The annual Program of Services (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 its adoption.

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 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, 2009.

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,



Tom Sessions
Mayor



Erika L. Hobson
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

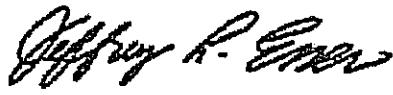
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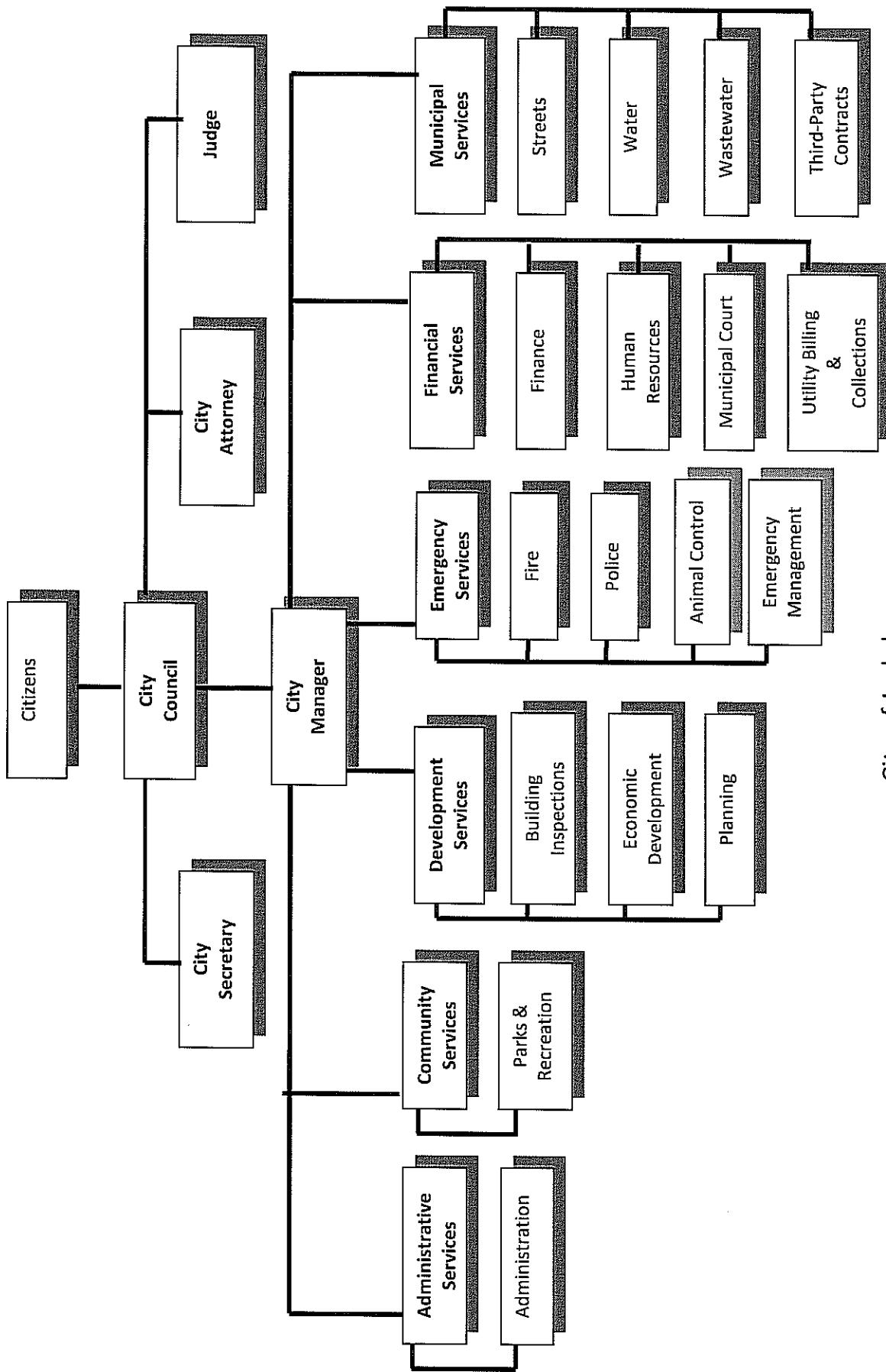
City of Jacksboro
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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.




President

Executive Director



City of Jacksboro Organizational Chart

City of Jacksboro, Texas
Principal Officials

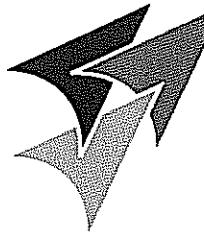
Elected Officials

Tom Sessions Mayor
Keri Lane Mayor Pro-Tem
Victor Sanchez Alderman
J.W. Lindsey Alderman
Faye Lewis Alderman
Royce Smith Alderman

Appointed Officials

Shawna L. Dowell City Manager
Shirley J. Grantham City Secretary
Terry McDaniel Chief of Police
Erika L. Hobson Director of Finance
Jim Feltz Director of Parks & Recreation
Terry Highfill Director of Public Works

FINANCIAL SECTION



MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

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, 2010, 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 opinion.

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, 2010, 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 March 2, 2011, 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 relate 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.

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

Wichita Falls, Texas
March 2, 2011



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, 2010.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$8,168,853 (net assets).
- Governmental net assets increased \$662,595. This change in net assets is primarily attributed to: 1) the budgeted annual transfer-in to governmental activities from the business-type activities for administrative support of \$350,000, 2) the budgeted transfer-in to governmental activities from the business-type activities for the business-type activities portion of debt service in the amount of \$468,732 and 3) the contribution from the JEDC of the renovated Gulf Texas and Western Railroad Depot.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$686,470, a decrease of \$163,212 in comparison with the prior year. The decrease is primarily due to \$81,488 of expenditures in the capital projects fund. Of the combined ending balances, \$225,823 is unreserved in the general fund, \$186,270 is reserved in the general debt service fund, \$100,438 is reserved in the special revenue funds, \$171,140 is reserved in the capital projects fund, \$2,397 is reserved in the landfill capital project fund, and \$402 is reserved in the general fund.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$225,823 or 7.9% percent of total general fund expenditures.

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 of Jacksboro's basic financial statements are comprised of three components:

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

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

Government-wide financial statements

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate 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 funds, 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, are an integral part of this statement.

Proprietary funds

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

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

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

Notes to the financial statements

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

Government-wide Financial Analysis

Net 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 \$8,168,853 at the close of the most recent fiscal year.

The largest portion (84.7%) 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, 2010 and 2009:

TABLE I NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets						
Capital assets, net of accumulated depreciation	\$ 1,208,016	\$ 1,347,356	\$ 1,916,816	\$ 1,855,639	\$ 3,124,832	\$ 3,202,995
Total assets	8,666,047	8,544,213	6,844,906	6,693,248	15,510,953	15,237,461
	9,874,063	9,891,569	8,761,722	8,548,887	18,635,785	18,440,456
Current liabilities	264,647	258,515	533,217	162,257	797,864	420,772
Long-term liabilities outstanding	7,460,435	8,146,669	2,208,632	2,270,729	9,669,068	10,417,398
Total liabilities	7,725,083	8,405,184	2,741,849	2,432,986	10,466,932	10,838,170
Net assets						
Invested in capital assets, net of related debt	1,471,609	769,804	5,450,477	5,598,629	6,922,086	6,368,433
Restricted net assets						
Capital projects	2,397	2,393	-	-	2,397	2,393
Debt retirement	186,270	147,402	-	-	186,270	147,402
Specific purposes	100,840	138,338	-	-	100,840	138,338
Unrestricted	387,864	428,448	569,396	517,272	957,260	945,720
Total net assets	\$ 2,148,980	\$ 1,486,385	\$ 6,019,873	\$ 6,115,901	\$ 8,168,853	\$ 7,602,286

An additional portion of the City's net assets (3.5%) represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

Governmental activities increased net assets by \$662,595, and business-type activities decreased net assets by \$96,028, for a total increase in total net assets of \$566,567. The key elements of this City wide increase are shown in the following table:

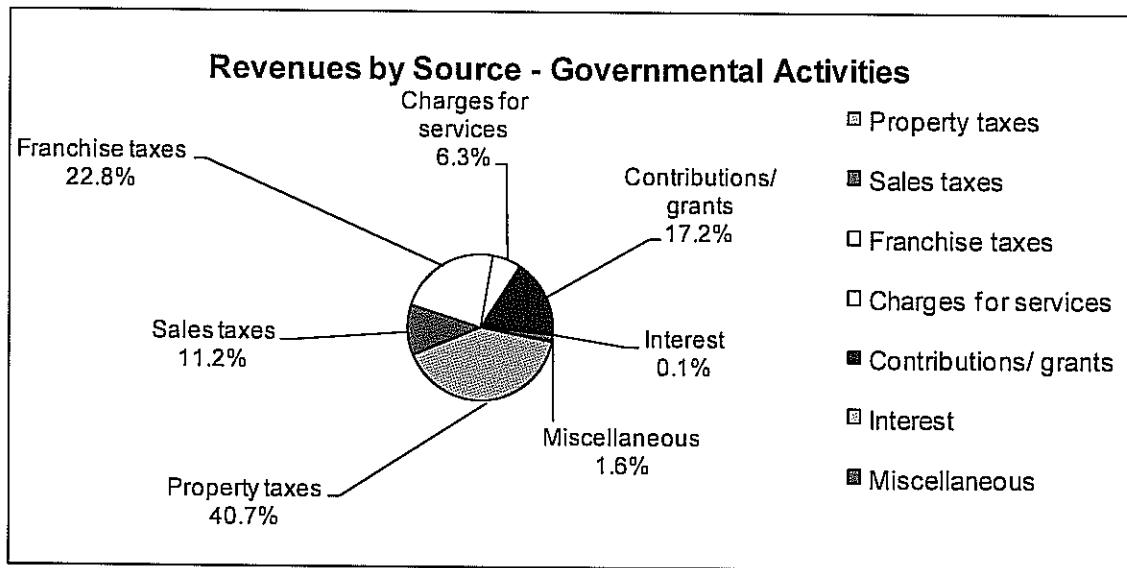
TABLE II
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 199,247	\$ 236,919	\$ 2,735,540	2,622,557	\$ 2,934,787	\$ 2,859,476
Operating grants and contributions	27,720	59,549	-	-	27,720	59,549
Capital grants and contributions	512,687	199,827	162,620	76,899	675,307	276,726
General revenues						
Property taxes	1,281,692	1,072,011	-	-	1,281,692	1,072,011
Franchise taxes	717,274	948,050	-	-	717,274	948,050
Sales taxes	353,473	383,047	-	-	353,473	383,047
Interest	4,679	11,054	2,859	6,300	7,538	17,354
Miscellaneous	51,013	108,142	1,795	-	52,808	108,142
Total revenues	<u>3,147,785</u>	<u>3,018,599</u>	<u>2,902,814</u>	<u>2,705,757</u>	<u>6,050,589</u>	<u>5,724,355</u>
Expenses:						
Legislative	31,067	32,305	-	-	31,067	32,305
General government	912,723	901,048	-	-	912,723	901,048
Public safety	1,147,095	1,249,648	-	-	1,147,095	1,249,648
Streets	326,458	537,893	-	-	326,458	537,893
Culture and recreation	446,787	452,765	-	-	446,787	452,765
Interest on debt service	439,792	469,985	-	-	439,792	469,985
Water and sewer utilities	-	-	2,180,110	1,907,260	2,180,110	1,907,260
Total expenses	<u>3,303,922</u>	<u>3,643,644</u>	<u>2,180,110</u>	<u>1,907,260</u>	<u>5,484,032</u>	<u>5,550,804</u>
Increase (decrease) in net assets before transfers	<u>(156,137)</u>	<u>(625,045)</u>	<u>722,704</u>	<u>798,497</u>	<u>566,567</u>	<u>173,451</u>
Net transfers	818,732	576,594	(818,732)	(576,594)	-	-
Increase (decrease) in net assets	<u>662,595</u>	<u>(48,451)</u>	<u>(96,028)</u>	<u>221,903</u>	<u>566,567</u>	<u>173,451</u>
Net assets - beginning	<u>1,486,385</u>	<u>1,534,836</u>	<u>6,115,901</u>	<u>5,893,998</u>	<u>7,802,286</u>	<u>7,428,834</u>
Net assets - ending	<u>\$ 2,148,980</u>	<u>\$ 1,486,385</u>	<u>\$ 6,019,873</u>	<u>\$ 6,115,901</u>	<u>\$ 8,168,853</u>	<u>\$ 7,602,285</u>

The \$566,567 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 (before transfers) of the business-type activities was the increase in capital contributions due to a grant for improvements in the water and sewer system. The key factors in the decrease in net assets (before transfers) of the governmental activities are the decrease in charges for services and franchise and sales taxes.

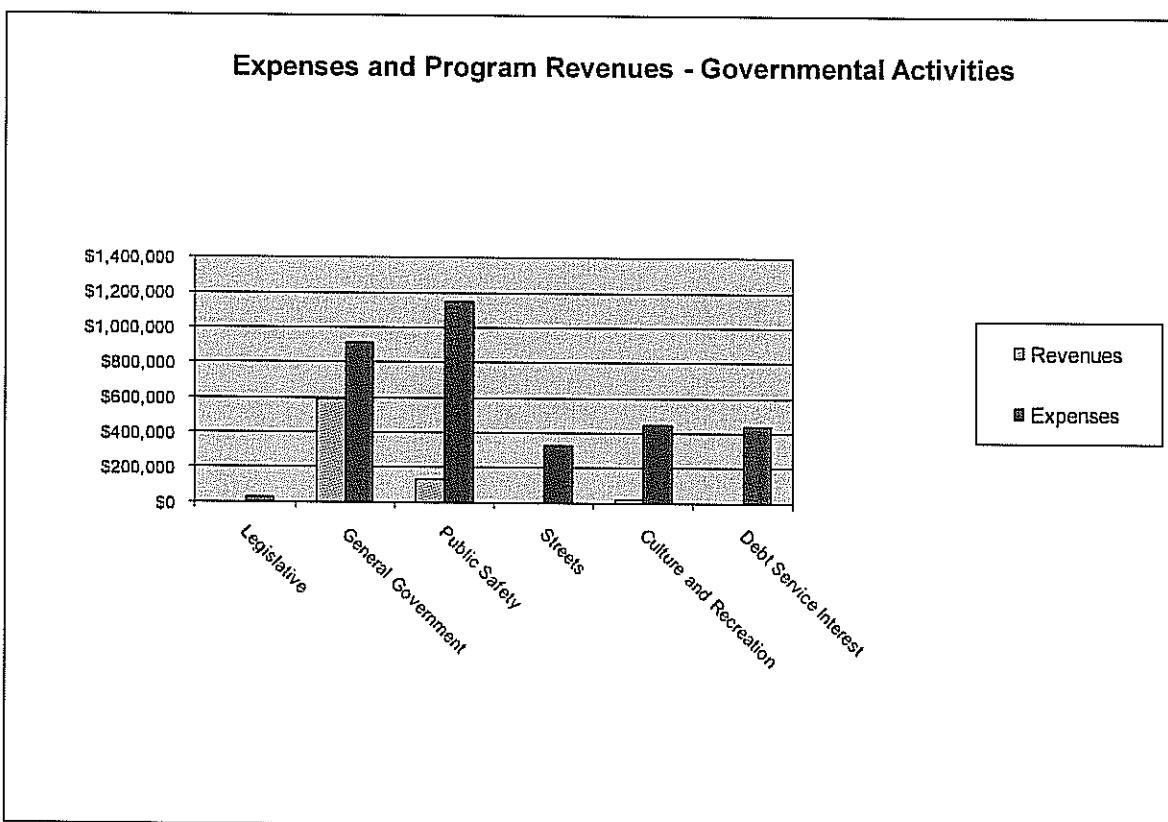
Revenues by source – governmental activities

Property taxes, sales taxes, franchise taxes, and charges for services provide 81.0% of the revenues for the governmental activities. The chart on the following page provides a graphic representation of the City's revenues by source:



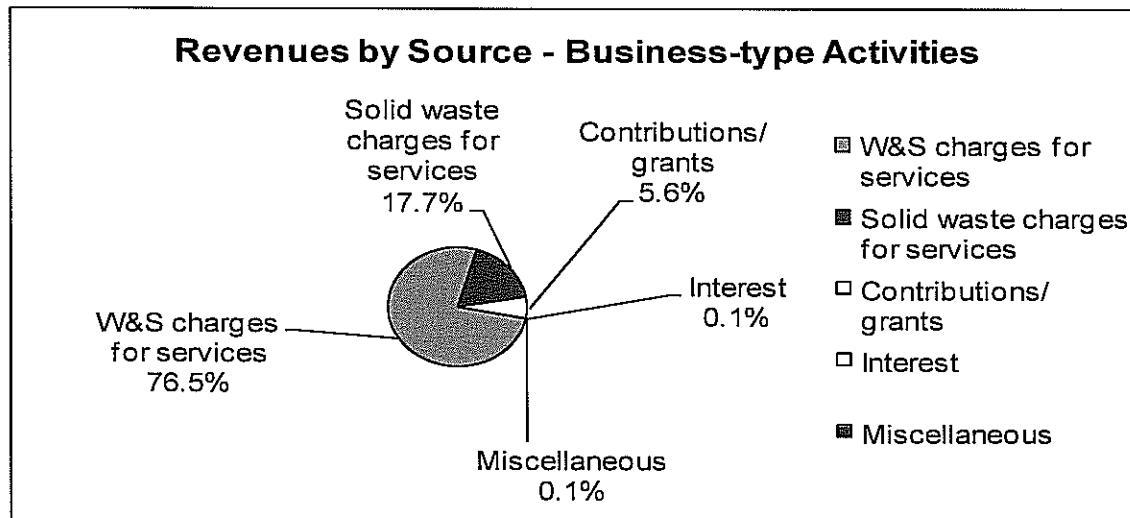
Expenses and program revenues – governmental activities

Public safety, general government, and interest on debt service provide 75.7% 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.



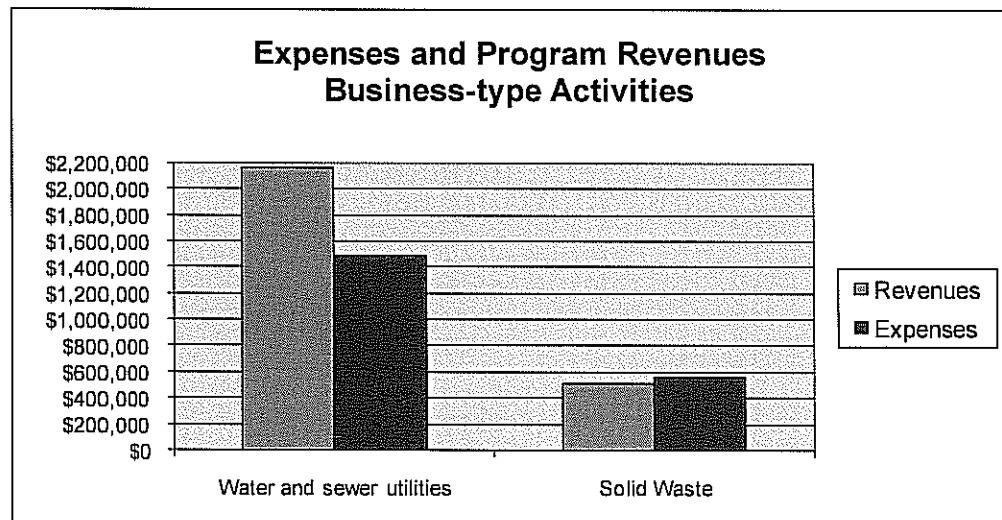
Revenues by source – business-type activities

Water, sewer and solid waste charges for services account for 94.2% of the revenue. This is comparable to 2009 income.



Expenses and program revenues – business-type activities

Business-type activities decreased the City's net assets by \$96,028. Other major non-operating revenues of the water and sewer fund were capital grants of \$162,620, capital improvement fees of \$55,815, and interest income of \$2,859.



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 \$686,470, a decrease of \$163,212 in comparison with the prior year. Approximately 32.9% of this total amount, \$225,823, 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 \$186,270, 2) hotel/ motel tax \$71,048, 3) court technology \$24,286, 4) grant fund (\$830), 5) court security \$260, 6) school safety \$442, 7) crossing guard fund \$5,232, 8) capital projects fund \$171,140, 9) landfill CIP fund \$2,397, and 10) general fund \$402.

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 \$225,823. 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 7.9% of total general fund expenditures.

The fund balance of the general fund decreased \$84,155 during the current fiscal year. Key factors and significant items included in this decrease are as follows:

- Property tax revenue increased significantly, but this was offset by a decline in municipal court fines and franchise and sales tax revenues.
- There was a significant increase in governmental expenditures in the public safety and street departments due to increases in salaries, supplies, and street repairs, including curbs and alleys.
- There was a decrease in miscellaneous income, which includes federal income received by the City in 2009 for a building purchased in 2008.
- There was a significant increase in donations due to the contribution of the Gulf Texas and Western Railroad Depot, valued at \$507,182, from the JEDC. This amount was offset by capital outlay for the general government of the same amount.

The debt service fund has a total fund balance of \$186,270, all of which is designated for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$38,868. Although the percentage of property taxes allocated to debt service was decreased from 2009 to 2010 from 66.8% to 51.7%, the amount transferred from the utility fund increased from \$226,594 to \$468,732. Debt service expenditures in 2010 were comparable to 2009, with an increase in principle payments and a decrease in interest payments.

The capital projects fund has a total fund balance of \$171,140, which is designated for capital expenditures. The net decrease in 2010, was \$80,029. This is due to the purchase of a new roof for city hall, and increased repairs and maintenance costs for general government, public safety, and streets.

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 \$569,396. Net assets decreased \$96,028 from the prior year. Factors regarding the finances were addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Revenues were \$444,184 higher than the City's budgeted projections, and expenditures were more than the final budget by \$581,293. The differences were primarily due to the donation of the Gulf Texas and Western Railroad Depot by the JEDC to the general fund, which is included in donations revenue and capital outlay expenses.

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, 2010 amounts to \$15,510,953 (net of accumulated depreciation). This investment in capital assets

includes land, buildings and improvements, the Lost Creek Dam and Reservoir, streets, machinery and equipment, water and sewer system, and construction in progress.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 205,014	\$ 205,014	\$ -	\$ -	\$ 205,014	\$ 205,014
Construction in progress	-	40,877	294,907	53,320	294,907	94,197
Buildings and improvements	1,557,925	1,094,842	-	-	1,557,925	1,094,842
Lost Creek Dam & Reservoir	5,679,956	5,847,067	-	-	5,679,956	5,847,067
Streets	793,039	843,317	-	-	793,039	843,317
Water and sewer system	-	-	6,246,677	6,395,172	6,246,677	6,395,172
Furniture and fixtures	-	-	-	2,270	-	2,270
Machinery & equipment	430,113	513,096	303,322	242,486	733,435	755,582
Total	<u>\$ 8,666,047</u>	<u>\$ 8,544,213</u>	<u>\$ 6,844,906</u>	<u>\$ 6,593,248</u>	<u>\$ 15,510,953</u>	<u>\$ 15,237,461</u>

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

Long-term Liabilities

At the end of the 2010 fiscal year, the City had total long-term liabilities of \$9,669,068.

TABLE IV
CITY OF JACKSBORO OUTSTANDING LONG TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Bonds payable	\$ 7,337,029	\$ 7,993,039	\$ 2,120,000	\$ 2,180,000	\$ 9,457,029	\$ 10,173,039
Capital leases payable	58,964	76,293	62,763	19,651	121,727	95,944
Compensated absences	64,443	77,337	25,869	71,078	90,312	148,415
Total	<u>\$ 7,460,436</u>	<u>\$ 8,146,669</u>	<u>\$ 2,208,632</u>	<u>\$ 2,270,729</u>	<u>\$ 9,669,068</u>	<u>\$ 10,417,398</u>

Additional information on the City's long-term debt can be found in note 4.B.1-5. of this report.

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

- 2010 appraised value used for the FY 11 budget preparation is \$124,745,190, or 8.43% less than the 2009 appraised values.
- The FY 11 adopted general operating fund budget decreased expenditures compared to the final FY 10 actual amount, from \$2,866,831 actual in FY 10 to a budgeted \$2,373,518 in FY 11. This is a, decrease of less than 2.0%.
- The \$350,000 budgeted transfer-in to the general fund from the utility fund remains the same for FY 11.
- The increase in costs of health insurance rates were taken into consideration for FY 11.

These indicators were taken into account when adopting the FY 11 general fund budget. Beginning estimated fund balance available for appropriation in the FY 11 general fund budget was \$226,225. The maintenance and operation (M&O) property tax levy was increased by 6.1% 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 11 general fund budget is projected to decrease the ending fund balance by \$51,918.

Component Unit

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

Component Unit Financial Highlights

- The assets of the JEDC exceeded its liabilities by \$1,154,071 September 30, 2010.
- Net assets decreased by \$535,397 in comparison with the prior year due to the donation of the Gulf Texas and Western Railroad Depot to the general fund.

Table V
Jacksboro Economic Development Corporation Net Assets

	Governmental Activities	
	2010	2009
Current and other assets	\$ 930,748	\$ 1,530,295
Capital assets, net of accumulated depreciation	539,678	539,678
Total assets	<u>1,470,426</u>	<u>2,069,973</u>
Long-term liabilities outstanding	300,000	375,000
Other liabilities	16,355	5,505
Total liabilities	<u>316,355</u>	<u>380,505</u>
Net assets		
Invested in capital assets, net of related debt	239,678	164,678
Unrestricted	914,393	1,524,790
Total net assets	<u>\$ 1,154,071</u>	<u>\$ 1,689,468</u>

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Jacksboro, Texas
Statement of Net Assets
September 30, 2010

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Unit	
ASSETS					
Cash and cash equivalents	\$ 289,728	\$ 141,209	\$ 430,937	\$ 859,823	
Receivables (net of allowance for uncollectables)	428,268	694,965	1,123,233	35,834	
Due from primary government	-	-	-	35,091	
Internal balances	200	(200)	-	-	
Deferred charges	30,415	51,524	81,939	-	
Restricted assets:					
Cash and cash equivalents	459,405	1,029,318	1,488,723	-	
Capital assets not being depreciated:					
Land	205,014	-	205,014	539,678	
Construction in progress	-	294,907	294,907	-	
Capital assets:					
Buildings and improvements	2,495,479	-	2,495,479	-	
Streets	1,005,762	-	1,005,762	-	
Lost Creek Dam and Reservoir	8,355,568	-	8,355,568	-	
Water and sewer system	-	10,647,781	10,647,781	-	
Machinery and equipment	1,109,309	555,076	1,664,385	-	
Furniture and fixtures	3,767	45,199	48,966	-	
Accumulated depreciation	(4,508,852)	(4,698,057)	(9,206,909)	-	
Total assets	<u>9,874,063</u>	<u>8,761,722</u>	<u>18,635,785</u>	<u>1,470,426</u>	
LIABILITIES					
Current liabilities:					
Accounts payable	125,140	451,491	576,631	15,105	
Wages payable	43,589	20,311	63,900	-	
Due to component unit	35,091	-	35,091	-	
Accrued interest payable	60,827	16,010	76,837	1,250	
Customer deposits	-	45,405	45,405	-	
Non-current liabilities					
Due within one year	735,238	135,409	870,647	75,000	
Due in more than one year	6,725,198	2,073,223	8,798,421	225,000	
Total liabilities	<u>7,725,083</u>	<u>2,741,849</u>	<u>10,466,932</u>	<u>316,355</u>	
NET ASSETS					
Invested in capital assets (net of related debt)	1,471,609	5,450,477	6,922,086	239,678	
Restricted for capital projects	2,397	-	2,397	-	
Restricted for debt service	186,270	-	186,270	-	
Restricted for tourism	71,048	-	71,048	-	
Restricted for technology	24,286	-	24,286	-	
Restricted for security and safety	5,104	-	5,104	-	
Restricted for other purposes	402	-	402	-	
Unrestricted	387,864	569,396	957,260	914,393	
Total net assets	<u>\$ 2,148,980</u>	<u>\$ 6,019,873</u>	<u>\$ 8,168,853</u>	<u>\$ 1,154,071</u>	

City of Jacksboro, Texas
Statement of Activities
For the Year Ended September 30, 2010

Functions/programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Primary government:								
Governmental activities:								
Legislative	\$ 31,067	\$ -	\$ 8,370	\$ 512,687	\$ (31,067)	\$ -	\$ (31,067)	\$ -
General government	912,723	67,329	19,350	-	(324,337)	-	(324,337)	-
Public safety	1,147,095	111,657	-	-	(1,016,088)	-	(1,016,088)	-
Streets	326,458	-	-	-	(326,458)	-	(326,458)	-
Culture and recreation	446,787	20,261	-	-	(426,526)	-	(426,526)	-
Interest expense	439,792	-	-	-	(439,792)	-	(439,792)	-
Total governmental activities	\$ 3,303,922	\$ 199,247	\$ 27,720	\$ 512,687	\$ (2,564,268)	\$ -	\$ (2,564,268)	\$ -
Business-type activities:								
Water, sewer and solid waste utilities	2,180,110	2,735,540	-	162,620	-	718,050	718,050	-
Total business-type activities	2,180,110	2,735,540	\$ -	162,620	\$ -	718,050	718,050	-
Total Primary Government	\$ 5,484,032	\$ 2,934,787	\$ 27,720	\$ 675,307	\$ (2,564,268)	\$ 718,050	\$ (1,846,218)	\$ -
Component unit:								
Economic Development Corporation	\$ 805,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (805,698)
Total Component Unit	\$ 805,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (805,698)
General revenues:								
Property taxes				1,281,692	-	1,281,692	-	
Sales taxes				717,274	-	717,274	239,837	
Franchise taxes				353,473	-	353,473	-	
Interest				4,679	2,859	7,538	4,420	
Miscellaneous				51,013	1,795	52,808	26,044	
Transfers in (out)				818,732	(818,732)	-	-	
Total general revenues and transfers				3,226,863	(814,078)	2,412,785	270,301	
Net change in net assets				662,595	(96,028)	566,567	(535,397)	
Net assets - beginning				1,486,385	6,115,901	7,602,286	1,689,468	
Net assets - ending				\$ 2,148,980	\$ 6,019,873	\$ 8,169,853	\$ 1,154,071	

City of Jacksboro, Texas
Balance Sheet
Governmental Funds
September 30, 2010

	General Fund	General Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 289,728	\$ -	\$ -	\$ -	\$ 289,728
Receivables (net of allowance for uncollectables)					
Property taxes	27,552	50,720	-	-	78,272
Sales taxes	107,438	-	-	-	107,438
Other	233,723	-	-	8,835	242,558
Due from other funds	5,495	-	-	-	5,495
Due from other governments	-	-	-	-	-
Restricted cash	402	189,965	172,740	96,298	459,405
Total assets	<u>\$ 664,338</u>	<u>\$ 240,685</u>	<u>\$ 172,740</u>	<u>\$ 105,133</u>	<u>\$ 1,182,896</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and other current liabilities	\$ 122,842	\$ -	\$ -	\$ 2,298	\$ 125,140
Wages payable	43,589	-	-	-	43,589
Due to other funds	-	3,695	1,600	-	5,295
Due to component unit	35,091	-	-	-	35,091
Deferred revenue	238,591	50,720	-	-	287,311
Total liabilities	<u>\$ 438,113</u>	<u>\$ 54,415</u>	<u>\$ 1,600</u>	<u>\$ 2,298</u>	<u>\$ 496,426</u>
Fund balances:					
Unreserved, reported in					
General fund	225,823	-	-	-	225,823
Reserved, reported in					
General fund	402	-	-	-	402
Debt service fund	-	186,270	-	-	186,270
Special revenue funds	-	-	-	100,438	100,438
Capital projects fund	-	-	171,140	-	171,140
Landfill capital projects fund	-	-	-	2,397	2,397
Total fund balances	<u>\$ 226,225</u>	<u>\$ 186,270</u>	<u>\$ 171,140</u>	<u>\$ 102,835</u>	<u>\$ 686,470</u>
Total liabilities and fund balances	<u><u>\$ 664,338</u></u>	<u><u>\$ 240,685</u></u>	<u><u>\$ 172,740</u></u>	<u><u>\$ 105,133</u></u>	<u><u>\$ 1,182,896</u></u>

City of Jacksboro, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2010

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

Fund balances - total governmental funds	\$ 686,470
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,666,047
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.	(7,430,021)
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.	(60,827)
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	287,311
Net assets of governmental activities	<u>\$ 2,148,980</u>

City of Jacksboro, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2010

	General Fund	General Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 610,861	\$ 657,788	\$ -	\$ -	\$ 1,268,649
Sales	717,274	-	-	-	717,274
Franchise	326,691	-	-	26,782	353,473
Charges for services	1,707	-	-	-	1,707
Licenses, permits and fees	63,608	-	-	-	63,608
Recreation fees	20,261	-	-	-	20,261
Court fines	108,676	-	-	2,981	111,657
Rentals	2,015	-	-	-	2,015
Donations	513,095	-	-	-	513,095
Intergovernmental	7,962	-	-	19,350	27,312
Interest income	1,465	2,398	459	357	4,679
Miscellaneous	42,666	-	1,000	-	43,666
Total revenues	<u>2,416,281</u>	<u>660,186</u>	<u>1,459</u>	<u>49,470</u>	<u>3,127,396</u>
EXPENDITURES					
Current:					
Legislative	31,067	-	-	-	31,067
General government	801,231	-	44,467	38,510	884,208
Public safety	1,016,711	-	3,387	32,461	1,052,559
Streets	259,452	-	3,634	-	263,086
Culture and recreation	230,575	-	-	-	230,575
Capital outlay:					
General government	507,182	-	30,000	-	537,182
Debt service					
Principal retirement	17,332	656,010	-	-	673,342
Interest	3,281	433,460	-	-	436,741
Paying agent fees	-	580	-	-	580
Total expenditures	<u>2,866,831</u>	<u>1,090,050</u>	<u>81,488</u>	<u>70,971</u>	<u>4,109,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(450,550)</u>	<u>(429,864)</u>	<u>(80,029)</u>	<u>(21,501)</u>	<u>(981,944)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	366,395	468,732	-	(16,395)	818,732
Total other financing sources and uses	<u>366,395</u>	<u>468,732</u>	<u>-</u>	<u>(16,395)</u>	<u>818,732</u>
Net change in fund balances	(84,155)	38,868	(80,029)	(37,896)	(163,212)
Fund balances - beginning	310,380	147,402	251,169	140,731	849,682
Fund balances - ending	<u>\$ 226,225</u>	<u>\$ 186,270</u>	<u>\$ 171,140</u>	<u>\$ 102,835</u>	<u>\$ 686,470</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, 2010

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

Net change in fund balances - total governmental funds	\$ (163,212)
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.	121,834
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.	660,000
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.	23,581
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	20,392
Change in net assets of governmental activities	<u>\$ 662,595</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, 2010

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final			
REVENUES					
Taxes:					
Property	\$ 590,200	\$ 590,200	\$ 610,861	\$ 20,661	
Sales	722,000	722,000	717,274	(4,726)	
Franchise	347,000	347,000	326,691	(20,309)	
Charges for services	1,500	1,500	1,707	207	
Licenses, permits and fees	50,000	50,000	63,608	13,608	
Recreation fees	15,000	15,000	20,261	5,261	
Court fines	165,000	165,000	108,676	(56,324)	
Rentals	3,600	3,600	2,015	(1,585)	
Donations	-	30,000	513,095	483,095	
Intergovernmental	-	5,962	7,962	2,000	
Interest income	1,500	1,500	1,465	(35)	
Miscellaneous	35,000	40,335	42,666	2,331	
Total revenues	1,930,800	1,972,097	2,416,281	444,184	
EXPENDITURES					
Current:					
Legislative	33,700	31,200	31,067	133	
General government	752,839	731,089	801,231	(70,142)	
Public safety	1,008,704	1,013,589	1,016,711	(3,122)	
Streets	235,065	235,065	259,452	(24,387)	
Culture and recreation	213,982	253,982	230,575	23,407	
Capital outlay:					
General government	-	-	507,182	(507,182)	
Debt service:					
Capital lease Principal	17,330	17,330	17,332	(2)	
Capital lease interest	3,283	3,283	3,281	2	
Total expenditures	2,264,903	2,285,538	2,866,831	(581,293)	
Excess (deficiency) of revenues over (under) expenditures	(334,103)	(313,441)	(450,550)	(137,109)	
OTHER FINANCING SOURCES (USES)					
Transfers in	350,000	350,000	374,495	24,495	
Transfers out	(8,100)	(8,100)	(8,100)	-	
Total other financing sources and uses	341,900	341,900	366,395	24,495	
Net change in fund balances	7,797	28,459	(84,155)	(112,614)	
Fund balances - beginning	310,380	310,380	310,380	-	
Fund balances - ending	\$ 318,177	\$ 338,839	\$ 226,225	\$ (112,614)	

City of Jacksboro, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 141,209
Receivables (net of allowance for uncollectables)	<u>694,965</u>
Total current assets	<u>836,174</u>
Restricted assets:	
Cash and cash equivalents	<u>1,029,318</u>
Noncurrent assets:	
Deferred charges	51,524
Capital assets:	
Water and sewer system	10,647,781
Machinery and equipment	555,076
Furniture and fixtures	45,199
Construction in progress	294,907
Less: accumulated depreciation	<u>(4,698,057)</u>
Total capital assets (net of accumulated depreciation)	<u>6,844,906</u>
Total noncurrent assets	<u>6,896,430</u>
Total assets	<u>8,761,922</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	451,491
Wages payable	20,311
Due to other funds	200
Utility customer deposits	45,405
Compensated absences	20,000
Leases payable current	25,409
Bonds payable current	90,000
Accrued interest payable	16,010
Total current liabilities	<u>668,826</u>
Noncurrent liabilities:	
Bonds payable	2,030,000
Leases payable	37,354
Compensated absences	5,869
Total noncurrent liabilities	<u>2,073,223</u>
Total liabilities	<u>2,742,049</u>
NET ASSETS	
Invested in capital assets (net of related debt)	5,450,477
Unrestricted	569,396
Total net assets	<u>\$ 6,019,873</u>

City of Jacksboro, Texas
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2010

	Water and Sewer Fund
OPERATING REVENUES:	
Charges for sales and services:	
Water sales	\$ 1,269,904
Sewer charges	840,704
Solid waste	513,702
Penalties	46,965
Tap fees	8,450
Miscellaneous	1,795
Total operating revenues	<u>2,681,520</u>
OPERATING EXPENSES:	
Costs of sales and services:	
Salaries and benefits	662,950
Supplies and maintenance	428,210
Contractual services	74,619
Sanitation contractual services	558,847
Depreciation	306,615
Bad debt expense	15,246
Total operating expenses	<u>2,046,487</u>
Operating income	<u>635,033</u>
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	2,859
Interest expense	(133,623)
Capital improvement fees	55,815
Total nonoperating revenue (expenses)	<u>(74,949)</u>
Income before contributions and transfers	560,084
Transfers out	(818,732)
Capital contribution	162,620
Net change in net assets	(96,028)
Total net assets - beginning	6,115,901
Total net assets - ending	<u>\$ 6,019,873</u>

City of Jacksboro, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2010

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,415,886
Cash payments to suppliers for goods and services	(701,246)
Cash payments to employees and professional contractors for services	(709,499)
Net cash provided (used) by operating activities	<u>1,005,141</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to other funds	(818,732)
Net cash provided (used) by noncapital financing activities	<u>(818,732)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(404,279)
Amortization and debt issue costs	(3,176)
Principal and interest paid on capital debt	(201,329)
Capital contribution	162,620
Capital improvement fees	55,815
Net cash provided (used) by capital and related financing activities	<u>(390,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	2,859
Net cash provided (used) by investing activities	<u>2,859</u>
Net increase (decrease) in cash and cash equivalents	(201,081)
Cash and cash equivalents - beginning	1,371,608
Cash and cash equivalents - ending	<u>\$ 1,170,527</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 635,033
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	309,791
(Increase) decrease in bad debt	(16,059)
(Increase) decrease in accounts receivable	(249,575)
Increase (decrease) in accounts payable and other liabilities	327,214
Increase (decrease) in wages payable	(1,263)
Net cash provided by operating activities	<u>\$ 1,005,141</u>
Non cash supplemental item:	
Purchase of capital assets with debt	<u>\$ 53,994</u>
Reconciliation of cash and cash equivalents to the statement of net assets:	
Unrestricted cash and cash equivalents	\$ 141,209
Restricted cash and cash equivalents	1,029,318
Total cash and cash equivalents	<u>\$ 1,170,527</u>

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

The accompanying financial statements present the City and its component 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. The 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 activities) report information on 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 not been eliminated in the process of consolidation.

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.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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, 2009 to September 30, 2010. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Specifically, the City has identified the following functions of government: legislative services, general government services, public safety services, streets services, culture and recreation services, 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 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 compromise its assets, liabilities, fund balances, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for in the 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 according to governmental 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, 2010, are as follows: general fund, debt service fund, capital projects fund, and the water, sewer, and solid waste fund. The non-major governmental funds are: 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 fund is used to account for the annual debt service requirements of the City.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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

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

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

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

C. Measurement Focus and Basis of Accounting

1) Governmental Funds

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

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

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

Franchise 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 and are past due after February 1 of the following year. Property taxes at the fund level are recorded on October 1 as receivables, including a reserve estimate for uncollectable accounts, and deferred revenue when taxes are assessed. Property tax revenues are recorded as taxes are collected. Delinquent tax payments are recognized as revenue when both measurable and available. Amounts estimated to be collectable 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 noncurrent) are included in the statement of net assets and the statement of activities presents increases (revenues) and decreases (expenses) in net total

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The water, sewer, and solid waste enterprise fund of the City is classified as a business-type activity in the government-wide statements of net 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, building, equipment, improvements, infrastructure, and construction in progress) of all the funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial, individual cost is \$5,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method. The useful lives of all depreciable assets are as follows:

Building	20-50 years
Machinery 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 P020.

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.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 financial 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 \$7,430,021 difference are as follows:

Bonds Payable	\$ 7,337,029
Less: deferred charge for issuance costs (to be amortized over life of debt)	(30,415)
Capital leases payable	58,963
Compensated absences	<u>64,444</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets- governmental activities</i>	<u>\$ 7,430,021</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$121,834 difference are as follows:

Capital outlay	\$ 537,182
Depreciation expense	<u>(415,348)</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> .	<u>\$ 121,834</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 \$660,000 difference are as follows:

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Debt principal repayments:	
General obligation debt	\$ 656,010
Capital leases	17,332
Amortization of issuance costs	(13,342)
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 660,000</u>

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds". The details of this \$23,581 difference are as follows:

Accrued interest	\$ 10,688
Compensated absences	<u>12,893</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> .	<u>\$ 23,581</u>

Another element of that reconciliation states that "some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds". The details of this \$20,392 difference are as follows:

Ad valorem taxes	\$ 13,043
Municipal court fines	<u>7,349</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> .	<u>\$ 20,392</u>

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 water, sewer, and solid waste fund. The Capital Projects Funds are budgeted on a project basis. The annual budgets for the General Fund, Debt Service and Special Revenue Funds are adopted on a modified accrual basis. The budget for the Utility Fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

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

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

Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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, 2010, the general fund budget was amended during the fiscal year to reflect additional expenditures of \$20,635, including \$10,000 for repairs at the animal shelter, which were funded partially by donations. The budgeted revenues were amended during 2010 to reflect additional donations and intergovernmental revenue of \$41,300. The net effect of the budget amendments to the General Fund balance is an additional budgeted increase of \$20,665.

4. Detailed Notes on All Funds

A. Assets

1) Deposits

At September 30, 2010, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$745,435, and the combined bank account balances at the First National Bank of Jacksboro amounted to \$702,367. The difference of \$43,068 is due to a combination of deposits in transit and outstanding checks. The City's cash deposits at September 30, 2010 and during the fiscal year ended September 30, 2010, were entirely covered by FDIC insurance or by collateral pledged by the City's bank and held by the City's agent bank in the City's name.

2) Investments

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

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

At September 30, 2010, the book value and the combined account balances of the City's deposits in TexSTAR local government investment pool was \$1,174,225. The average monthly rate of the pool was 0.2113%, the weighted average maturity of the pool was 48 days and the net asset

**CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

value of the pool was 1.000099. These investments are considered cash equivalents in the financial statements. The fair value of these investments is the same as the value of the pooled shares.

GASB Accounting Standards Codification Sections C20 and 150 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 that are authorized by City Council action.
2. Pre-qualifying the financial institutions and broker/dealers with which the City will do business.
3. Investment portfolio diversification so that losses on individual securities are minimized.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

1. Investments are limited to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. treasury securities).
2. Limiting investments in securities that have higher credit risks.
3. Investing in securities with varying maturities.
4. Continuously investing 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, 2010 for the City's individual major funds, including the allowances for uncollectable accounts, are as follows:

	Other Governmental Funds				Utility Fund	Total
	General Fund	Debt Service Fund				
Receivables:						
Property tax	\$ 33,204	\$ -	\$ 56,780	\$ -	\$ 89,984	
Sales tax	107,438	-	-	-	-	107,438
Hotel/Motel Tax	-	5,085	-	-	-	5,085
Franchise fees	20,955	-	-	-	-	20,955
Municipal Court fines	415,706	-	-	-	-	415,706
Customer accounts	-	-	-	709,456	709,456	
Miscellaneous	4,916	3,750	-	-	-	8,666
Gross Receivables	582,219	8,835	56,780	709,456	1,357,260	
Less: Allowance for uncollectibles						
Property tax	(5,652)	-	(6,060)	-	(11,712)	
Municipal Court fines	(207,854)	-	-	-	(207,854)	
Customer accounts	-	-	-	(14,491)	(14,491)	
	(213,506)	-	(6,060)	(14,491)	(234,057)	
Net total receivables	\$ 368,713	\$ 8,835	\$ 50,720	\$ 694,965	\$ 1,123,233	

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

4) Capital Assets

Capital assets, additions, disposals, and depreciation for governmental activities and business-type activities for the year ended September 30, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 205,014	\$ -	\$ -	\$ 205,014
Construction in progress	40,877	-	(40,877)	-
Totals, capital assets not being depreciated	<u>245,891</u>	<u>-</u>	<u>(40,877)</u>	<u>205,014</u>
Capital assets, being depreciated:				
Furniture and fixtures	3,767	-	-	3,767
Machinery & equipment	1,109,309	-	-	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	537,183	40,877	2,495,479
Totals, capital assets being depreciated	<u>12,391,825</u>	<u>537,183</u>	<u>40,877</u>	<u>12,969,885</u>
Less: accumulated depreciation for:				
Furniture and fixtures	(3,767)	-	-	(3,767)
Machinery & equipment	(596,213)	(82,983)	-	(679,196)
Streets	(182,445)	(50,278)	-	(212,723)
Lost Creek Dam & Reservoir	(2,508,501)	(167,111)	-	(2,675,612)
Buildings and improvements	(622,577)	(114,977)	-	(937,554)
Total accumulated depreciation	<u>(4,093,503)</u>	<u>(415,349)</u>	<u>-</u>	<u>(4,508,852)</u>
Total capital assets being depreciated, net	<u>8,298,322</u>	<u>121,834</u>	<u>40,877</u>	<u>8,461,034</u>
City capital assets, net	<u>\$ 8,544,213</u>	<u>\$ 121,834</u>	<u>\$ -</u>	<u>\$ 8,666,047</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	53,320	241,587	-	294,907
Totals, capital assets not being depreciated	<u>53,320</u>	<u>241,587</u>	<u>-</u>	<u>294,907</u>
Capital assets, being depreciated:				
Furniture & fixtures	45,199	-	-	45,199
Machinery & equipment	453,894	101,182	-	555,076
Water and sewer system	10,532,278	115,503	-	10,647,781
Totals, capital assets being depreciated	<u>11,031,371</u>	<u>216,685</u>	<u>-</u>	<u>11,248,056</u>
Less: accumulated depreciation for:				
Furniture & fixtures	(42,929)	(2,270)	-	(45,199)
Machinery & equipment	(211,408)	(40,346)	-	(251,754)
Water and sewer system	(4,137,106)	(263,998)	-	(4,401,104)
Total accumulated depreciation	<u>(4,391,443)</u>	<u>(306,614)</u>	<u>-</u>	<u>(4,698,057)</u>
Total capital assets being depreciated, net	<u>6,639,928</u>	<u>(89,929)</u>	<u>-</u>	<u>6,549,999</u>
City capital assets, net	<u>\$ 6,693,248</u>	<u>\$ 151,658</u>	<u>\$ -</u>	<u>\$ 6,844,906</u>

Depreciation expense was charged to governmental functions as follows:

	<u>Amount</u>
General Government	\$ 32,580
Public Safety	106,572
Streets	59,985
Culture and Recreation	216,212
Total Depreciation	<u>\$ 415,349</u>

CITY OF JACKSBORO, TEXAS
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B. Liabilities

1) Changes in general long term liabilities:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable	\$ 7,993,039	\$ -	\$ (656,010)	\$ 7,337,029	\$ 697,061
Capital leases payable	76,293	-	(17,329)	58,964	18,177
Compensated absences	77,337	65,946	(78,840)	64,443	20,000
Governmental activity long-term liabilities	\$ 8,146,669	\$ 65,946	\$ (752,179)	\$ 7,480,436	\$ 735,238
Business-type activities:					
Bonds Payable	\$ 2,180,000	\$ -	\$ (60,000)	\$ 2,120,000	\$ 90,000
Capital leases payable	19,651	53,994	(10,882)	62,763	25,409
Compensated absences	71,078	17,676	(62,885)	25,869	20,000
Business-type activity long-term liabilities	\$ 2,270,729	\$ 71,670	\$ (133,767)	\$ 2,208,632	\$ 135,409

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

2) Bonds payable

Bonded indebtedness of the City is reflected in the Statement of Net Assets, and current requirements for principal and interest expenditures are accounted for in the general debt service fund and proprietary funds. A summary of the changes in governmental activities and business-type activities long-term debt for the fiscal year ended September 30, 2010, is as follows:

Description	Series	Interest Rate	Amounts	Beginning Balance	Issued	Retired	Ending Balance
			Original Issue				
Governmental Activities:							
Comb Tax & Rev - Cert of Obligation **	1988	4.7 - 7.45% [2]	\$ 5,799,013	\$ 2,423,039	\$ -	\$ (541,010)	\$ 1,882,029
General Obligation Refunding Bonds **	1999	3.9 - 5.2% [3]	\$ 5,760,000	\$ 790,000	-	-	\$ 790,000
Comb Tax & Rev - Cert of Obligation	2004	4.65% [3]	273,000	235,000	-	(10,000)	\$ 225,000
Comb Tax & Rev - Cert of Obligation	2006	4.73% [3]	455,000	380,000	-	(15,000)	\$ 365,000
Comb Tax & Rev - Cert of Obligation	2008	4.00% [3]	1,600,000	1,630,000	-	(90,000)	\$ 1,440,000
General Obligation Refunding Bonds	2008	4.98% [1]	2,635,000	2,635,000	-	-	\$ 2,635,000
Total Governmental Activities			\$ 16,522,013	\$ 7,993,039	\$ -	\$ (656,010)	\$ 7,337,029
Business-type activities:							
Water and wastewater fund							
Comb Tax & Rev - Cert of Obligation	2004	4.65% [3]	\$ 282,000	\$ 220,000	\$ -	\$ (10,000)	\$ 210,000
Comb Tax & Rev - Cert of Obligation	2006	4.71% [3]	\$ 545,000	\$ 500,000	-	(20,000)	\$ 480,000
Comb Tax & Rev - Cert of Obligation	2008	4.00% [3]	200,000	190,000	-	(10,000)	\$ 180,000
Comb Tax & Rev - Cert of Obligation **	2008A	4.98% - 6.85% [3]	\$ 350,000	\$ 350,000	-	-	\$ 350,000
Comb Tax & Rev - Cert of Obligation **	2009	5.35% - 6.75% [3]	\$ 920,000	\$ 920,000	-	(20,000)	\$ 900,000
Total Business-type Activities			\$ 2,277,000	\$ 2,180,000	\$ -	\$ (60,000)	\$ 2,120,000

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

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

[2] Issued to purchase the Lost Creek Reservoir

CITY OF JACKSBORO, TEXAS
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[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:

<u>Years ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Governmental activities:			
2011	\$ 697,061	\$ 388,567	\$ 1,085,628
2012	732,545	339,787	1,072,332
2013	769,300	288,043	1,057,343
2014	687,690	242,594	930,284
2015	717,690	209,059	926,749
2016-2020	2,765,752	566,061	3,331,813
2021-2025	659,380	136,932	796,312
2026-2029	307,611	18,777	326,388
	<u>\$ 7,337,029</u>	<u>\$ 2,189,820</u>	<u>\$ 9,526,849</u>
Business-type activities:			
2011	\$ 90,000	\$ 103,400	\$ 193,400
2012	93,681	99,012	192,693
2013	94,443	94,370	188,813
2014	107,310	89,440	196,750
2015	97,310	94,788	192,098
2016-2020	574,249	395,321	969,570
2021-2025	690,618	221,061	911,679
2026-2029	372,389	50,785	423,174
	<u>\$ 2,120,000</u>	<u>\$ 1,148,177</u>	<u>\$ 3,268,177</u>

3) **Defeasance of Prior Debt**

In 2009, the City defeased certain outstanding bonds by placing the proceeds from the issuance of new refunding bonds in irrevocable trusts which will provide amounts sufficient for future redemption or payments of principal and interest of the issues refunded.

Accordingly, the trust accounts and the liability for the refunded (defeased) bonds are not reflected in the financial statements of the City.

At September 30, 2010, the following refunded debt outstanding is as follows:

Series 1999 General Obligation Refunding Bonds	\$ 830,000
Series 1997 Combination Tax & Revenue Certificates of Obligation	<u>1,370,000</u>
	<u>\$2,200,000</u>

4) **Capital leases**

The Public Property Finance Act gives the City authority to enter into capital leases for the acquisition of personal property. Principal repayments due after September 30, 2010 are accounted for in the Statement of Net Assets. The assets acquired through capital leases are as follows:

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	Net Asset Book Value	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:						
Fire truck	\$ 115,767	\$ 76,293	\$ -	\$ (17,329)	\$ 58,964	\$ 18,177
2004 one ton truck	13,115	-	-	-	-	-
2004 kubota	17,671	-	-	-	-	-
2005 Crown Victoria	14,270	-	-	-	-	-
Total Governmental Activities:	\$ 160,823	\$ 76,293	\$ -	\$ (17,329)	\$ 58,964	\$ 18,177
Business-type activities:						
Water and wastewater fund						
Backhoe	\$ 21,227	\$ -	\$ -	\$ -	\$ -	\$ -
2004 one ton truck	10,259	-	-	-	-	-
2007 pickup	17,233	-	-	-	-	-
Sewer jetting machine	24,294	19,651	-	(8,100)	11,551	8,164
Backhoe	53,994	-	53,994	(2,781)	51,213	17,245
Total Business-type Activities:	\$ 127,007	\$ 19,651	\$ 53,994	\$ (10,881)	\$ 62,763	\$ 25,409

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2010 as follows:

Years ending September 30:	Principal	Interest	Total Requirements
Governmental activities:			
2011	\$ 18,177	\$ 2,433	\$ 20,610
2012	19,067	1,545	20,612
2013	21,720	612	22,332
Total governmental activities	\$ 58,964	\$ 4,590	\$ 63,554
Business-type activities:			
2011	\$ 25,409	\$ 2,308	\$ 27,717
2012	21,571	1,319	22,890
2013	15,783	369	16,152
Total business-type activities	\$ 62,763	\$ 3,996	\$ 66,758

5) 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 statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing TMRS, P.O. Box 149153, Austin, Texas 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

CITY OF JACKSBORO, TEXAS
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are composed of three sources: prior service credits, current service credits, and updated service credits. At the inception of the plan, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to the establishment of the plan. Monetary credits for service since the plan began are a 200% of the employee's accumulated contributions.

In addition, the City grants on an annually repeating basis a monetary credit referred to as Updated Service Credit which is a theoretical amount which takes into account salary increases or plan improvements. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity.

A summary of the plan provisions for the City are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Employee deposit rate	7%	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating	100% Repeating	100% Repeating
Annuity increase to retirees	70% of CPI	70% of CPI	70% of CPI
Supplemental death benefit for active employees	Y	Y	Y
for active retirees	Y	Y	Y

Funding Policy. Eligible City employees are required to contribute 7% of their annual covered salary. Under state law governing TMRS, the actuary annually determines the City contribution rate per GAAP and state statutes on a calendar-year basis. The City discloses the annual pension costs based on the calculated rates per GAAP for the City's fiscal year. The contribution rates for the calendar years 2010 and 2009 were 13.25% and 11.25% of annual covered payroll, respectively. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually. The prior service contribution rate amortizes the unfunded actuarial liability over the applicable period. Both the employees and the City make contributions on a monthly basis. Since the 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 (i.e. the January 1, 2010 contribution rate is based on the December 31, 2008 valuation results). If a change in plan provisions is elected by the City, this rate can change.

Annual Pension Cost. For the fiscal year ended September 30, 2010, the City's annual pension cost of \$174,386 was equal to the City's required and actual contributions. Three year trend information is as follows:

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<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/2008	\$ 163,591	100%	\$ -
09/30/2009	\$ 183,084	100%	\$ -
09/30/2010	\$ 174,386	100%	\$ -

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was 66.1% funded. The actuarial accrued liability for benefits was \$4.179 million, and the actuarial value of assets was \$2.762 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.268 million, and the ratio of the UAAL to the covered payroll was 111.7%. 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. Actuarial information is as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	30 years - closed period	29 years - closed period	28 years - closed period
Asset valuation method	Amortized cost	Amortized cost	10-year Smoothed Market
Assumptions:			
Investment return	7.0%	7.5%	7.5%
Projected salary increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation	3.0%	3.0%	3.0%
Cost of living adjustments	2.1%	2.1%	2.1%
City specific assumptions			
Payroll growth assumption	3.0%	3.0%	3.0%
Withdrawal rates for male/female	High/Low	High/Low	High/Low

5) Other Post-Employment Benefits

OPEB – Supplemental Death Benefits Plan

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

CITY OF JACKSBORO, TEXAS
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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 presents, as required supplementary information following the notes to the financial statements, 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, Pe5, and Po50.

Actuarial calculations are based on the benefit provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Additional information as of the latest actuarial valuation follows. Assets of the SDBF are valued at "fund value" (or fund balance) as these assets are pooled with those of the Pension Trust Fund under the provisions of the TMRS Act. GASB 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

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accumulated plan assets (including accumulated investment earnings) and partially from direct employer contributions.

Funds 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%.

	<u>2009</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 2010 this was 0.35% of the annual covered payroll. The City's contributions for the years ended September 30, 2010, 2009, and 2008 were \$4,792, \$5,193, and \$4,318 respectively, which equaled the required contributions each year.

	<u>2009</u>
ACTUARIAL INFORMATION	
1 Valuation date	12/31/2009
2 Actuarial cost method	Projected Unit Credit
3 Amortization method	Level percent of payroll
4 Amortization method	25 years - open period
5 Assumptions	
Investment return	4.25%
Projected salary increases	None
Inflation	3.0%
6 City specific assumptions	
Payroll growth assumption	3.0%
Withdrawal rates for male/female	High/Low

C. Restricted Assets

Restricted assets consist of cash, and are held for specific purposes in accordance with bond covenants or other legal restrictions. At September 30, 2010, restricted assets are comprised of the following:

CITY OF JACKSBORO, TEXAS
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Governmental funds restricted assets:

Special revenue funds:	
Hotel/motel fund	\$ 65,963
Court technology fund	26,584
Court security fund	260
School safety fund	442
Crossing guard fund	5,232
Grant fund	(4,580)
Debt service fund	189,965
General capital projects fund	172,740
Landfill capital projects fund	2,397
Other specific activities	402
Total governmental funds restricted assets:	\$ 459,405
Utility fund restricted assets:	
Utility capital projects fund	\$ 983,913
Utility customer deposits	45,405
Total utility fund restricted assets:	\$ 1,029,318

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, debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
Proprietary Funds	General Fund	\$350,000	Provide subsidy to cover City operations
Proprietary Funds	General Debt Service Fund	\$468,732	Transfer to pay for general long-term debt
Hotel/Motel Tax Fund	General Fund	\$ 24,495	Partial costs of the Gulf Texas and Western Railroad Depot
General Fund	Grant Fund	\$ 8,100	Matching portion of an intergovernmental grant

The following schedule presents significant transactions between the primary government and its component unit during the year ended September 30, 2010.

<u>Component Unit</u>	<u>Significant Transactions</u>
Jacksboro Economic Development Corporation	Transfer of sales tax revenues from the general fund to the JEDC in the amount of \$239,837, of which \$35,091 is due from the primary government at September 30, 2010.
Jacksboro Economic Development corporation	Transfer of depot building, valued at \$507,182, from the JEDC to the general fund.

**CITY OF JACKSBORO, TEXAS
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SEPTEMBER 30, 2010**

E. Jacksboro Economic Development Corporation

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

Discrete methodology is used to present the JEDC in the financial statements of the City of Jacksboro. 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, 2010, the carrying amount of the Corporation's deposits was \$859,823 and the bank balance was \$890,655. Of the Corporation's cash deposits at September 30, 2010 and during the year then ended, \$250,000 was covered by FDIC insurance.

Capital Asset Activity:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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>

Long Term Debt Activity:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note Payable -TIB	\$ 375,000	\$ -	\$ (75,000)	\$ 300,000	\$ 75,000
Total Governmental Activities:	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>	<u>\$ 300,000</u>	<u>\$ 75,000</u>

Annual debt service requirements are as follows:

Years ending September 30:	Principal	Interest	Total Requirements
2011	\$ 75,000	\$ 15,000	\$ 90,000
2012	75,000	11,250	86,250
2013	75,000	7,500	82,500
2014	75,000	3,750	78,750
	<u>\$ 300,000</u>	<u>\$ 37,500</u>	<u>\$ 337,500</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

F. Commitments and Contingencies

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

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

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)			Unfunded		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
		--Entry Age (b)	AAL (UAAL)	(b-a)	Funded Ratio (a / b)			
12/31/2007	\$ 2,381,035	\$ 3,847,069	\$ 1,466,034		61.9%	\$ 1,514,089		96.8%
12/31/2008	2,553,400	3,961,857	1,408,457		64.4%	1,233,716		114.2%
12/31/2009	2,762,364	4,178,878	1,416,514		66.1%	1,268,442		111.7%

*COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES*

City of Jacksboro, Texas
 Continuing Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2010

	Special Revenue				Capital Projects	
	Hotel Motel Tax Fund	Court Technology Fund	Court Security Fund	School Safety Fund	Crossing Guard Fund	Grant Fund
ASSETS						
Restricted cash and cash equivalents						
Receivables (net of allowance for uncollectables)						
Total assets						
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable						
Total liabilities						
Fund balances:						
Restified for specific purposes						
Total fund balances						
Total liabilities and fund balances						

City of Jacksboro, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2010

	Special Revenue						Capital Projects	
	Hotel Motel Tax Fund	Court Technology Fund	Court Security Fund	School Safety Fund	Crossing Guard Fund	Grant Fund	Landfill 2004 Certificates of Obligation	Total Nonmajor Governmental Funds
REVENUES								
Taxes:								
Franchise	\$ 26,782	\$ -	\$ 2,086	\$ 120	\$ 325	\$ 450	\$ -	\$ 26,782
Court fines	-	-	93	1	1	16	-	2,981
Interest income	242	-	-	-	-	-	4	357
Intergovernmental	-	-	-	-	-	-	-	19,350
Total revenues	27,024	2,178	2,121	326	466	19,350	4	49,470
EXPENDITURES								
Current:								
General government	38,413	-	-	97	-	-	-	38,510
Public safety	-	2,298	-	-	-	-	-	32,461
Total expenditures	38,413	2,298	-	97	-	-	-	70,971
Excess (deficiency) of revenues over (under) expenditures	(11,389)	(119)	121	229	466	(10,813)	4	(21,501)
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	(24,495)	-	-	-	-	8,100	-	(16,395)
Total other financing sources (uses)	(24,495)	-	-	-	-	8,100	-	(16,395)
Net change in fund balances	(35,884)	(119)	121	229	466	(2,713)	4	(37,896)
Fund balances - beginning	105,932	24,405	139	213	4,766	1,883	2,393	140,731
Fund balances - ending	\$ 71,048	\$ 24,286	\$ 260	\$ 442	\$ 5,232	\$ (830)	\$ 2,397	\$ 102,835

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, 2010

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
REVENUES					
Taxes:					
Property taxes	\$ 621,000	\$ 621,000	\$ 635,359	\$ 635,359	\$ 14,359
Delinquent taxes	-	-	18,318	18,318	18,318
Penalty and interest	-	-	4,111	4,111	4,111
Interest income	8,000	8,000	2,398	2,398	(5,602)
Total revenues	<u>629,000</u>	<u>629,000</u>	<u>660,186</u>	<u>660,186</u>	<u>31,186</u>
EXPENDITURES					
Debt service					
Principal retirement	967,928	967,928	656,010	656,010	311,918
Interest	318,322	318,322	433,460	433,460	(115,138)
Paying agent fees	4,500	4,500	580	580	3,920
Total expenditures	<u>1,290,750</u>	<u>1,290,750</u>	<u>1,090,050</u>	<u>1,090,050</u>	<u>200,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(661,750)</u>	<u>(661,750)</u>	<u>(429,864)</u>	<u>(429,864)</u>	<u>231,886</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	662,525	662,525	468,732	468,732	(193,793)
Total other financing sources and uses	<u>662,525</u>	<u>662,525</u>	<u>468,732</u>	<u>468,732</u>	<u>(193,793)</u>
Net change in fund balances	775	775	38,868	38,868	38,093
Fund balances - beginning	147,402	147,402	147,402	147,402	-
Fund balances - ending	<u>\$ 148,177</u>	<u>\$ 148,177</u>	<u>\$ 186,270</u>	<u>\$ 186,270</u>	<u>\$ 38,093</u>

City of Jacksboro, Texas
Hotel/Motel Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)	
	Original		Final			
	\$	\$	\$	\$		
REVENUES						
Taxes:						
Franchise	\$ 20,000	\$ 20,000	\$ 26,782	\$ 6,782		
Interest income	1,000	1,000	242	(758)		
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>27,024</u>	<u>6,024</u>		
EXPENDITURES						
Current:						
General government	5,000	5,000	38,413	(33,413)		
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>38,413</u>	<u>(33,413)</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>16,000</u>	<u>16,000</u>	<u>(11,389)</u>	<u>(27,389)</u>		
OTHER FINANCING SOURCES (USES)						
Transfers out	(22,500)	(32,500)	(24,495)	8,005		
Total other financing sources and uses	<u>(22,500)</u>	<u>(32,500)</u>	<u>(24,495)</u>	<u>8,005</u>		
Net change in fund balances	(6,500)	(16,500)	(35,884)	(19,384)		
Fund balances - beginning	106,932	106,932	106,932	-		
Fund balances - ending	<u>\$ 100,432</u>	<u>\$ 90,432</u>	<u>\$ 71,048</u>	<u>\$ (19,384)</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Original</u>	<u>Final</u>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
REVENUES					
Court fines	\$ 3,000	\$ 3,000	\$ 2,086	\$ (914)	
Interest income	300	300	93	(207)	
Total revenues	<u>3,300</u>	<u>3,300</u>	<u>2,179</u>	<u>(1,121)</u>	
EXPENDITURES					
Current:					
General government	2,200	2,200	2,298	(98)	
Total expenditures	<u>2,200</u>	<u>2,200</u>	<u>2,298</u>	<u>(98)</u>	
Excess (deficiency) of revenues over (under) expenditures	1,100	1,100	(119)	(1,219)	
Net change in fund balances	1,100	1,100	(119)	(1,219)	
Fund balances - beginning	24,405	24,405	24,405	-	
Fund balances - ending	<u>\$ 25,505</u>	<u>\$ 25,505</u>	<u>\$ 24,286</u>	<u>\$ (1,219)</u>	

City of Jacksboro, Texas
Court Security Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
	\$	\$	\$	\$	
REVENUES					
Court fines	\$ 85	\$ 85	\$ 120	\$ 35	
Interest income	5	5	1	(4)	
Total revenues	<u>90</u>	<u>90</u>	<u>121</u>	<u>31</u>	
EXPENDITURES					
Total expenditures	-	-	-	-	
Excess (deficiency) of revenues over (under) expenditures	90	90	121	31	
Net change in fund balances	90	90	121	31	
Fund balances - beginning	139	139	139	-	
Fund balances - ending	<u>\$ 229</u>	<u>\$ 229</u>	<u>\$ 260</u>	<u>\$ 31</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, 2010

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
	\$	\$	\$	\$	
REVENUES					
Court fines	\$ 400	\$ 400	\$ 325	\$ (75)	
Interest income	10	10	1	(9)	
Total revenues	<u>410</u>	<u>410</u>	<u>326</u>	<u>(84)</u>	
EXPENDITURES					
Current:					
General government	-	-	97	(97)	
Total expenditures	-	-	97	(97)	
Excess (deficiency) of revenues over (under) expenditures	410	410	229	(181)	
Net change in fund balances	410	410	229	(181)	
Fund balances - beginning	213	213	213	-	
Fund balances - ending	<u>\$ 623</u>	<u>\$ 623</u>	<u>\$ 442</u>	<u>\$ (181)</u>	

City of Jacksboro, Texas
Crossing Guard Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final			
REVENUES					
Court fines	\$ 400	\$ 400	\$ 450	\$ 50	
Interest income	50	50	16	(34)	
Total revenues	<u>450</u>	<u>450</u>	<u>466</u>	<u>16</u>	
EXPENDITURES					
Total expenditures	-	-	-	-	
Excess (deficiency) of revenues over (under) expenditures	450	450	466	16	
Net change in fund balances	450	450	466	16	
Fund balances - beginning	4,766	4,766	4,766	-	
Fund balances - ending	<u>\$ 5,216</u>	<u>\$ 5,216</u>	<u>\$ 5,232</u>	<u>\$ 16</u>	

City of Jacksboro, Texas
Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual
For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
REVENUES					
Intergovernmental					
Total revenues	\$ 38,030	\$ 38,030	\$ 19,350	\$ 19,350	\$ (18,680)
	<u>38,030</u>	<u>38,030</u>	<u>19,350</u>	<u>19,350</u>	<u>(18,680)</u>
EXPENDITURES					
Current:					
Public safety	23,030	23,030	30,163	30,163	(7,133)
Total expenditures	<u>23,030</u>	<u>23,030</u>	<u>30,163</u>	<u>30,163</u>	<u>(7,133)</u>
Excess (deficiency) of revenues over (under) expenditures	15,000	15,000	(10,813)	(10,813)	(25,813)
	<u>15,000</u>	<u>15,000</u>	<u>(10,813)</u>	<u>(10,813)</u>	<u>(25,813)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	16,200	16,200	8,100	8,100	(8,100)
Total other financing sources and uses	<u>16,200</u>	<u>16,200</u>	<u>8,100</u>	<u>8,100</u>	<u>(8,100)</u>
Net change in fund balances	31,200	31,200	(2,713)	(2,713)	(33,913)
Fund balances - beginning	1,883	1,883	1,883	1,883	-
Fund balances - ending	<u>\$ 33,083</u>	<u>\$ 33,083</u>	<u>\$ (830)</u>	<u>\$ (830)</u>	<u>\$ (33,913)</u>

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 459	\$ 459
Miscellaneous	-	-	1,000	1,000
Total revenues	-	-	1,459	1,459
EXPENDITURES				
General Government	-	-	51,488	(51,488)
Capital outlay	-	-	30,000	(30,000)
Total expenditures	-	-	81,488	(81,488)
Excess (deficiency) of revenues over (under) expenditures	-	-	(80,029)	(80,029)
Net change in fund balances	-	-	(80,029)	(80,029)
Fund balances - beginning	251,169	251,169	251,169	-
Fund balances - ending	\$ 251,169	\$ 251,169	\$ 171,140	\$ (80,029)

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, 2010

	Budgeted Amounts		Actual Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Original	Final	
REVENUES					
Interest income	\$ -	\$ -	\$ 4	\$ 4	
EXPENDITURES					
Total expenditures	- -	- -	- -	- -	
Excess (deficiency) of revenues over (under) expenditures	- -	- -	4	4	
Net change in fund balances	- -	- -	4	4	
Fund balances - beginning	2,393	2,393	2,393	2,393	-
Fund balances - ending	<u>\$ 2,393</u>	<u>\$ 2,393</u>	<u>\$ 2,397</u>	<u>\$ 4</u>	

Jacksboro Economic Development Corporation
Balance Sheet
Governmental Funds
September 30, 2010

	<u>JEDC General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 859,823
Receivables (net of allowance for uncollectables)	35,834
Due from primary government	35,091
Total assets	<u>930,748</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	15,105
Total liabilities	<u>15,105</u>
Fund balance:	
Unreserved	915,643
Total fund balance	<u>915,643</u>
Total liabilities and fund balance	<u>930,748</u>

Jacksboro Economic Development Corporation
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2010

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

Fund balance	\$ 915,643
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.	(300,000)
Some payables reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as payables in governmental funds.	(1,250)
Net assets of governmental activities	<u>\$ 1,154,071</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, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES			JEDC General Fund	
Sales tax	\$ 340,000	\$ 340,000	\$ 239,837	\$ (100,163)
Interest income	2,500	2,500	4,420	1,920
Miscellaneous	-	-	26,044	26,044
Total revenues	342,500	342,500	270,301	(72,199)
EXPENDITURES				
Current:				
General government	683,000	683,000	786,932	(103,932)
Debt service:				
Note principal	89,084	89,084	75,000	14,084
Note interest	10,916	10,916	20,000	(9,084)
Total expenditures	783,000	783,000	881,932	(98,932)
Excess (deficiency) of revenues over (under) expenditures	(440,500)	(440,500)	(611,631)	(171,131)
Net change in fund balances	(440,500)	(440,500)	(611,631)	(171,131)
Fund balances - beginning	1,527,274	1,527,274	1,527,274	-
Fund balances - ending	\$ 1,086,774	\$ 1,086,774	\$ 915,643	\$ (171,131)

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, 2010

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

Net change in fund balances - total governmental funds	\$ (611,631)
The retirement of long-term debt (e.g., notes payable) provides current financial resources to governmental funds	75,000
Interest expense in the statement of activities is different than interest expense in the government funds.	1,234
Change in net assets of governmental activities	<u>\$ (535,397)</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.

Contents

Table

Financial Trends

1 - 4

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

Revenue Capacity

5 - 9

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

Debt Capacity

10 - 12

These schedules offer demographic and economic indicators to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

13 - 14

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

15 - 16

These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

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

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

Table 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 435,485	\$ 1,355,078	\$ 2,352,077	\$ 2,757,824	\$ 634,836	\$ 769,804	\$ 1,471,609
Restricted	71,057	47,045	199,701	289,988	432,792	288,133	289,507
Unrestricted	217,899	517,951	325,374	275,855	467,208	428,448	387,864
Total governmental activities net assets	<u>\$ 724,441</u>	<u>\$ 1,920,074</u>	<u>\$ 2,877,152</u>	<u>\$ 3,323,667</u>	<u>\$ 1,534,836</u>	<u>\$ 1,486,385</u>	<u>\$ 2,146,990</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 5,873,910	\$ 5,927,370	\$ 5,849,096	\$ 5,633,731	\$ 5,294,376	\$ 5,598,629	\$ 5,450,477
Restricted	-	-	-	-	-	-	-
Unrestricted	610,299	507,673	423,798	220,212	599,622	517,272	566,396
Total business-type activities net assets	<u>\$ 6,484,209</u>	<u>\$ 6,435,043</u>	<u>\$ 6,272,894</u>	<u>\$ 5,853,943</u>	<u>\$ 5,893,988</u>	<u>\$ 6,115,901</u>	<u>\$ 6,019,873</u>
Primary government							
Invested in capital assets, net of related debt	\$ 6,309,395	\$ 7,282,448	\$ 8,201,173	\$ 8,391,555	\$ 5,929,212	\$ 6,368,433	\$ 6,922,086
Restricted	71,057	47,045	199,701	289,988	432,792	288,133	289,507
Unrestricted	828,198	1,025,624	749,172	496,067	1,066,830	945,720	957,260
Total primary government net assets	<u>\$ 7,208,650</u>	<u>\$ 8,355,117</u>	<u>\$ 9,150,046</u>	<u>\$ 9,177,610</u>	<u>\$ 7,428,834</u>	<u>\$ 7,602,286</u>	<u>\$ 8,168,853</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
CHANGES IN NET ASSETS, LAST SEVEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

Table 2

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
Legislative	\$ 27,709	\$ 37,779	\$ 48,025	\$ 42,935	\$ 31,869	\$ 32,305	\$ 31,067
General government	451,636	641,265	900,649	696,107	787,637	901,048	912,723
Public safety	852,516	907,425	1,046,882	1,107,883	1,284,841	1,249,648	1,147,095
Streets	205,111	288,687	260,105	251,085	307,501	537,893	326,458
Culture and recreation	396,440	403,572	469,345	463,105	510,059	452,765	446,787
Interest on long term debt	324,441	332,645	329,195	1,013,505	468,532	469,985	439,792
Total governmental activities expenses	2,256,013	2,611,473	3,054,201	3,574,620	3,390,439	3,643,544	3,303,922
Business-type activities:							
Water and sewer	1,035,282	1,000,011	1,098,365	1,271,521	1,368,723	1,390,890	1,617,321
Sanitation	494,362	394,975	406,103	415,594	455,241	514,195	562,789
Total business-type activities expenses	1,527,854	1,394,986	1,504,459	1,687,115	1,824,964	1,905,085	2,180,110
Total primary government expenses	3,785,887	4,006,459	4,559,660	5,261,735	5,215,403	5,548,729	5,484,032
Program Revenues							
Governmental activities:							
Fees, Fines, and Charges for Services:							
General government and administration	(326)	221,221	15,501	84,812	53,996	63,463	67,329
Public safety	225,279	196,127	178,062	227,849	152,703	111,657	
Streets	-	15	-	-	-	-	-
Cultural and recreational	39,986	56,681	65,581	42,658	35,016	20,753	20,261
Operating grants and contributions	115,023	142,826	80,957	52,302	124,871	59,549	27,720
Capital grants and contributions	10,400	41,815	72,351	8,707	94,292	199,827	512,687
Total governmental activities program revenues	390,362	462,543	430,532	366,541	536,024	496,295	739,654
Business-type activities:							
Charges for services:							
Water and sewer	1,802,395	1,916,667	1,979,112	1,860,458	1,858,572	2,050,612	2,221,838
Sanitation	392,744	361,984	403,158	422,358	492,157	571,945	513,702
Operating grants and contributions	-	17,800	-	-	-	-	-
Capital grants and contributions	91,472	173,881	57,876	57,022	318,766	76,899	162,620
Total business-type activities program revenues	2,286,611	2,450,332	2,440,146	2,339,838	2,669,456	2,699,456	2,898,160
Total primary government program revenues	2,676,973	2,952,875	2,870,678	2,706,379	3,205,549	3,195,751	3,637,814

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

Table 2

	2004	2005	2006	2007	2008	2009	2010
Net (Expense) Revenue							
Governmental Activities	(1,867,651)	(2,148,930)	(2,623,669)	(3,208,079)	(2,854,415)	(3,147,349)	(2,564,268)
Business-type Activities	758,757	1,095,346	935,687	652,723	844,531	794,371	718,050
Total Primary government net expense	(1,108,894)	(1,053,584)	(1,687,982)	(2,555,356)	(2,009,884)	(2,352,978)	(1,846,218)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes:							
Ad valorem	855,478	851,822	878,931	848,580	1,079,688	1,072,011	1,281,692
Sales	699,218	950,437	1,137,586	1,123,789	1,140,405	946,050	717,274
Franchise Fees	376,037	339,559	384,311	376,255	360,996	383,047	353,473
Investment earnings	15,189	50,547	47,558	80,179	43,073	11,054	4,679
Gain on sale/retirement of capital asset	-	-	-	-	(6,116)	-	-
Miscellaneous	5,666	36,833	10,564	76,929	40,226	108,142	51,013
Transfers	799,533	1,156,626	1,121,797	1,148,863	824,247	576,594	818,732
Total Governmental Activities	2,751,121	3,385,894	3,580,747	3,654,595	3,482,519	3,098,898	3,226,863
Business-type Activities:							
Investment earnings	767	2,433	17,119	80,915	15,120	6,300	2,859
Gain on sale/retirement of capital assets	72,930	-	-	-	(2,174)	-	-
Miscellaneous	17,968	9,680	6,943	(3,727)	4,650	-	1,795
Transfers	(799,533)	(1,156,626)	(1,121,797)	(1,148,863)	(824,477)	(576,594)	(818,732)
Total Business-type Activities	(707,568)	(1,144,513)	(1,097,835)	(1,071,675)	(804,477)	(572,468)	(814,078)
Total Primary Government	2,043,153	2,241,291	2,482,912	2,582,920	2,678,042	2,526,430	2,412,785
Change in Net Assets							
Governmental Activities	883,470	1,286,872	957,078	446,516	628,104	(48,451)	662,595
Business-type Activities	50,790	(49,166)	(162,148)	(418,952)	40,054	221,903	(96,028)
Total Primary Government	\$ 934,260	\$ 1,187,706	\$ 794,930	\$ 27,564	\$ 668,158	\$ 173,452	\$ 566,567

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 56,917	\$ -	\$ 94,172	\$ -	\$ -	\$ 260,503	\$ 22,721	\$ 402	\$ 402	\$ 402
Unreserved										
Total general fund	<u>\$ 56,917</u>	<u>\$ 94,172</u>	<u>\$ 94,172</u>	<u>\$ 94,172</u>	<u>\$ (153,624)</u>	<u>\$ 105,852</u>	<u>\$ 192,242</u>	<u>\$ 290,249</u>	<u>\$ 304,539</u>	<u>\$ 295,823</u>
All Other Governmental Funds										
Unreserved, reported in:										
Debt Service Fund	\$ 65,572	\$ 51,951	\$ 22,582	\$ 68,674	\$ 117,508	\$ 176,980	\$ 216,539	\$ 275,466	\$ 147,402	\$ 186,270
Special revenue funds	46,368	56,411	65,570	79,132	72,251	78,355	117,926	157,326	138,338	100,438
Capital funds										
Total all other governmental funds	<u>\$ 111,930</u>	<u>\$ 108,362</u>	<u>\$ 88,152</u>	<u>\$ 901,785</u>	<u>\$ 203,242</u>	<u>\$ 718,791</u>	<u>\$ 346,949</u>	<u>\$ 1,172,443</u>	<u>\$ 539,302</u>	<u>\$ 460,245</u>

Source: 2001-2002 - General Purpose Financial Statements, 2003-2010 - Basic Financial Statements.

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

Table 4

	2001	2002	2003	Fiscal Year	2004	2005	2006	2007	2008	2009	2010
REVENUES:											
Taxes:											
Ad valorem	\$ 418,231	\$ 432,427	\$ -		\$ 862,352	\$ 852,544	\$ 893,642	\$ 840,345	\$ 1,091,782	\$ 1,035,894	\$ 1,268,649
Sales	937,824	1,030,715	1,495,460		700,697	950,437	1,137,568	1,123,789	1,140,405	948,050	717,274
Franchise fees											
Charges for services	33,536	31,685	53,684		376,036	339,559	384,311	376,255	360,996	383,045	359,773
Licenses and permits											
Court fines	99,443	118,968	149,554		17,126	3,450	1,840	2,845	2,460	1,635	1,707
Rentals	5,000	4,100	4,431		206,112	11,853	15,501	84,812	53,986	63,285	63,608
Donations											
Interest governmental	3,345	29,767	28,724		50,196	67,473	62,638	27,593	40,475	35,845	513,095
Investment earnings	27,242	11,565	7,988		35,887	112,388	69,851	30,495	174,788	223,531	27,312
Miscellaneous	18,395	25,570	35,017		15,188	50,547	47,558	80,179	43,073	11,054	4,679
Total Revenues	<u>1,563,016</u>	<u>1,634,797</u>	<u>1,774,866</u>		<u>35,833</u>	<u>5,667</u>	<u>10,564</u>	<u>555,259</u>	<u>40,226</u>	<u>108,142</u>	<u>43,666</u>
					<u>2,316,862</u>	<u>2,629,085</u>	<u>2,868,065</u>	<u>3,125,422</u>	<u>3,290,304</u>	<u>3,125,449</u>	<u>3,127,396</u>
EXPENDITURES:											
Legislative	36,805	45,981	34,246		27,769	37,779	48,025	42,935	31,869	32,305	31,067
General government and administration	300,176	323,706	401,179		442,625	63,404	875,616	696,440	780,146	881,146	884,208
Public safety	424,790	422,882	636,828		824,162	920,458	1,036,694	1,114,989	1,221,957	1,134,758	1,052,558
Sewers	163,575	173,165	155,673		226,850	29,706	481,199	272,071	228,828	448,763	233,086
Cultural and recreational	135,007	136,474	165,755		221,200	448,135	269,079	260,047	301,768	232,969	230,575
Sanitation											
Capital outlay	72,744	67,864	89,213		19,951	723,453	13,575	490,570	863,939	339,690	537,182
Debt Service:											
Principal retirement	807,765	853,288	850,811		855,000	880,918	1,056,375	1,039,442	614,375	673,342	-
Interest and fiscal charges	434,922	398,687	370,167		321,321	337,471	285,987	831,898	241,987	534,592	437,321
Total expenditures	<u>2,375,734</u>	<u>2,452,027</u>	<u>2,704,173</u>		<u>2,938,818</u>	<u>4,285,406</u>	<u>4,000,993</u>	<u>4,765,322</u>	<u>4,709,885</u>	<u>4,218,398</u>	<u>4,109,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(812,758)</u>	<u>(767,230)</u>	<u>(929,307)</u>		<u>(619,956)</u>	<u>(1,165,631)</u>	<u>(1,132,928)</u>	<u>(1,445,017)</u>	<u>(1,584,461)</u>	<u>(1,244,548)</u>	<u>(981,944)</u>
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	60,101		42,292	31,817	-	-	-	-	-
Transfers in	780,251	780,000	601,200		799,553	1,155,626	1,121,797	1,148,863	832,985	576,594	818,732
Transfers out									(8,718)	-	-
Total Other Financing Sources (Uses)	<u>833,148</u>	<u>802,072</u>	<u>661,301</u>		<u>1,593,345</u>	<u>1,186,443</u>	<u>1,568,152</u>	<u>1,148,863</u>	<u>2,424,247</u>	<u>617,248</u>	<u>818,732</u>
NET CHANGE IN FUND BALANCES	<u>\$ 20,381</u>	<u>\$ 34,842</u>	<u>\$ (288,006)</u>		<u>\$ 973,381</u>	<u>\$ (457,868)</u>	<u>\$ 455,227</u>	<u>\$ (286,154)</u>	<u>\$ 839,785</u>	<u>\$ (627,700)</u>	<u>\$ (163,211)</u>
Debt service as a percentage of noncapital expenditures	54.0%	52.5%	46.7%		40.3%	34.6%	32.0%	44.2%	33.3%	29.6%	31.1%
Note: Prior to 2004, Taxes, licenses, permits and fees were grouped											

Source: 2001-2002 - General Purpose Financial Statements, 2003-2010 - Basic Financial Statements.

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

Table 5

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Mineral/ Utility Property			
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	0.990000
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	0.813870
2007	128,748,710	31,973,450	45,074,900	115,647,260	0.913100
2008	135,570,890	19,396,040	46,153,630	108,813,300	0.948397
2009	147,253,560	37,344,180	48,531,780	136,065,960	0.927330
2010	159,653,280	24,408,510	59,316,600	124,745,190	0.983700

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					
	General		Total Direct	Jack County	Jack County Special	Jacksboro ISD	Community Hospital	Faith Hospital	Jack WCID #1
	Operating/ General Rate	Obligation Debt Service							
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	0.6668100	0.913100	0.376191	0.063283	1.368000	0.116000	0.017870	
2008	0.280297	0.6668100	0.948397	0.301741	0.062646	1.339040	0.116000	0.013094	
2009	0.447530	0.479800	0.927330	0.299419	0.062460	1.500000	0.106110	0.013094	
2010	0.527800	0.455900	0.983700	0.300813	0.067964	1.500000	0.129860	0.011829	

Source: Jack County Appraisal District

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

Table 7

Taxpayer	2010			2001		
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^a	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value ^a	
Bell Tubuliers	\$ 5,079,780	4.67 %	EOG Resources, Inc.	\$ 15,743,920	14.47 %	
Hurd Oil Field Service	4,385,360	4.03	Hurd Oil Field Service	4,862,360	4.47	
Jacksboro National Bank	2,710,690	2.49	Halliburton Services	3,471,540	3.19	
EOG Resources, Inc.	2,419,150	2.22	Banc of America Lease & Cap., Inc.	2,568,330	2.36	
Oncor Electric Delivery Co.	1,856,740	1.71	Oncor Electric Delivery Co.	1,863,050	1.71	
Key Energy Services	1,667,940	1.53	Geer Tank Trucks, Inc.	1,196,250	1.10	
Jacksboro Assisted Living, Inc.	1,081,620	0.99	Jacksboro Assisted Living, Inc.	1,083,070	1.00	
Halliburton Services	966,280	0.89	Bell Tubuliers	1,064,810	0.98	
Geer Tank Trucks, Inc.	942,300	0.87	Southwestern Bell Telephone	951,240	0.87	
First National Bank Jacksboro	890,760	0.82	Diamond Food Markets, Inc.	883,760	0.81	
Total	\$ 22,000,620	20.22 %	Total	\$ 33,688,330	30.96 %	

Source: Jack County Appraisal District

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

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2003/04	\$ 843,035	\$ (2,828)	\$ 840,208	\$ 816,212	97.14 %	\$ 21,628	\$ 837,840	99.72 %
2004/05	849,100	(2,586)	846,514	810,919	95.80	32,409	843,328	99.62
2005/06	851,421	(4,861)	846,560	821,713	97.06	21,288	843,001	99.58
2006/07	836,630	(664)	835,965	799,886	95.68	30,507	823,577	98.52
2007/08	1,055,975	(453)	1,055,522	1,032,756	97.84	14,343	1,047,099	99.20
2008/09	1,031,982	(714)	1,030,195	949,033	92.12	65,248	1,014,281	98.46
2009/10	1,263,697	(886)	1,264,583	1,227,986	97.11	26,003	1,253,989	99.16

Source: Jack County Appraisal District

Note: Fiscal years 2000/01 through 2002/03 data not available at time of this publication.

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

Table 9

Fiscal Year	Water Revenues	Sewer Revenues	Solid Waste Revenues
2003/04	\$ 1,014,765	\$ 736,851	\$ 359,020
2004/05	1,097,052	763,238	381,936
2005/06	1,156,313	775,322	403,158
2006/07	1,066,509	745,781	422,358
2007/08	1,094,041	716,448	492,157
2008/09	1,219,622	807,067	538,312
2009/10	1,269,904	840,704	513,702

Source: City records

Note: Fiscal years 2000/01 through 2002/03 data not available at time of this publication.

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

Table 10

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Certificates of Obligation	Capital Leases	Government			
2001	4,845,000	4,349,013	-	-	-	-	9,194,013	0.01	2,067
2002	4,285,000	4,129,013	-	-	-	-	8,414,013	0.01	1,852
2003	3,700,000	3,894,013	-	-	-	-	7,594,013	0.01	1,684
2004	3,085,000	4,427,013	232,357	262,000	38,989	8,045,359	0.01	1,783	
2005	2,450,000	4,172,013	198,168	257,000	24,337	7,101,518	NA	1,574	
2006	1,780,000	4,354,013	150,197	795,000	26,149	7,105,359	NA	1,573	
2007	1,730,000	6,210,895	112,251	775,000	11,786	8,839,932	NA	1,990	
2008	1,620,000	6,900,895	92,813	950,000	6,048	9,569,756	NA	2,183	
2009	3,425,000	4,568,039	76,293	2,180,000	19,651	10,268,983	NA	2,365	
2010	3,425,000	3,912,029	58,964	2,120,000	62,763	9,578,756	NA	2,206	

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.

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

Table 11

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a			Per Capita ^b	
	General Obligation Bonds	Certificates of Obligations		Total	Actual Taxable Value of Property ^a	Percentage of Actual Taxable Value of Property ^a		
2001	\$ 4,845,000	\$ -	\$ -	\$ 4,845,000	\$ 4,845,000	6.48 %	\$ 1,089	
2002	4,285,000	-	-	4,285,000	4,285,000	5.27	943	
2003	3,700,000	-	-	3,700,000	3,700,000	4.31	821	
2004	3,085,000	271,346	-	3,356,346	3,356,346	3.82	744	
2005	2,450,000	222,505	-	2,672,505	2,672,505	2.86	592	
2006	1,780,000	176,346	-	1,956,346	1,956,346	1.87	433	
2007	1,730,000	124,037	-	1,854,037	1,854,037	1.60	417	
2008	1,620,000	98,861	-	1,718,861	1,718,861	1.58	392	
2009	3,425,000	95,944	-	3,520,944	3,520,944	2.59	811	
2010	3,425,000	121,727	-	3,546,727	3,546,727	2.84	817	

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.

CITY OF JACKSBORO, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of September 30, 2010
 (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	\$ 6,500,000	15.78%	\$ 1,025,700
Jacksboro Independent School District	46,802,000	23.33%	10,918,907
Subtotal, overlapping debt			
City of Jacksboro (direct debt)	7,337,029	100.00%	7,337,029
Total direct and overlapping debt			
			\$ 19,281,636

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	Personal Income	Jack County Per Capita Personal Income	Median Age	School Enrollment	Jack County Unemployment Rate
2001	4,449	\$ 83,799,749	18,836	*	1,023	4.3%
2002	4,542	87,711,904	19,311	*	1,006	4.6%
2003	4,509	87,714,912	19,453	*	1,040	5.0%
2004	4,512	91,547,318	20,290	*	1,001	4.9%
2005	4,511	NA	NA	*	1,011	4.4%
2006	4,516	NA	NA	*	970	4.5%
2007	4,443	NA	NA	*	925	3.6%
2008	4,383	NA	NA	*	915	3.8%
2009	4,342	NA	NA	*	960	6.5%
2010	4,342	NA	NA	*	945	5.3%

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

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

Table 14

<u>Employer</u>	2010		2005		<u>Percentage of Total City Employment</u>
	<u>Employees</u>	<u>Percentage of Total City Employment</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	170	4.41%
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%	Merger Well Service	50	1.30%
City of Jacksboro	35	0.91%	Jacksboro Health Care Center	41	1.06%
Geer Tank Trucks	33	0.86%	City of Jacksboro	35	0.91%
Renewable Energy Services Americas, Inc	30	0.78%	Geer Tank Trucks	33	0.86%
First National Bank	25	0.65%	First National Bank	25	0.65%
Jacksboro National Bank	25	0.65%	Jacksboro National Bank	25	0.65%
Pumpco Service Company	21	0.54%	Devon Gas Services	21	0.54%
Total	762	19.78%			

Total **762** **19.78%** **777** **20.17%**

Source: Oncor Economic Development Department

Note: 2001 through 2004 data not available at time of this publication.

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

Table 15

Function/Program	FISCAL YEAR					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government and Administration	10.00	10.00	10.00	10.00	12.00	12.00
Public Safety	14.00	15.00	17.00	18.00	18.50	18.50
Culture and Recreational	2.25	5.25	5.50	5.50	4.50	4.50
Street Maintenance	4.00	4.00	5.00	5.00	3.00	3.00
Water and Sewer	<u>12.50</u>	<u>13.00</u>	<u>12.50</u>	<u>12.50</u>	<u>15.00</u>	<u>15.00</u>
Total	<u>42.75</u>	<u>47.25</u>	<u>50.00</u>	<u>51.00</u>	<u>53.00</u>	<u>53.00</u>

Source: City Budget Office

Note: 2001 through 2002 data not available at time of this publication.

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

Table 16

Function/Program	FISCAL YEAR					
	2003	2004	2005	2006	2007	2008
Administration						
Council directed programs	6	5	5	5	5	6
Council meetings	24	25	20	35	33	36
Proclamations, ordinances, resolutions	60	50	32	35	47	52
Positions filled	5	5	5	5	8	14
GFOA CAFR Award	-	-	1	1	1	1
GFOA Distinguished Budget Award	-	-	-	1	1	1
Public Safety						
Municipal court	1,227	2,000	1,679	1,763	1,818	1,148
New cases filed	295	400	374	349	245	350
Warrants cleared						
Police						
Number of employees	9	9	10	10	10	10
Calls for service	5,000	4,900	3,501	6,200	3,941	4,300
Fire						
Number of employees	0	0	1	2	2	2
Number of fire runs	200	125	200	250	286	350
Animal Control						
Calls for service	2,000	2,000	607	1,200	980	1,300
Animals impounded	450	600	232	1,560	875	292
Citations issued	150	100	137	312	205	60
Development Services						
Building permits	100	150	110	172	122	150
Cultural and Recreational						
Parks and Recreation						
Aquatics daily admissions	2,500	2,500	2,200	2,200	0	0
Athletics/ recreation participants	800	750	800	925	700	350
Activity center memberships	300	300	225	250	300	300
Park acreage maintained	49	68	88	88	89	93
Water and Sewer						
Number of water consumers	1,633	1,600	1,600	1,650	1,700	1,625
Treated water (million gallons per year)	219	250	207	225	255	255
Treated effluent water (million gallons per year)	NA	NA	135	140	125	125

Source: City Departments

Note: 2001 through 2002 data not available at time of this publication.

INTERNAL CONTROL AND COMPLIANCE SECTION



Independent Auditor's Report

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

City Council
City of Jacksboro, Texas
Jacksboro, Texas

Members of the City Council:

We have audited 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, 2010, which collectively comprise the City of Jacksboro, Texas' basic financial statements and have issued our report thereon dated March 2, 2011. 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 opinion 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 on 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.

MWH Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
March 2, 2011

CITY OF JACKSBORO, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2010

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 No

Reportable condition(s) identified that are not
considered to be material weaknesses? Yes None Reported

Noncompliance material to financial
statements noted? Yes No

B. Financial Statement Findings

None