



CITY OF JACKSBORO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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INTRODUCTORY SECTION



March 13, 2017

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

Chapter 103 of the Texas Municipal Code requires that a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. This statutory requirement is addressed in the City of Jacksboro (City) financial management plan, which includes the objective that a Comprehensive Annual Financial Report (CAFR) will be prepared by the Finance Department. The Comprehensive Annual Financial Report includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report for the City of Jacksboro, Texas for the fiscal year ended September 30, 2016, 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 Edgin, Parkman, Fleming & Fleming, PC. 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, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in

conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

The City of Jacksboro, the county seat of Jack County, was incorporated in 1875 and is a Type A General Law municipal corporation under Texas law. The City occupies approximately 5.8 square miles and serves an estimated population of 4,633. As a municipal corporation, the City is empowered by state statutes to levy a tax on real and business personal property located within the corporate boundaries.

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

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

The basic financial statements of the City include all governmental activities, functions, and organizations for which it is financially accountable pursuant to and as defined by the Governmental Accounting Standards Board (GASB). The Economic Development Corporation (EDC) is a component unit of the City. In addition to appointing the EDC Board of Directors, the Council also approves the annual program of services for the EDC.

Services Provided

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

Economic Conditions and Outlook

Although the City has experienced growth over the past few years with respect to businesses that are not directly tied to the oil and gas industry, the overall economic conditions did not significantly improve during the budget year ending on September 30, 2016. Sales tax revenues declined significantly during that period. The economic outlook, however, does show signs of improvement. Several new business have prepared plans for commercial development. Additionally, tourism related activities and events have sparked a significant interest in the City, leading to the potential growth of that industry.

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 outlook as a number of new tourism related businesses have made plans to locate here. Fort Richardson State Park hosts an estimated 180,000 visitors annually and contributes approximately \$900,000 to the local economy. The City maintains two (2) lakes, Lake Jacksboro and Lost Creek Reservoir, which are primary contributors to an expanding recreation base.

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

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

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

The City has also invested a great deal of time and effort in overhauling an outdated zoning ordinance that often times hampered commercial and residential growth. Following public hearings to garner community input and support, the City Council will approve and implement a number of zoning changes that will continue to protect property values, while at the same time improving the effectiveness of promoting commercial growth.

Accounting System and Budgetary Control

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

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

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

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

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

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

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

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

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

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

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

Tax Appraisal/Collection Responsibilities. Under Texas law enacted in 1979, and subsequent revisions of the State Property Tax Code, the appraised value of taxable property in Jacksboro is established by the Jack County Appraisal District. The City of Jacksboro and other taxing jurisdictions in Jack County provide a pro-rata share of the budgeted expenditures incurred by the

Appraisal District, based on individual levy. The Jack County Tax Assessor-Collector provides tax collection services for the City and other taxing jurisdictions in Jack County.

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

Awards. In accordance with the City's financial management plan, the City of Jacksboro was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015.

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

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

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

Respectfully Submitted,



Michael R. Smith
City Manager



Debbie Cathey
Finance Director



Government Finance Officers Association

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

Presented to

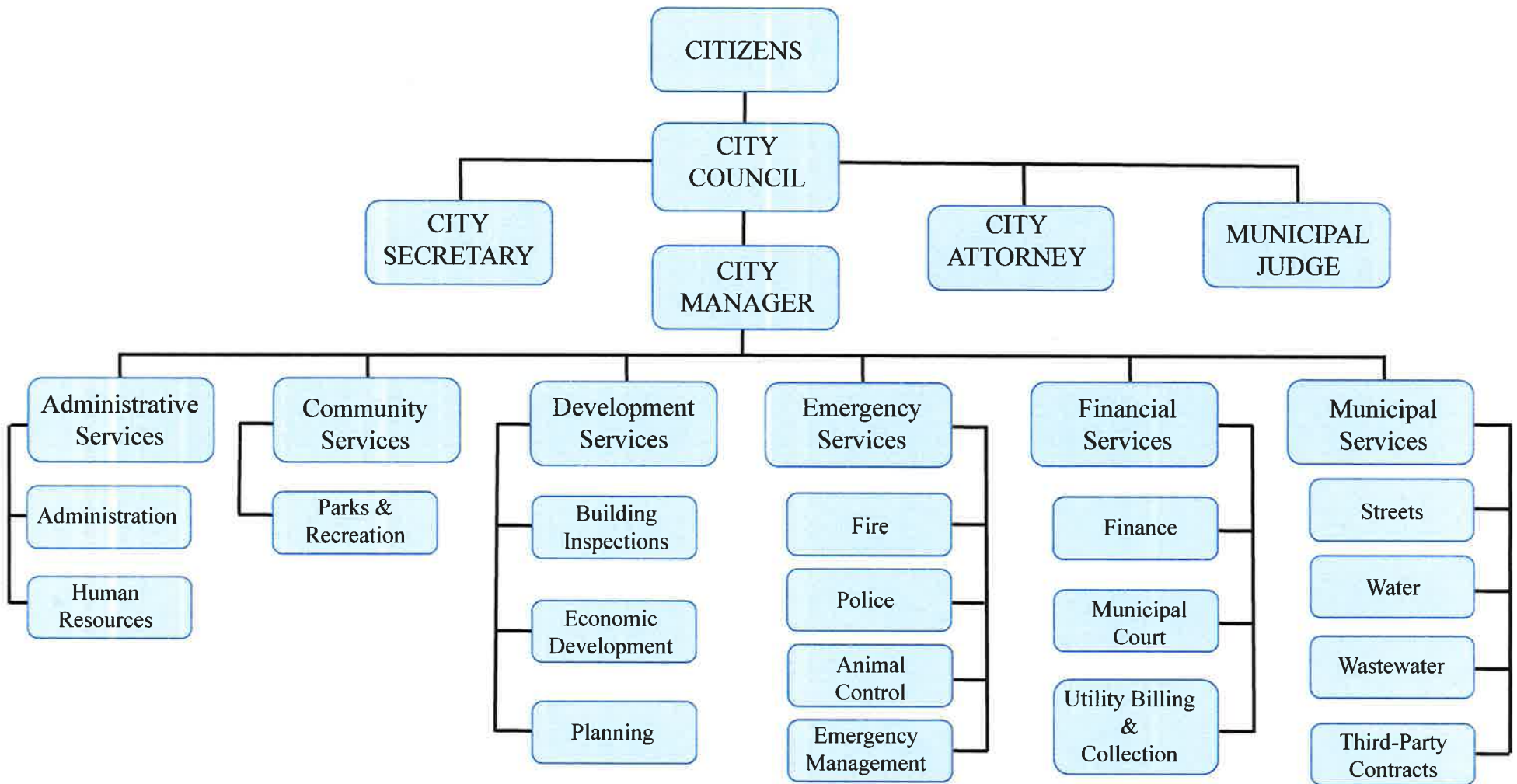
**City of Jacksboro
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF JACKSBORO
ORGANIZATIONAL CHART



CITY OF JACKSBORO
PRINCIPAL OFFICIALS

Elected Officials

Alton Morris.....Mayor

Melanie Belcher.....Alderman

Jason Nash.....Alderman

Jeff Miller.....Alderman

Joe Mitchell.....Alderman

Gary Oliver.....Alderman

Appointed Officials

Michael R. Smith.....City Manager

Brenda Tarpley.....City Secretary

Terry McDaniel.....Chief of Police

Debbie Goodner-Cathey.....Director of Finance

FINANCIAL SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR ▪ P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report

Honorable Mayor and City Council
City of Jacksboro, Texas

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 (City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Jacksboro, Texas as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
March 17, 2017



Management's Discussion and Analysis

Our discussion and analysis of the City of Jacksboro's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the transmittal letter on pages i to v and the City's financial statements, which begin on page 12.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,824,745 (net position). Of this amount \$1,899,451 (unrestricted net position) may be used to meet the City's obligations.
- Net position decreased \$279,800. This decrease in net position is attributed to: 1) a significant decrease in sales tax revenue, 2) increased spending in the proprietary fund to support purchases of equipment and modifications to the water treatment plant, 3) no significant miscellaneous revenue as in the previous year, and 4) reduction in grant funding.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,522,282, or 42.7% percent of total general fund expenditures.
- The City of Jacksboro's total outstanding bonds payable decreased by \$513,213 in the governmental activities and \$495,891 in the business-type because no new debt was issued in the current fiscal year and required debt service payments were made on time. More information about the City's bonds payable may be found on pages 37 to 40.

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All

changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund financial statements

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

Governmental funds

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

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

The City maintains three major governmental funds and six nonmajor governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major general, debt service, and capital projects funds. The nonmajor funds are summarized in the other governmental funds column. The nonmajor funds combining schedules are included in the Combining and Individual Statements and Schedules section of this report.

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

Proprietary funds

The City of Jacksboro, Texas maintains a single enterprise fund, the utility fund.

The enterprise fund is 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.

Notes to the financial statements

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

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,824,745 at the close of the most recent fiscal year.

The largest portion (82.1%) of the City's net position reflects its net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table is a comparative summary of net position as of September 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 2,135,809	\$ 2,625,754	\$ 1,104,301	\$ 1,153,042	\$ 3,240,110	\$ 3,778,796
Capital assets, net of accumulated depreciation	10,298,353	10,072,283	6,265,587	6,600,451	16,563,940	16,672,734
Total assets	12,434,162	12,698,037	7,369,888	7,753,493	19,804,050	20,451,530
Deferred outflow of resources	345,308	148,789	222,126	151,306	567,434	300,095
Current liabilities	155,971	219,396	213,805	165,679	369,776	385,075
Long-term liabilities outstanding	5,387,931	5,330,307	2,746,897	3,139,161	8,134,828	8,469,468
Total liabilities	5,543,902	5,549,703	2,960,702	3,304,840	8,504,604	8,854,543
Deferred inflows of resources	29,021	60	13,114	28	42,135	88
Net position						
Net investment in capital assets	5,797,362	5,391,114	3,910,965	3,684,798	9,708,327	9,075,912
Restricted net position						
Debt service	142,110	220,238	-	-	142,110	220,238
Specific purposes	74,857	64,342	-	-	74,857	64,342
Unrestricted	1,192,218	1,621,369	707,233	915,133	1,899,451	2,536,502
Total net position	\$ 7,206,547	\$ 7,297,063	\$ 4,618,198	\$ 4,599,931	\$11,824,745	\$ 11,896,994

An additional portion of the City's net position (1.8%) represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

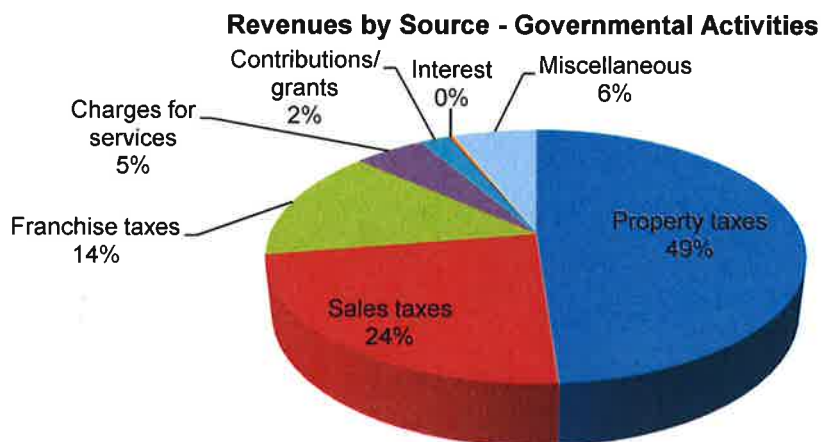
Governmental activities decreased net position by \$298,067, and business-type activities increased net position by \$18,267, for a total decrease in net position of \$279,800. The key elements of this City wide increase are shown in the following table:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 162,362	\$ 431,437	\$ 2,825,099	\$ 2,930,300	\$ 2,987,461	\$ 3,361,737
Operating grants and contributions	61,587	133,693	2,750	-	64,337	133,693
Capital grants and contributions	3,300	-	-	91,356	3,300	91,356
General revenues						
Property taxes	1,458,820	1,464,291	-	-	1,458,820	1,464,291
Sales taxes	700,297	1,098,482	-	-	700,297	1,098,482
Franchise taxes	400,158	366,983	-	-	400,158	366,983
Hotel / Motel taxes	21,310	31,705	-	-	21,310	31,705
Other taxes	1,408	2,056	-	-	1,408	2,056
Interest	9,998	6,079	3,151	2,231	13,149	8,310
Miscellaneous	180,160	422,937	-	14,037	180,160	436,974
Special item - gain on sale of capital assets	62,700	-	-	-	62,700	-
Total revenues and special item	3,062,100	3,957,663	2,831,000	3,037,924	5,893,100	6,995,587
Expenses:						
Legislative	46,617	46,898	-	-	46,617	46,898
General government	1,036,283	1,050,967	-	-	1,036,283	1,050,967
Public safety	1,287,085	1,254,748	-	-	1,287,085	1,254,748
Streets	503,702	348,773	-	-	503,702	348,773
Culture and recreation	726,902	506,138	-	-	726,902	506,138
Interest and fiscal charges	152,393	240,131	-	-	152,393	240,131
Water and sewer utilities	-	-	2,419,918	2,323,608	2,419,918	2,323,608
Total expenses	3,752,982	3,447,655	2,419,918	2,323,608	6,172,900	5,771,263
Change in net position before transfers	(690,882)	510,008	411,082	714,316	(279,800)	1,224,324
Net transfers	392,815	1,901,412	(392,815)	(1,901,412)	-	-
Change in net position	(298,067)	2,411,420	18,267	(1,187,096)	(279,800)	1,224,324
Net position - beginning, as restated	7,504,614	4,885,643	4,599,931	5,787,027	12,104,545	10,672,670
Net position - ending	\$ 7,206,547	\$ 7,297,063	\$ 4,618,198	\$ 4,599,931	\$ 11,824,745	\$ 11,896,994

The City's total revenues decreased by 17 percent (\$1.1M), due to a number of factors. During the 2015 fiscal year, the City experienced a great deal of construction with the addition of a new hospital and two commercial buildings. This construction led to higher revenues from permitting and license fees. During 2016 the City did not experience the same surge in construction. Additionally, sales tax revenue decreased significantly during 2016. In conjunction with the decrease in sales tax, the City also experienced a decrease in the sale of bulk water due to the decline in oil and gas exploration and production in the local area. One additional factor contributed to the decrease in total revenues. In 2015 the City received a reimbursement payment of \$240,000 resulting from a court case. This was a one-time payment that did not extend into 2016. The total cost of all programs and services was slightly higher (increasing by \$401,637 or less than 7 percent). The abatement of hazardous structures contributed primarily to the increased expenditures. The City abated four (4) structures in 2016, absorbing 100 percent of the demolition costs. The City also purchased property and built a neighborhood park, in addition to purchasing a fire truck and steel roller for the Street Department. With respect to business-type activities, the increase in expenses was due primarily to additional water testing as well as modifications to the water treatment plant. The City utilized an engineering firm to help improve the raw water treatment process and to improve water quality in the distribution system.

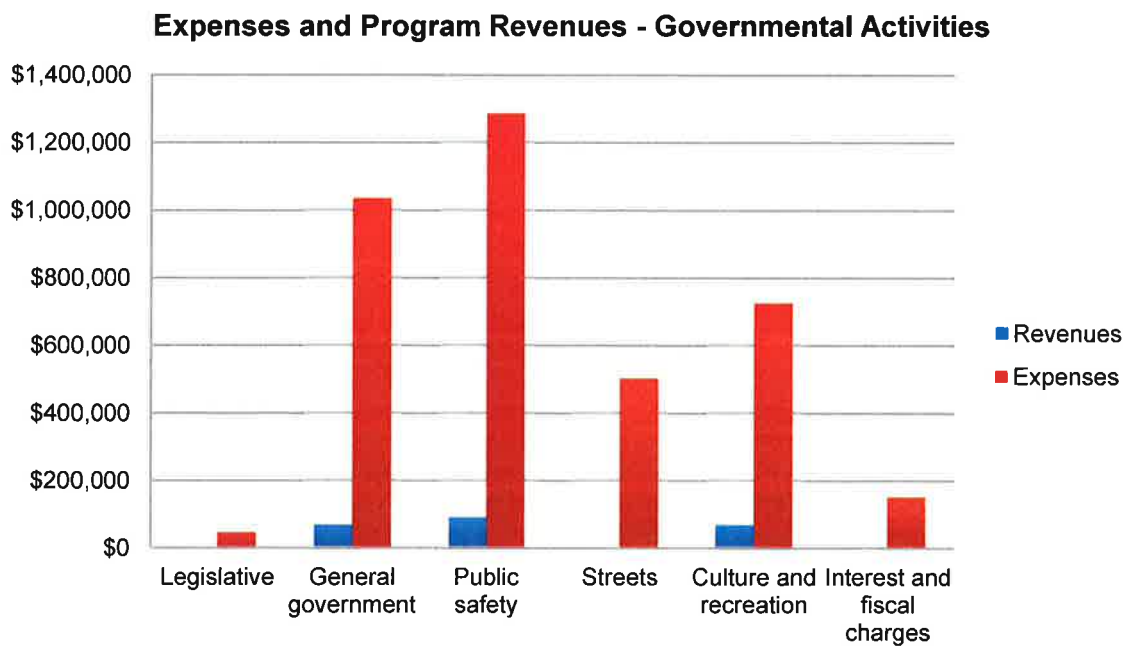
Revenues by source – governmental activities

Property taxes, sales taxes, franchise taxes, and charges for services provide 92% of the revenues for the governmental activities. The chart below provides a graphic representation of the City's revenues by source:



Expenses and program revenues – governmental activities

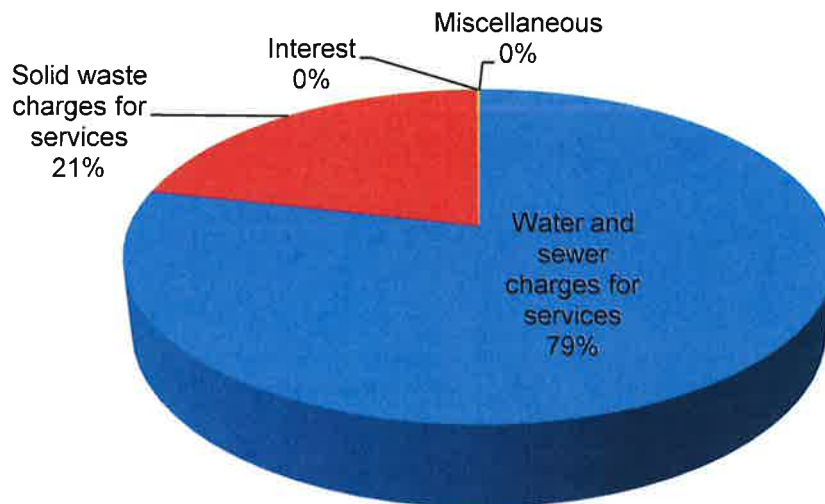
Public safety, general government, and streets make up 75% of the expenses for the governmental activities. The chart below provides a graphic representation of the City's governmental expenses and any directly related revenues by source.



Revenues by source – business-type activities

Water, sewer, and solid waste charges for services account for 99% of the revenue for business-type activities. This is comparable to 2015 income. The following chart provides a breakdown of all business-type revenues by source.

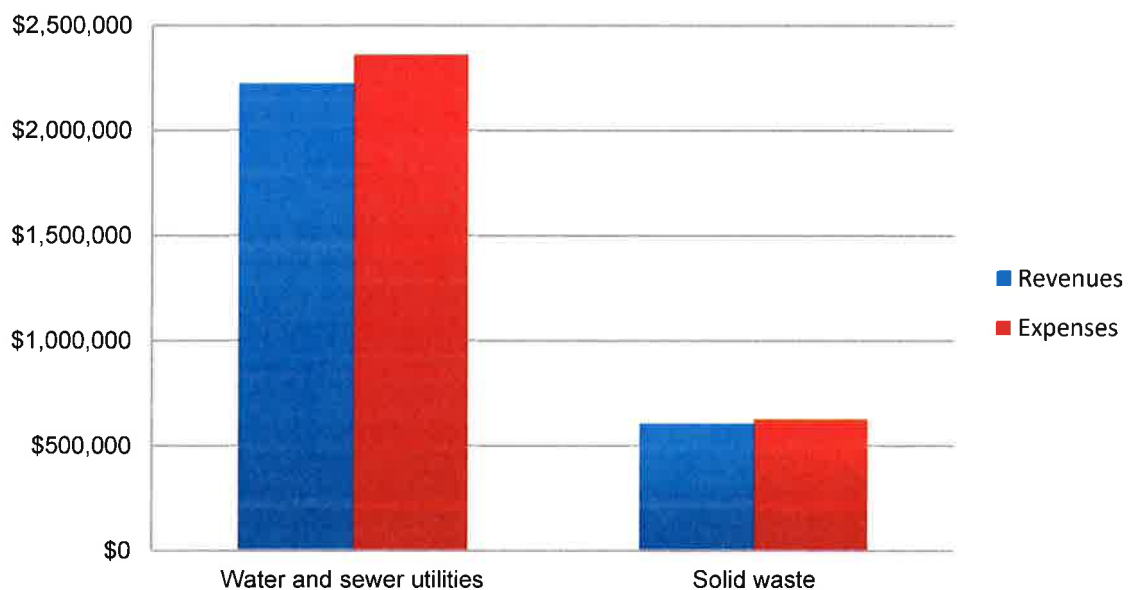
Revenues by Source - Business-type Activities



Expenses and program revenues – business-type activities

The City's business-type activities include water, sewer, and solid waste utilities. The City's water and sewer utilities make up 79% of operating expenses, and solid waste makes up the remaining 21%. The chart below provides a graphic representation of the City's business-type operating expenses and any directly related revenues by source.

Expenses and Program Revenue - Business-type Activities



Financial Analysis of the City's Funds

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

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,677,419, a decrease of \$459,920 in comparison with the prior year. Approximately 85% of this total amount, \$1,522,282, constitutes unassigned fund balance in the general fund, which is available for spending at the City's discretion. The capital projects fund and grants special revenue fund have negative unassigned fund balances of \$91,930 and \$4,440, respectively. The remainder of fund balance is restricted to indicate it is required to be set aside for specific purposes as follows: 1) debt service \$77,463, 2) tourism \$51,847, 3) court technology \$2,779, 4) court security \$2,468, 5) school safety \$6,307, and 6) crossing guard fund \$11,456.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,522,282. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 42.7% of total general fund expenditures. The fund balance of the general fund decreased \$371,074 during the current fiscal year.

The debt service fund has a total fund balance of \$77,463, all of which is restricted for the payment of debt service. Debt service payments were made when due. The net decrease in fund balance during the current year in the debt service fund was \$94,417.

The capital projects fund has a total fund deficit of \$91,930, which is unassigned. The net decrease in 2016 was \$4,944, due to purchase of land for a neighborhood park.

Proprietary Funds

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

Unrestricted net position of the utility fund at the end of the current fiscal year amounted to \$707,233. Net position increased \$18,257 from the prior year. As previously discussed, the slight increase in the utility fund was primarily due to purchase of equipment and modifications to the water treatment plant.

General Fund Budgetary Highlights

Revenues were \$55,723 lower than the City's budgeted projections, and expenditures were higher than the final budget by \$709,647. The negative revenue variance was primarily due to reduced sales tax revenues. The negative expenditure variance was primarily due to the addition of capital assets, specifically purchase of new fire truck \$391,620; major street improvements to E Belknap, N Knox, and N 9th totaling \$121,535; purchase of Caterpillar Roller & Chip Spreader for streets totaling \$143,705.

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, 2016 amounts to \$16,563,940 (net of accumulated depreciation). This investment in capital assets

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

Additional information on the City's capital assets can be found in note 6. CAPITAL ASSETS of this report.

CITY OF JACKSBORO CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 483,168	\$ 289,178	\$ -	\$ -	\$ 483,168	\$ 289,178
Construction in progress	-	224,368	-	10,205	-	234,573
Buildings and improvements	2,651,200	2,955,547	-	-	2,651,200	2,955,547
Lost Creek Dam & Reservoir	4,688,213	4,855,650	-	-	4,688,213	4,855,650
Streets	1,213,744	1,047,176	-	-	1,213,744	1,047,176
Water and sewer system	-	-	5,959,849	6,354,108	5,959,849	6,354,108
Furniture and fixtures	2,936	-	-	5,237	2,936	5,237
Machinery and equipment	1,259,092	700,364	305,738	230,901	1,564,830	931,265
Total	\$ 10,298,353	\$ 10,072,283	\$ 6,265,587	\$ 6,600,451	\$ 16,563,940	\$ 16,672,734

Long-term Liabilities

At the end of the 2016 fiscal year, the City had total long-term liabilities of \$6,988,339. Standard and Poor's bond rating for the City remains an "A-", unchanged from prior year.

CITY OF JACKSBORO OUTSTANDING LONG TERM LIABILITIES

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds Payable, including premiums	\$ 4,010,690	\$ 4,523,903	\$ 2,354,622	\$ 2,850,513	\$ 6,365,312	\$ 7,374,416
Notes payable	490,301	127,490	-	-	490,301	127,490
Compensated absences	97,284	107,806	35,442	25,857	132,726	133,663
Total	\$ 4,598,275	\$ 4,759,199	\$ 2,390,064	\$ 2,876,370	\$ 6,988,339	\$ 7,635,569

Additional information on the City's long-term debt can be found in note 8. LONG TERM OBLIGATIONS of this report.

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

- The 2016 appraised net taxable value used for the FY 2016-17 budget preparation was \$116,365,390, which is a 5.1% decrease over the 2015 appraised net taxable value of \$122,490,550.
- The FY 2016-17 overall property tax rate increased from the prior fiscal year at \$1.263505 per one hundred dollars of assessed valuation, in order to generate the same amount of revenue as last year from property tax.
- The FY 2016-17 adopted general operating fund budget decreases expenditures by 21% compared to the final FY 2015-16 actual amount, from \$3,563,269 actual in FY 2015-16 to a budgeted \$2,833,504 in FY 2016-17.

These indicators were taken into account when adopting the FY 2016-17 general fund budget. Beginning actual fund balance available for appropriation in the FY 2016-17 general fund budget is \$1,621,469. In total, the City's adopted FY 2016-17 general fund budget is projected to decrease the ending fund balance by \$96.

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 and deferred outflows of resources of the JEDC exceeded its liabilities and deferred inflows of resources by \$1,486,618 September 30, 2016.
- Net position increased by \$75,766 in comparison with the prior year due to a reduction in expenses on infrastructure improvements to new developments.

Jacksboro Economic Development Corporation Net Assets

	Governmental Activities	
	2016	2015
Current and other assets	\$ 1,691,241	\$ 1,768,945
Capital assets, net of accumulated depreciation	-	25,000
Total assets	1,691,241	1,793,945
Deferred outflows of resources	22,976	9,412
Current liabilities	21,491	39,648
Long-term liabilities outstanding	204,119	403,853
Total liabilities	225,610	443,501
Deferred inflows of resources	1,989	4
Net position		
Net investment in capital assets	-	25,000
Unrestricted	1,486,618	1,334,852
Total net position	\$ 1,486,618	\$ 1,359,852

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF JACKSBORO, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit
Assets			
Cash and cash equivalents	\$ 1,295,699	\$ 401,332	\$ 1,697,031
Receivables (net):			\$ 818,655
Property taxes	153,868	-	-
Sales taxes	114,462	-	38,154
Franchise fees	115,909	-	-
Municipal court fines	175,090	-	-
Customers	-	341,288	-
Other	71,956	-	-
Due from primary government	-	-	16,907
Internal balances	63,200	(63,200)	-
Property held for sale	-	-	817,525
Restricted assets:			
Cash and cash equivalents	145,625	424,881	570,506
Capital assets not being depreciated:			
Land	483,168	-	483,168
Capital assets:			
Buildings and improvements	4,712,608	-	4,712,608
Streets	1,791,559	-	1,791,559
Lost Creek Dam and Reservoir	8,355,568	-	8,355,568
Water and sewer system	-	12,119,914	12,119,914
Machinery and equipment	2,395,209	966,463	3,361,672
Furniture and fixtures	227,788	45,199	272,987
Accumulated depreciation	(7,667,547)	(6,865,989)	(14,533,536)
Total assets	<u>12,434,162</u>	<u>7,369,888</u>	<u>19,804,050</u>
			<u>1,691,241</u>
Deferred Outflows of Resources			
Pension plan related	338,099	153,906	492,005
Deferred loss of bond refunding	7,209	68,220	75,429
Total deferred outflows of resources	<u>345,308</u>	<u>222,126</u>	<u>567,434</u>
			<u>22,976</u>
Liabilities			
Accounts payable and other accrued liabilities	80,883	142,096	222,979
Wages payable	39,255	17,534	56,789
Due to component unit	16,907	-	16,907
Accrued interest payable	18,926	7,460	26,386
Customer deposits	-	46,715	46,715
Long-term liabilities:			
Portion due or payable within one year	534,795	436,761	971,556
Portion due or payable after one year	4,063,480	1,953,303	6,016,783
Net pension liability	789,656	356,833	1,146,489
Total liabilities	<u>5,543,902</u>	<u>2,960,702</u>	<u>8,504,604</u>
			<u>225,610</u>
Deferred Inflows of Resources			
Pension plan related	29,021	13,114	42,135
			<u>1,989</u>
Net Position			
Net investment in capital assets	5,797,362	3,910,965	9,708,327
Restricted	216,967	-	216,967
Unrestricted	1,192,218	707,233	1,899,451
Total net position	<u>\$ 7,206,547</u>	<u>\$ 4,618,198</u>	<u>\$ 11,824,745</u>
			<u>\$ 1,486,618</u>

See accompanying notes to the basic financial statements.

CITY OF JACKSBORO, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Legislative	\$ 46,617	\$ -	\$ -	\$ -
General government	1,036,283	68,391	-	-
Public safety	1,287,085	61,969	28,701	-
Streets	503,702	-	-	-
Culture and recreation	726,902	32,002	32,886	3,300
Interest and fiscal charges	152,393	-	-	-
Total governmental activities	<u>3,752,982</u>	<u>162,362</u>	<u>61,587</u>	<u>3,300</u>
Business-type activities:				
Water, sewer, and solid waste utilities	<u>2,419,918</u>	<u>2,825,099</u>	<u>2,750</u>	<u>-</u>
Total primary government	<u>\$ 6,172,900</u>	<u>\$ 2,987,461</u>	<u>\$ 64,337</u>	<u>\$ 3,300</u>
Component unit:				
Jacksboro Economic Development Corporation	<u>\$ 412,939</u>	<u>\$ 241,922</u>	<u>\$ 3,500</u>	<u>\$ -</u>
General revenues, special item, and transfers:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales taxes				
Franchise fees				
Hotel/Motel taxes				
Other taxes				
Interest				
Miscellaneous				
Special item - gain on sale of capital assets				
Transfers				
Total general revenues, special item, and transfers				
Change in net position				
Net position - beginning, as originally stated				
Prior period adjustments				
Net position - beginning, as restated				
Net position - ending				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (46,617)	\$ -	\$ (46,617)	\$ -
(967,892)	-	(967,892)	-
(1,196,415)	-	(1,196,415)	-
(503,702)	-	(503,702)	-
(658,714)	-	(658,714)	-
(152,393)	-	(152,393)	-
<u>(3,525,733)</u>	<u>-</u>	<u>(3,525,733)</u>	<u>-</u>
-	407,931	407,931	-
<u>(3,525,733)</u>	<u>407,931</u>	<u>(3,117,802)</u>	<u>-</u>
-	-	-	(167,517)
897,508	-	897,508	-
561,312	-	561,312	-
700,297	-	700,297	-
400,158	-	400,158	233,432
21,310	-	21,310	-
1,408	-	1,408	-
9,998	3,151	13,149	3,409
180,160	-	180,160	6,442
62,700	-	62,700	-
392,815	(392,815)	-	-
<u>3,227,666</u>	<u>(389,664)</u>	<u>2,838,002</u>	<u>243,283</u>
<u>(298,067)</u>	<u>18,267</u>	<u>(279,800)</u>	<u>75,766</u>
7,297,063	4,599,931	11,896,994	1,359,852
<u>207,551</u>	<u>-</u>	<u>207,551</u>	<u>51,000</u>
<u>7,504,614</u>	<u>4,599,931</u>	<u>12,104,545</u>	<u>1,410,852</u>
<u>\$ 7,206,547</u>	<u>\$ 4,618,198</u>	<u>\$ 11,824,745</u>	<u>\$ 1,486,618</u>

CITY OF JACKSBORO, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,295,699	\$ -	\$ -	\$ -	\$ 1,295,699
Receivables (net):					
Property taxes	85,414	68,454	-	-	153,868
Sales taxes	114,462	-	-	-	114,462
Franchise fees	115,909	-	-	-	115,909
Municipal court fines	175,090	-	-	-	175,090
Other	41,639	-	-	30,317	71,956
Due from other funds	187,000	-	63,000	-	250,000
Restricted cash	2,817	84,102	18,606	40,100	145,625
Total assets	<u>\$ 2,018,030</u>	<u>\$ 152,556</u>	<u>\$ 81,606</u>	<u>\$ 70,417</u>	<u>\$ 2,322,609</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Accounts payable and other current liabilities	\$ 80,883	\$ -	\$ -	\$ -	\$ 80,883
Wages payable	39,255	-	-	-	39,255
Due to other funds	-	13,264	173,536	-	186,800
Due to component unit	16,907	-	-	-	16,907
Total liabilities	<u>137,045</u>	<u>13,264</u>	<u>173,536</u>	<u>-</u>	<u>323,845</u>
Deferred inflows of resources:					
Unavailable revenues	<u>259,516</u>	<u>61,829</u>	<u>-</u>	<u>-</u>	<u>321,345</u>
Fund balances:					
Restricted	2,817	77,463	-	74,857	155,137
Assigned	96,370	-	-	-	96,370
Unassigned	1,522,282	-	(91,930)	(4,440)	1,425,912
Total fund balances	<u>1,621,469</u>	<u>77,463</u>	<u>(91,930)</u>	<u>70,417</u>	<u>1,677,419</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,018,030</u>	<u>\$ 152,556</u>	<u>\$ 81,606</u>	<u>\$ 70,417</u>	<u>\$ 2,322,609</u>

See accompanying notes to the basic financial statements.

CITY OF JACKSBORO, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances - governmental funds (Exhibit A-3) \$ 1,677,419

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 17,965,900	
Related accumulated depreciation	<u>7,667,547</u>	10,298,353

Property taxes receivable are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	136,793
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Municipal court fees receivable are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	175,090
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Property lien receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	9,462
--	-------

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	3,970,000	
Bond premiums	40,690	
Notes payable	490,301	
Compensated absences	<u>97,284</u>	(4,598,275)

Interest payable on long-term debt is not due and payable in the current period and therefore not reported as liabilities in the funds. Accrued interest at year-end was:	(18,926)
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Deferred loss on refunding of debt is not reflected in the governmental funds; however, the loss is capitalized as a deferred outflow of resources and amortized over the life of the bonds. The deferred loss on refunding at year end was:	7,209
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The City's net pension liability and related deferred outflows and inflows related to its participation in the Texas Municipal Retirement System do not meet criteria to be reported in the governmental funds financial statements. These items consist of:

Deferred outflows of resources - pension plan related	338,099	
Net pension liability	(789,656)	
Deferred inflows of resources - pension plan related	<u>(29,021)</u>	<u>(480,578)</u>

Total net position - governmental activities (Exhibit A-1)	<u><u>\$ 7,206,547</u></u>
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See accompanying notes to the basic financial statements.

CITY OF JACKSBORO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 890,380	\$ 565,917	\$ -	\$ -	\$ 1,456,297
Sales taxes	700,297	-	-	-	700,297
Franchise fees	400,158	-	-	-	400,158
Hotel/Motel taxes	-	-	-	21,310	21,310
Other taxes	1,408	-	-	-	1,408
Charges for services	4,375	-	-	-	4,375
Licenses, permits, and fees	45,023	-	-	-	45,023
Recreation fees	32,002	-	-	-	32,002
Court fines and fees	55,695	-	-	3,571	59,266
Rentals	9,531	-	-	-	9,531
Contributions	32,886	-	-	-	32,886
Intergovernmental	-	-	-	28,701	28,701
Interest income	6,822	2,871	56	249	9,998
Miscellaneous	180,160	-	-	-	180,160
Total revenues	<u>2,358,737</u>	<u>568,788</u>	<u>56</u>	<u>53,831</u>	<u>2,981,412</u>
Expenditures					
Current:					
Legislative	46,617	-	-	-	46,617
General government	1,000,360	-	-	9,221	1,009,581
Public safety	956,651	-	-	52,797	1,009,448
Streets	377,778	-	-	-	377,778
Culture and recreation	438,726	-	-	-	438,726
Capital outlay	712,017	-	5,000	-	717,017
Debt service:					
Principal	24,349	510,000	-	-	534,349
Interest charges	6,771	144,410	-	-	151,181
Debt issue costs	-	110	-	-	110
Paying agent fees	-	1,500	-	-	1,500
Total expenditures	<u>3,563,269</u>	<u>656,020</u>	<u>5,000</u>	<u>62,018</u>	<u>4,286,307</u>
Excess of revenues over (under) expenditures	<u>(1,204,532)</u>	<u>(87,232)</u>	<u>(4,944)</u>	<u>(8,187)</u>	<u>(1,304,895)</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	65,000	-	-	-	65,000
Proceeds from the issuance of note payable	387,160	-	-	-	387,160
Transfers in	400,000	-	-	18,702	418,702
Transfers out	(18,702)	(7,185)	-	-	(25,887)
Total other financing sources (uses)	<u>833,458</u>	<u>(7,185)</u>	<u>-</u>	<u>18,702</u>	<u>844,975</u>
Net change in fund balance	<u>(371,074)</u>	<u>(94,417)</u>	<u>(4,944)</u>	<u>10,515</u>	<u>(459,920)</u>
Fund balances - beginning (as originally stated)	1,980,582	171,880	(86,986)	52,302	2,117,778
Prior period adjustments	11,961	-	-	7,600	19,561
Fund balances - beginning (as restated)	<u>1,992,543</u>	<u>171,880</u>	<u>(86,986)</u>	<u>59,902</u>	<u>2,137,339</u>
Fund balances - ending	<u>\$ 1,621,469</u>	<u>\$ 77,463</u>	<u>\$ (91,930)</u>	<u>\$ 70,417</u>	<u>\$ 1,677,419</u>

See accompanying notes to the basic financial statements.

CITY OF JACKSBORO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net change in fund balances - total governmental funds (Exhibit A-5)		\$ (459,920)
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 717,017	
Depreciation expense for the year	<u>679,937</u>	37,080
The net book value of the capital assets disposed of during the year are not reported in the fund financial statements. However, in the Statement of Activities, the net book value of the capital assets disposed of during the year are recorded and were:		(2,300)
The fair market value of donated capital assets are not recorded at the governmental fund level; however, they are at the government-wide level. The fair market value of donated capital assets was:		3,300
Because certain receivables will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. The deferred inflow portions changed by these amounts this year:		
Property taxes	2,523	
Municipal court fees	2,703	
Property liens	<u>9,462</u>	14,688
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Principal payments during the year were:		
Bonds payable	510,000	
Notes payable	<u>24,349</u>	534,349
Accrued interest payable from the beginning of the year to the end of the year changed by:		(849)
Compensated absences are reported as the amount is earned in the Statement of Activities, but as paid in the governmental funds. During the year, the liability changed by:		10,522
The amortization of the bond premiums and deferred loss on refunding in the current year was:		1,247
The issuance of debt is recorded as an other financing source in the governmental funds; however, the debt is recorded as a long-term liability at the government-wide level. The amount of debt issued during the year was:		(387,160)
The City participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were less than the actuarial expense in the current year.		<u>(49,024)</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ (298,067)</u>

See accompanying notes to the basic financial statements.

EXHIBIT A-7

CITY OF JACKSBORO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 806,760	\$ 806,760	\$ 890,380	\$ 83,620
Sales taxes	900,000	900,000	700,297	(199,703)
Franchise fees	362,000	362,000	400,158	38,158
Other taxes	1,700	1,700	1,408	(292)
Charges for services	7,000	7,000	4,375	(2,625)
Licenses, permits, and fees	50,000	50,000	45,023	(4,977)
Recreation fees	40,000	40,000	32,002	(7,998)
Court fines and fees	75,000	75,000	55,695	(19,305)
Rentals	2,500	2,500	9,531	7,031
Contributions	-	-	32,886	32,886
Interest income	1,500	1,500	6,822	5,322
Miscellaneous	168,000	168,000	180,160	12,160
Total revenues	<u>2,414,460</u>	<u>2,414,460</u>	<u>2,358,737</u>	<u>(55,723)</u>
Expenditures				
Current:				
Legislative	50,047	49,167	46,617	2,550
General government	919,778	911,843	1,000,360	(88,517)
Public safety	1,052,516	1,054,926	956,651	98,275
Streets	351,602	352,892	377,778	(24,886)
Culture and recreation	361,520	364,135	438,726	(74,591)
Capital outlay	33,767	93,187	712,017	(618,830)
Debt service:				
Principal	24,240	24,240	24,349	(109)
Interest charges	3,232	3,232	6,771	(3,539)
Total expenditures	<u>2,796,702</u>	<u>2,853,622</u>	<u>3,563,269</u>	<u>(709,647)</u>
Excess of revenues under expenditures	<u>(382,242)</u>	<u>(439,162)</u>	<u>(1,204,532)</u>	<u>(765,370)</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	65,000	65,000
Proceeds from the issuance of note payable	-	-	387,160	387,160
Transfers in	400,000	400,000	400,000	-
Transfers out	(16,202)	(16,202)	(18,702)	(2,500)
Total other financing sources (uses)	<u>383,798</u>	<u>383,798</u>	<u>833,458</u>	<u>449,660</u>
Net change in fund balance	<u>1,556</u>	<u>(55,364)</u>	<u>(371,074)</u>	<u>(315,710)</u>
Fund balances - beginning (as originally stated)	1,980,582	1,980,582	1,980,582	-
Prior period adjustment	<u>11,961</u>	<u>11,961</u>	<u>11,961</u>	-
Fund balances - beginning (as restated)	<u>1,992,543</u>	<u>1,992,543</u>	<u>1,992,543</u>	-
Fund balances - ending	<u>\$ 1,994,099</u>	<u>\$ 1,937,179</u>	<u>\$ 1,621,469</u>	<u>\$ (315,710)</u>

See accompanying notes to the basic financial statements.

CITY OF JACKSBORO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2016

	<u>Utility Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 401,332
Receivables (net)	341,288
Restricted assets:	
Cash and cash equivalents	424,881
Total current assets	<u>1,167,501</u>
Long-term assets:	
Capital assets:	
Water and sewer system	12,119,914
Machinery and equipment	966,463
Furniture and fixtures	45,199
Less accumulated depreciation	(6,865,989)
Total long-term assets	<u>6,265,587</u>
Total assets	<u>7,433,088</u>
Deferred Outflows of Resources:	
Pension plan related	153,906
Deferred loss on bond refunding	68,220
Total deferred outflows of resources	<u>222,126</u>
Liabilities	
Current liabilities:	
Accounts payable and other current liabilities	142,096
Wages payable	17,534
Due to other funds	63,200
Accrued interest payable	7,460
Customer deposits	46,715
Compensated absences, current portion	15,949
Current maturities of long-term obligations	420,812
Total current liabilities	<u>713,766</u>
Long-term liabilities:	
Long-term obligations, less current maturities	1,933,810
Compensated absences, net of current portion	19,493
Net pension liability	356,833
Total long-term liabilities	<u>2,310,136</u>
Total liabilities	<u>3,023,902</u>
Deferred Inflows of Resources:	
Pension plan related	<u>13,114</u>
Net Position	
Net investment in capital assets	3,910,965
Unrestricted	707,233
Total net position	<u>\$ 4,618,198</u>

See accompanying notes to the basic financial statements.

EXHIBIT A-9

CITY OF JACKSBORO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Utility Fund
Operating revenues:	
Water revenues	\$ 1,282,968
Sewer revenues	822,452
Solid waste	604,059
Penalties	47,464
Tap fees	10,865
Miscellaneous	3,440
Total operating revenues	<u>2,771,248</u>
Operating expenses:	
Salaries and benefits	707,149
Supplies and maintenance	395,104
Contractual services	196,767
Sanitation contractual services	626,181
Depreciation	418,775
Total operating expenses	<u>2,343,976</u>
Operating income	<u>427,272</u>
Nonoperating revenues (expenses):	
Interest income	3,151
Interest expense	(75,942)
Capital improvement fees	53,851
Intergovernmental revenues	2,750
Total nonoperating revenues (expenses)	<u>(16,190)</u>
Income before transfers	<u>411,082</u>
Transfers in	7,185
Transfers out	(400,000)
Net transfers	<u>(392,815)</u>
Change in net position	18,267
Net position - beginning	<u>4,599,931</u>
Net position - ending	<u><u>\$ 4,618,198</u></u>

See accompanying notes to the basic financial statements.

CITY OF JACKSBORO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Utility Fund
Cash flows from operating activities:	
Received from customers	\$ 2,826,683
Payments to employees	(598,624)
Payments to suppliers and professional contractors for services	(1,223,918)
Net cash provided by operating activities	<u>1,004,141</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	7,185
Transfers to other funds	(400,000)
Net cash used by noncapital financing activities	<u>(392,815)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(83,911)
Principal paid on capital debt	(490,000)
Interest paid on capital debt	(82,023)
Capital improvement fees	53,851
Intergovernmental revenues	2,750
Net cash used by capital and related financing activities	<u>(599,333)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,151</u>
Net Increase in Cash and Cash Equivalents	7,959
Cash and Cash Equivalents - Beginning	818,254
Cash and Cash Equivalents - Ending	<u><u>\$ 826,213</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 427,272
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	418,775
(Increase) decrease in current assets and deferred outflows of resources:	
Accounts receivable	56,700
Deferred outflows of resources	(70,820)
Increase (decrease) in current liabilities and deferred inflows of resources:	
Accounts payable and other accrued liabilities	51,868
Wages payable	4,898
Customer deposits	(1,265)
Compensated absences	9,585
Net pension liability	94,042
Deferred inflows of resources	13,086
Total adjustments	576,869
Net cash provided by operating activities	<u><u>\$ 1,004,141</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Unrestricted cash and cash equivalents	\$ 401,332
Restricted assets - cash and cash equivalents	424,881
Total cash and cash equivalents	<u><u>\$ 826,213</u></u>

See accompanying notes to the basic financial statements.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Jacksboro, Texas (City) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting (NCGA) unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The following is a summary of the more significant policies and practices used by the City.

A. 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 / Alderman form of government and provides the following services: legislative, general administrative services, public safety (police and fire), streets, and culture and recreation. Other services include water, sewer, and solid waste operations. The City, for financial purposes, includes all of the funds relevant to the operations of the City of Jacksboro, Texas.

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

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

B. Basis of Presentation

Government-wide Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on activities of the primary government and its component unit.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public works, public transportation, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, 2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate fund-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for governmental and enterprise) for the determination of major funds. The major governmental funds are the General Fund, Debt Service Fund, and Capital Projects Fund. The major enterprise fund is the Utility Fund.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Government fund-level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, and hotel/motel taxes associated with the current fiscal period are susceptible to accrual and have been recognized as revenues of the current fiscal period.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. 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.

The Debt Service Fund is used to account for the annual debt service requirements of the City.

The Capital Projects Fund is used to account for the use of debt proceeds to acquire or construct capital assets.

The City reports the following major enterprise fund:

The Utility Fund is used to account for the water, wastewater, and sanitation services provided by the City.

In addition, the City reports the following nonmajor fund types:

The Special Revenue Funds account for proceeds for specific revenues that are legally restricted to expenditures for a specified purpose. The nonmajor governmental funds are as follows:

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

GASB Statement No. 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Position.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's Utility Fund are charges to customers for services. Operating expenses for the Utility Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

D. Budget Policies

The City Council adopts an annual budget for the General, Capital Projects, Special Revenue, Debt Service, and Utility Funds. The General Fund budget is legally adopted. The annual budgets for the General, Capital Projects, Debt Service, and Special Revenue Funds are adopted on a modified accrual basis. The budget for the Utility Fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

The City adheres to the following procedures in establishing the budget reflected in the financial statements:

1. Prior to the beginning of each 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.
2. 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.

E. Assets, Liabilities and Net Position or Equity

1. 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. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1, and do not begin to accrue interest until February 1. The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$2.25 per \$100 of assessed valuation. The City's tax rate for the current year was \$.72225 per \$100 in assessed valuation. Additionally, the City levied a tax for Debt Service of \$.45775 per \$100 in assessed valuation; therefore, the total tax rate was \$1.18000 per \$100 in assessed valuation.

An allowance for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Property Held for Sale

Property held for sale consists of land and buildings that were purchased or donated to be sold to third parties. Those assets are carried at the lower of cost or fair market value.

5. Capital Assets

Capital assets which include land, buildings and improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

Capital assets are depreciated using the straight line method over the following useful lives:

Buildings and improvements	20-50 years
Streets	20-50 years
Machinery, equipment, furniture, and fixtures	5-15 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Certain amounts related to the City's participation in pension plans (see Note 9) are reported in this category, along with deferred losses on bond refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting in this category. Property taxes receivable (\$136,793), municipal court fines receivable (\$175,090), and liens receivable (\$9,462) are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received. There are also certain items related to the City's participation in pension plans (see Note 9) that are reported in this category.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

7. Compensated Absences

Employees in permanent positions are eligible for vacation benefits, either as time off with pay or as terminal in cases of separation from City employment. Upon leaving the employment of the City, employees will be paid for unused vacation days which they have accrued.

Permanent employees accumulate sick leave indefinitely. However, no terminal pay is authorized for unused sick leave for terminating employees.

8. Long-Term Obligations

Long-term debt and other obligations for general government purposes are recorded in the government-wide statement of net position. Long-term debt and other obligations financed by the Utility Fund are reported as liabilities in that fund.

For the government-wide and Utility Fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred. In the governmental fund-level financial statements, bond proceeds are reported as another financing source. Bond premiums and discounts in governmental funds are also recognized currently as other financing sources or uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

9. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation. At September 30, 2016, the restricted fund balances were as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Landfill capital projects	\$2,414	\$ -	\$ -	\$ 2,414
Park projects	403	-	-	403
Debt service	-	77,463	-	77,463
Tourism	-	-	51,847	51,847
Court technology	-	-	2,779	2,779
Court security	-	-	2,468	2,468
School safety	-	-	17,763	17,763
Totals	<u>\$2,817</u>	<u>\$77,463</u>	<u>\$74,857</u>	<u>\$155,137</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt service fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself. At September 30, 2016, the City has assigned a portion of the General Fund's fund balance for future transfers to other funds to recover deficit fund balances totaling \$96,370.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

10. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances". Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however each category of

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

coverage has its own level of reinsurance. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

13. Pension Plan

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

2. COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", a violation of finance-related legal and contractual provisions is reported below, along with the action taken to address the violation:

- For the year ended September 30, 2016, the City overexpended the General Fund's budget in six functional areas and in total (see Exhibit A-10). The City will be more diligent in monitoring its actual expenditures compared to the City's adopted budget in future years.

B. Deficit Fund Balance or Net Position of Individual Funds

As of September 30, 2016, the Capital Projects Fund and Grant Fund had deficit fund balances of \$91,930 and \$4,440, respectively. The City will make transfers from the General Fund to cover these deficits during the year ended September 30, 2017.

3. DEPOSITS AND INVESTMENTS

A. Deposits

All of the City's demand and time depository accounts are held in local banking institutions. At September 30, 2016, the carrying amount of the City's deposits (cash and interest-bearing savings accounts included in temporary investments) was \$2,267,537 and the bank balance was \$2,351,303. The City's cash deposits at September 30, 2016, and during the year ended September 30, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

3. DEPOSITS AND INVESTMENTS (CONT'D.)

All of the JEDC's demand and time depository accounts are held in local banking institutions. At September 30, 2016, the carrying amount of the Corporation's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$818,655 and the bank balance was \$828,358. The Corporation's cash deposits at September 30, 2016, and during the year ended September 30, 2016, were entirely covered by FDIC insurance.

B. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

Investments of the City and JEDC at September 30, 2016 as follows and are reported as cash and cash equivalents on Exhibit A-1:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality Ratings</u>	<u>Weighted Average Days to Maturity</u>
Primary Government:				
TexSTAR	\$ 415,698	\$ 415,698	AAA-m	43
JEDC:				
LOGIC	<u>705,845</u>	<u>705,845</u>	AAA	45
Total investments	<u>\$1,121,543</u>	<u>\$1,121,543</u>		

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

3. DEPOSITS AND INVESTMENTS (CONT'D.)

that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The City values all investment pools at net asset value per unit/share.

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The City participates in the following public funds investment pools:

TexSTAR – Texas Short Term Asset Reserve Program (TexSTAR) is administered by J.P. Morgan Investment Management Inc. and First Southwest, a division of Hilltop Securities, Inc. J.P. Morgan Investment Management, Inc. provides investment management services and First Southwest provides participant and marketing services for TexSTAR. TexSTAR's governing body is a five-member board of directors comprised of three government officials and one member employed by each co-administrator or an affiliate. TexSTAR's investments are only those authorized by the Act governing pools for local governments.

Each participating government owns an undivided beneficial interest in the assets of the pool represented by units. Participants may terminate their participation in TexSTAR at any time by redeeming their units. TexSTAR is not registered with the Securities and Exchange Commission (SEC) as an investment company.

LOGIC – Local Government Investment Cooperative (LOGIC) is administered by J.P. Morgan Investment Management Inc. and First Southwest, a division of Hilltop Securities, Inc. J.P. Morgan Investment Management, Inc. provides investment management services and First Southwest provides participant and marketing services for LOGIC. LOGIC's governing body is a five-member board of directors comprised of three government officials and two other persons with expertise in public finance. LOGIC's investments are only those authorized by the Texas Public Funds Investment Act governing pools for local governments. LOGIC presently offers two investment pools, each of which is separately managed and has a different investment objective.

Each participating government owns an undivided beneficial interest in the assets of the pool represented by units. Participants may terminate their participation in LOGIC at any time by redeeming their units. LOGIC is not registered with the Securities and Exchange Commission (SEC) as an investment company.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

3. DEPOSITS AND INVESTMENTS (CONT'D.)

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

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

2. 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 credit 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.

3. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

5. 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.

D. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

4. RECEIVABLES

Receivables at September 30, 2016, including the allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Other Gov. Funds	Utility Fund	Totals Primary Government	JEDC – Component Unit	Totals Reporting Entity
Receivables:							
Property taxes	\$ 94,906	\$76,060	\$ -	\$ -	\$ 170,966	\$ -	\$ 170,966
Sales taxes	114,462	-	-	-	114,462	38,154	152,616
Franchise fees	115,909	-	-	-	115,909	-	115,909
Municipal court fines	350,180	-	-	-	350,180	-	350,180
Other	<u>70,025</u>	<u>-</u>	<u>30,317</u>	<u>366,718</u>	<u>467,060</u>	<u>-</u>	<u>467,060</u>
Gross receivables	745,482	76,060	30,317	366,718	1,218,577	38,154	1,256,731
Less: Allowance for uncollectible accounts	(212,968)	(7,606)	-	(25,430)	(246,004)	-	(246,004)
Net total receivables	<u>\$532,514</u>	<u>\$68,454</u>	<u>\$30,317</u>	<u>\$341,288</u>	<u>\$ 972,573</u>	<u>\$38,154</u>	<u>\$1,010,727</u>

There are no net receivables, other than delinquent property taxes and municipal court fines, that the City does not expect to collect within a year. The City expects to collect approximately \$50,000 of the \$170,966 total delinquent property taxes within a year and \$125,000 of the \$350,180 of the municipal court fines within a year. These amounts are similar to the amounts collected in previous years.

5. RESTRICTED CASH

Restricted cash consists of cash held for specific purposes in accordance with bond covenants or other legal restrictions. At September 30, 2016, restricted cash is comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	Utility Fund
Landfill capital projects	\$2,414	\$ -	\$ -	\$ -	\$ 2,414	\$ -
Park projects	403	-	-	-	403	-
Debt service	-	84,102	-	-	84,102	-
General capital projects	-	-	18,606	-	18,606	-
Tourism	-	-	-	48,104	48,104	-
Court technology	-	-	-	2,779	2,779	-
Court security	-	-	-	2,468	2,468	-
School safety	-	-	-	17,763	17,763	-
Grants	-	-	-	(31,014)	(31,014)	-
Utility capital projects	-	-	-	-	-	378,166
Utility customer deposits	-	-	-	-	-	<u>46,715</u>
Totals	<u>\$2,817</u>	<u>\$84,102</u>	<u>\$18,606</u>	<u>\$40,100</u>	<u>\$145,625</u>	<u>\$424,881</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended September 30, 2016 was as follows:

Governmental activities:	Beginning Balances (as Restated)	Increases	Decreases	Reclassifications	Ending Balances
Capital assets not being depreciated:					
Land	\$ 477,168	\$ 8,300	\$ 2,300	\$ -	\$ 483,168
Construction in progress	<u>224,368</u>	<u>-</u>	<u>-</u>	<u>(224,368)</u>	<u>-</u>
Total capital assets not being depreciated	<u>701,536</u>	<u>8,300</u>	<u>2,300</u>	<u>(224,368)</u>	<u>483,168</u>
Capital assets being depreciated:					
Buildings and improvements	4,712,608	-	-	-	4,712,608
Streets	1,542,024	25,167	-	224,368	1,791,559
Lost Creek Dam and Reservoir	8,355,568	-	-	-	8,355,568
Machinery and equipment	1,871,795	686,850	163,436	-	2,395,209
Furniture and fixtures	<u>227,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,788</u>
Total capital assets being depreciated	<u>16,709,783</u>	<u>712,017</u>	<u>163,436</u>	<u>224,368</u>	<u>17,482,732</u>
Less accumulated depreciation for:					
Buildings and improvements	1,804,106	257,302	-	-	2,061,408
Streets	494,848	82,967	-	-	577,815
Lost Creek Dam and Reservoir	3,499,918	167,437	-	-	3,667,355
Machinery and equipment	1,127,322	172,231	163,436	-	1,136,117
Furniture and fixtures	<u>224,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,852</u>
Total accumulated depreciation	<u>7,151,046</u>	<u>679,937</u>	<u>163,436</u>	<u>-</u>	<u>7,667,547</u>
Total capital assets being depreciated, net	<u>9,558,737</u>	<u>32,080</u>	<u>-</u>	<u>224,368</u>	<u>9,815,185</u>
Governmental activities capital assets, net	<u>\$10,260,273</u>	<u>\$ 40,380</u>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$10,298,353</u>

Depreciation expense was charged to departments as follows:

General Government	\$ 31,677
Public Safety	247,574
Streets	118,998
Culture and Recreation	<u>281,688</u>
Total	<u>\$679,937</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

6. CAPITAL ASSETS (CONT'D.)

Business-type activities:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balances</u>
Capital assets not being depreciated:					
Construction in progress	\$ 10,205	\$ -	\$ -	(\$10,205)	\$ -
Capital assets being depreciated:					
Water and sewer system	12,089,520	20,189	-	10,205	12,119,914
Machinery and equipment	902,741	63,722	-	-	966,463
Furniture and fixtures	45,199	-	-	-	45,199
Total capital assets being depreciated	13,037,460	83,911	-	10,205	13,131,576
Less accumulated depreciation for:					
Water and sewer system	5,836,551	323,514	-	-	6,160,065
Machinery and equipment	565,464	95,261	-	-	660,725
Furniture and fixtures	45,199	-	-	-	45,199
Total accumulated depreciation	6,447,214	418,775	-	-	6,865,989
Total capital assets being depreciated, net	6,590,246	(334,864)	-	10,205	6,265,587
Governmental activities capital assets, net	\$ 6,600,451	(\$334,864)	\$ -	\$ -	\$ 6,265,587

7. INTERFUND BALANCES AND ACTIVITY

A. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2016 consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Debt Service	\$ 13,264	Short-term borrowings
General Fund	Capital Projects Fund	173,536	Short-term borrowings
General Fund	Utility Fund	200	Short-term borrowings
Capital Projects Fund	Utility Fund	63,000	Short-term borrowings
Total		<u>\$250,000</u>	

All amounts are scheduled to be repaid within one year.

B. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2016 consisted of the following:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Utility Fund	\$400,000	Cover deficit operations
Other Governmental Funds	General Fund	18,702	Cover grant deficit
Utility Fund	Other Governmental Funds	7,185	Excess transfers
Total		<u>\$425,887</u>	

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

8. LONG-TERM OBLIGATIONS

A. Long-term Liabilities

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2016, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds payable, including premiums	\$4,523,903	\$ -	\$513,213	\$4,010,690	\$458,212
Notes payable	127,490	387,160	24,349	490,301	32,805
Compensated absences *	<u>107,806</u>	<u>15,933</u>	<u>26,455</u>	<u>97,284</u>	<u>43,778</u>
Total governmental activities	<u>\$4,759,199</u>	<u>\$403,093</u>	<u>\$564,017</u>	<u>\$4,598,275</u>	<u>\$534,795</u>
<u>Business-type Activities:</u>					
Bonds payable, including premiums	\$2,850,513	\$ -	\$495,891	\$2,354,622	\$420,812
Compensated absences *	<u>25,857</u>	<u>13,696</u>	<u>4,111</u>	<u>35,442</u>	<u>15,949</u>
Total business-type activities	<u>\$2,876,370</u>	<u>\$ 13,696</u>	<u>\$500,002</u>	<u>\$2,390,064</u>	<u>\$436,761</u>
<u>JEDC</u>					
Note payable	<u>\$ 364,000</u>	<u>\$ -</u>	<u>\$214,000</u>	<u>\$ 150,000</u>	<u>\$ 50,000</u>

* - Other long-term liabilities

For governmental activities, compensated absences are generally liquidated by the General Fund.

B. Bonds Payable

Bonds payable at September 30, 2016, including net unamortized premiums on the bonds, are comprised of the following individual issues:

<u>Description</u>	<u>Bonds Authorized</u>	<u>Range of Interest Rates</u>	<u>Final Maturity Date</u>	<u>Annual Serial Payments</u>	<u>Bonds Outstanding at 9/30/16</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Combination Tax & Surplus Water & Sewer System Revenue Certificates of Obligation, Series 2004	\$ 535,000	4.650%	2/15/2024	\$30,000 to \$40,000	\$ 280,000	\$ 145,000	\$ 135,000
Combination Tax & Revenue Certificates of Obligation, Series 2008	1,800,000	4.000%	2/15/2028	\$70,000 to \$115,000	1,135,000	1,015,000	120,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2011	2,060,000	3.00% to 4.000%	8/15/2031	\$80,000 to \$165,000	1,805,000	1,805,000	-
General Obligation Refunding Bonds, Series 2015 Plus bond premium	4,095,000	2.00% to 4.000%	8/15/2029	\$45,000 to \$680,000	3,030,000	1,005,000	2,025,000
					<u>115,312</u>	<u>40,690</u>	<u>74,622</u>
Total all bonds					<u>\$6,365,312</u>	<u>\$4,010,690</u>	<u>\$2,354,622</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

8. LONG-TERM OBLIGATIONS (CONT'D.)

Aggregate maturities of the bonds payable (principal and interest) for the years subsequent to September 30, 2016 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 458,212	\$131,303	\$ 589,515
2018	363,212	118,806	482,018
2019	388,212	109,426	497,638
2020	403,212	98,763	501,975
2021	223,212	87,846	311,058
2022-2026	1,216,060	317,650	1,533,710
2027-2031	<u>958,570</u>	<u>100,682</u>	<u>1,059,252</u>
Totals	<u>\$4,010,690</u>	<u>\$964,476</u>	<u>\$4,975,166</u>

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 420,891	\$ 59,682	\$ 480,573
2018	310,891	50,784	361,675
2019	320,891	43,469	364,360
2020	335,891	36,571	372,462
2021	135,891	29,161	165,052
2022-2026	644,455	88,745	733,200
2027-2029	<u>185,712</u>	<u>13,218</u>	<u>198,930</u>
Totals	<u>\$2,354,622</u>	<u>\$321,630</u>	<u>\$2,676,252</u>

C. Notes Payable

The City has notes payable at September 30, 2016 as follows:

Governmental activities:

Note payable to LegacyTexas Bank to finance the purchase of an Asphalt Zipper. The note is due in annual principal and interest payments of \$27,471 at 2.50% per annum through January 2020. The note is collateralized by the Asphalt Zipper.

\$103,141

Note payable to LegacyTexas Bank to finance the purchase of a used 2010 Ferra Fire Apparatus Pumper. The note is due in monthly principal and interest payments of \$3,888 at 3.77% per annum through June 2027. The note is collateralized by the Pumper.

387,160

Total governmental activities and all notes payable

\$490,301

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

8. LONG-TERM OBLIGATIONS (CONT'D.)

The JEDC has a note payable at September 30, 2016 as follows:

Note payable to the Jacksboro National Bank to finance the purchase of land held for sale. The note is due in annual principal payments of \$50,000 plus interest at 5.00% per annum through August 2019. The note is collateralized by various lots in the Lumar addition in Jacksboro, Texas.

\$150,000

The debt service requirements on the notes payable at September 30, 2016 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 32,806	\$17,397	\$ 50,203
2018	58,213	15,911	74,124
2019	60,132	13,992	74,124
2020	61,976	12,148	74,124
2021	36,699	9,954	46,653
2022-2026	206,035	27,229	233,264
2027-2029	<u>34,440</u>	<u>549</u>	<u>34,989</u>
Totals	<u>\$490,301</u>	<u>\$97,180</u>	<u>\$587,481</u>

<u>Year Ending September 30,</u>	<u>JEDC</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 50,000	\$12,743	\$ 62,743
2018	50,000	5,070	55,070
2019	<u>50,000</u>	<u>2,535</u>	<u>52,535</u>
Totals	<u>\$150,000</u>	<u>\$20,348</u>	<u>\$170,348</u>

D. Aggregate Maturities of All Long-term Debt

Aggregate maturities of all long-term debt (principal and interest) for the years subsequent to September 30, 2016 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 491,018	\$ 148,700	\$ 639,718
2018	421,425	134,717	556,142
2019	448,344	123,418	571,762
2020	465,188	110,911	576,099
2021	259,911	97,800	357,711
2022-2026	1,422,095	344,879	1,766,974
2027-2031	<u>993,010</u>	<u>101,231</u>	<u>1,094,241</u>
Totals	<u>\$4,500,991</u>	<u>\$1,061,656</u>	<u>\$5,562,647</u>

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

8. LONG-TERM OBLIGATIONS (CONT'D.)

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 420,891	\$ 59,682	\$ 480,573
2018	310,891	50,784	361,675
2019	320,891	43,469	364,360
2020	335,891	36,571	372,462
2021	135,891	29,161	165,052
2022-2026	644,455	88,745	733,200
2027-2029	185,712	13,218	198,930
Totals	<u>\$2,354,622</u>	<u>\$ 321,630</u>	<u>\$2,676,252</u>

<u>Year Ending September 30,</u>	<u>JEDC</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 50,000	\$ 12,743	\$ 62,743
2018	50,000	5,070	55,070
2019	50,000	2,535	52,535
Totals	<u>\$ 150,000</u>	<u>\$ 20,348</u>	<u>\$ 170,348</u>

9. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

B. Benefits Provided

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

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

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

9. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	38
Active employees	41

C. Contributions

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

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.86% and 13.96% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$230,625, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% including inflation, per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 85.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment is used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

9. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustments for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	8.00%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

9. DEFINED BENEFIT PENSION PLAN (CONT'D.)

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2014	\$5,811,667	\$4,937,915	\$ 873,752
Changes for the year:			
Service cost	275,573	-	275,573
Interest on total pension liability	401,993	-	401,993
Change of benefit terms	-	-	-
Difference between expected and actual experience	(63,756)	-	(63,756)
Change of assumptions	61,085	-	61,085
Contributions - employer	-	230,041	(230,041)
Contributions - employee	-	115,371	(115,371)
Net investment income	-	7,285	(7,285)
Benefit payments, including refunds of employee contributions	(413,386)	(413,386)	-
Administrative expense	-	(4,438)	4,438
Other changes	-	(219)	219
Balances as of December 31, 2015	<u>\$6,073,176</u>	<u>\$4,872,569</u>	<u>\$1,200,607</u>

Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability	<u>\$2,093,389</u>	<u>\$1,200,607</u>	<u>\$484,605</u>

Pension Plan Fiduciary Net Position

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

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

9. DEFINED BENEFIT PENSION PLAN (CONT'D.)

E. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2016, the City recognized pension expense of \$300,039.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$44,124
Differences in assumption changes	42,232	-
Net difference between projected and actual earnings	306,690	-
Contributions made subsequent to measurement date	<u>166,059</u>	<u>-</u>
Total	<u>\$514,981</u>	<u>\$44,124</u>

\$166,059 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2016	\$ 78,802
2017	78,848
2018	79,475
2019	<u>67,673</u>
Total	<u>\$304,798</u>

10. COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management 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.

B. Federal and State Grants

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

CITY OF JACKSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2016

11. PRIOR PERIOD ADJUSTMENTS

During the year ended September 30, 2016, management discovered certain errors in previously-issued financial statements that required adjustment to the beginning equity accounts. These prior period adjustments are summarized below:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>JEDC</u>
Fair market value of assets acquired in the prior year that were not recorded	\$187,990	\$ -	\$ -	\$51,000
Contribution received in the prior year that was not recorded as revenue	11,961	11,961	-	-
Grant receivable not recorded in the prior year	<u>7,600</u>	<u>-</u>	<u>7,600</u>	<u>-</u>
Total prior period adjustments	<u>\$207,551</u>	<u>\$11,961</u>	<u>\$7,600</u>	<u>\$51,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSBORO, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

	2015	2014
Total Pension Liability		
Service cost	\$ 275,573	\$ 221,377
Interest on total pension liability	401,993	382,649
Changes of benefit terms	-	-
Difference between expected and actual experience	(63,756)	(138)
Changes of assumptions	61,085	-
Benefit payments/refunds of contributions	(413,386)	(295,891)
Net change in total pension liability	261,509	307,997
Total pension liability, beginning	5,811,667	5,503,670
Total pension liability, ending (a)	<u>\$ 6,073,176</u>	<u>\$ 5,811,667</u>
Fiduciary Net Pension		
Contributions - employer	\$ 230,041	\$ 182,117
Contributions - employee	115,371	99,312
Net investment income	7,285	268,117
Benefit payments/refunds of contributions	(413,386)	(295,891)
Administrative expenses	(4,438)	(2,800)
Other	(219)	(230)
Net change in fiduciary net position	(65,346)	250,625
Fiduciary net pension, beginning	4,937,915	4,687,290
Fiduciary net pension, ending (b)	<u>\$ 4,872,569</u>	<u>\$ 4,937,915</u>
Net pension liability, ending (a) - (b)	<u>\$ 1,200,607</u>	<u>\$ 873,752</u>
Fiduciary net position as a % of total pension liability	<u>80.23%</u>	<u>84.97%</u>
Covered employee payroll	<u>\$ 1,648,162</u>	<u>\$ 1,403,518</u>
Net pension liability as a % of covered payroll	<u>72.85%</u>	<u>62.25%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

CITY OF JACKSBORO, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM**

	2016	2015
Actuarial determined contribution	\$ 230,625	\$ 210,963
Contributions in relation to the actuarially determined contribution	(230,625)	(210,963)
Contribution deficiency	\$ -	\$ -
Covered employee payroll	\$ 1,669,333	\$ 1,538,210
Contributions as a percentage of covered employee payroll	13.82%	13.71%

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

There were no benefit changes during the year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

The data on this schedule is based on the City's fiscal year-end, not the valuation/measurement data as provided in other schedules of this report.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

CITY OF JACKSBORO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Hotel/Motel Tax Fund	Court Technology Fund	Court Security Fund
ASSETS			
Restricted cash and cash equivalents	\$ 48,104	\$ 2,779	\$ 2,468
Receivables (net)	3,743	-	-
Total assets	<u>\$ 51,847</u>	<u>\$ 2,779</u>	<u>\$ 2,468</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and other current liabilities	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	51,847	2,779	2,468
Unassigned	-	-	-
Total fund balances	<u>51,847</u>	<u>2,779</u>	<u>2,468</u>
Total liabilities and fund balance	<u>\$ 51,847</u>	<u>\$ 2,779</u>	<u>\$ 2,468</u>

School Safety Fund	Crossing Guard Fund	Grant Fund	Total Nonmajor Governmental Funds
\$ 6,307	\$ 11,456	\$ (31,014)	\$ 40,100
-	-	26,574	30,317
<u>\$ 6,307</u>	<u>\$ 11,456</u>	<u>\$ (4,440)</u>	<u>\$ 70,417</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,307	11,456	-	74,857
-	-	(4,440)	(4,440)
<u>6,307</u>	<u>11,456</u>	<u>(4,440)</u>	<u>70,417</u>
<u>\$ 6,307</u>	<u>\$ 11,456</u>	<u>\$ (4,440)</u>	<u>\$ 70,417</u>

CITY OF JACKSBORO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Hotel/Motel Tax Fund	Court Technology Fund	Court Security Fund
REVENUES			
Hotel/Motel taxes	\$ 21,310	\$ -	\$ -
Court fines	-	1,195	761
intergovernmental	-	-	-
Interest income	167	11	8
Total revenues	<u>21,477</u>	<u>1,206</u>	<u>769</u>
EXPENDITURES			
Current:			
General government	9,221	-	-
Public safety	-	5,394	-
Total expenditures	<u>9,221</u>	<u>5,394</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>12,256</u>	<u>(4,188)</u>	<u>769</u>
Fund balances - beginning (as originally stated)	39,591	6,967	1,699
Prior period adjustment	-	-	-
Fund balances - beginning (as restated)	<u>39,591</u>	<u>6,967</u>	<u>1,699</u>
Fund balances - ending	<u>\$ 51,847</u>	<u>\$ 2,779</u>	<u>\$ 2,468</u>

School Safety Fund	Crossing Guard Fund	Grant Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 21,310
794	821	-	3,571
-	-	28,701	28,701
22	41	-	249
<u>816</u>	<u>862</u>	<u>28,701</u>	<u>53,831</u>
-	-	-	9,221
-	-	47,403	52,797
-	-	47,403	62,018
-	-	18,702	18,702
-	-	18,702	18,702
816	862	-	10,515
5,491	10,594	(12,040)	52,302
-	-	7,600	7,600
5,491	10,594	(4,440)	59,902
<u>\$ 6,307</u>	<u>\$ 11,456</u>	<u>\$ (4,440)</u>	<u>\$ 70,417</u>

CITY OF JACKSBORO, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 681,627	\$ 681,627	\$ 565,917	\$ (115,710)
Interest income	2,000	2,000	2,871	871
Total revenues	<u>683,627</u>	<u>683,627</u>	<u>568,788</u>	<u>(114,839)</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,000,000	1,000,000	510,000	490,000
Interest	215,045	215,045	144,410	70,635
Debt issuance costs	-	-	110	(110)
Paying agent fees	4,500	4,500	1,500	3,000
Total expenditures	<u>1,219,545</u>	<u>1,219,545</u>	<u>656,020</u>	<u>563,525</u>
Excess of revenues over (under) expenditures	<u>(535,918)</u>	<u>(535,918)</u>	<u>(87,232)</u>	<u>448,686</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	553,418	553,418	-	(553,418)
Transfers out	-	-	(7,185)	(7,185)
Total other financing sources (uses)	<u>553,418</u>	<u>553,418</u>	<u>(7,185)</u>	<u>(560,603)</u>
Net change in fund balance	17,500	17,500	(94,417)	(111,917)
Fund balance - beginning	<u>171,880</u>	<u>171,880</u>	<u>171,880</u>	<u>-</u>
Fund balance - ending	<u>\$ 189,380</u>	<u>\$ 189,380</u>	<u>\$ 77,463</u>	<u>\$ (111,917)</u>

CITY OF JACKSBORO, TEXAS
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Hotel/Motel taxes	\$ 28,000	\$ 28,000	\$ 21,310	\$ (6,690)
Interest income	150	150	167	17
Total revenues	<u>28,150</u>	<u>28,150</u>	<u>21,477</u>	<u>(6,673)</u>
EXPENDITURES				
Current:				
General government	<u>31,969</u>	<u>31,969</u>	<u>9,221</u>	<u>22,748</u>
Total expenditures	<u>31,969</u>	<u>31,969</u>	<u>9,221</u>	<u>22,748</u>
Net change in fund balance	(3,819)	(3,819)	12,256	16,075
Fund balance - beginning	<u>39,591</u>	<u>39,591</u>	<u>39,591</u>	<u>-</u>
Fund balance - ending	<u>\$ 35,772</u>	<u>\$ 35,772</u>	<u>\$ 51,847</u>	<u>\$ 16,075</u>

CITY OF JACKSBORO, TEXAS
COURT TECHNOLOGY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 1,750	\$ 1,750	\$ 1,195	\$ (555)
Interest income	15	15	11	(4)
Total revenues	<u>1,765</u>	<u>1,765</u>	<u>1,206</u>	<u>(559)</u>
EXPENDITURES				
Current:				
Public safety	<u>5,200</u>	<u>5,200</u>	<u>5,394</u>	<u>(194)</u>
Total expenditures	<u>5,200</u>	<u>5,200</u>	<u>5,394</u>	<u>(194)</u>
Net change in fund balance	(3,435)	(3,435)	(4,188)	(753)
Fund balance - beginning	<u>6,967</u>	<u>6,967</u>	<u>6,967</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,532</u>	<u>\$ 3,532</u>	<u>\$ 2,779</u>	<u>\$ (753)</u>

CITY OF JACKSBORO, TEXAS
COURT SECURITY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 75	\$ 75	\$ 761	\$ 686
Interest income	1	1	8	7
Total revenues	<u>76</u>	<u>76</u>	<u>769</u>	<u>693</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	76	76	769	693
Fund balance - beginning	<u>1,699</u>	<u>1,699</u>	<u>1,699</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,775</u>	<u>\$ 1,775</u>	<u>\$ 2,468</u>	<u>\$ 693</u>

CITY OF JACKSBORO, TEXAS
SCHOOL SAFETY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 950	\$ 950	\$ 794	\$ (156)
Interest income	5	5	22	17
Total revenues	<u>955</u>	<u>955</u>	<u>816</u>	<u>(139)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	955	955	816	(139)
Fund balance - beginning	<u>5,491</u>	<u>5,491</u>	<u>5,491</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,446</u>	<u>\$ 6,446</u>	<u>\$ 6,307</u>	<u>\$ (139)</u>

CITY OF JACKSBORO, TEXAS
CROSSING GUARD SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Court fines	\$ 1,000	\$ 1,000	\$ 821	\$ (179)
Interest income	10	10	41	31
Total revenues	1,010	1,010	862	(148)
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	1,010	1,010	862	(148)
Fund balance - beginning	10,594	10,594	10,594	-
Fund balance - ending	\$ 11,604	\$ 11,604	\$ 11,456	\$ (148)

CITY OF JACKSBORO, TEXAS
GRANT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 31,202	\$ 31,202	\$ 28,701	\$ (2,501)
Total revenues	<u>31,202</u>	<u>31,202</u>	<u>28,701</u>	<u>(2,501)</u>
EXPENDITURES				
Current:				
Public safety	<u>47,403</u>	<u>47,403</u>	<u>47,403</u>	<u>-</u>
Total expenditures	<u>47,403</u>	<u>47,403</u>	<u>47,403</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(16,201)</u>	<u>(16,201)</u>	<u>(18,702)</u>	<u>(2,501)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>16,202</u>	<u>16,202</u>	<u>18,702</u>	<u>2,500</u>
Total other financing sources (uses)	<u>16,202</u>	<u>16,202</u>	<u>18,702</u>	<u>2,500</u>
Net change in fund balance	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Fund balances - beginning (as originally stated)	(12,040)	(12,040)	(12,040)	-
Prior period adjustment	<u>7,600</u>	<u>7,600</u>	<u>7,600</u>	<u>-</u>
Fund balances - beginning (as restated)	<u>(4,440)</u>	<u>(4,440)</u>	<u>(4,440)</u>	<u>-</u>
Fund balance - ending	<u>\$ (4,439)</u>	<u>\$ (4,439)</u>	<u>\$ (4,440)</u>	<u>\$ (1)</u>

CITY OF JACKSBORO, TEXAS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 56	\$ 56
Total revenues	-	-	56	56
EXPENDITURES				
Capital outlay	-	-	5,000	(5,000)
Total expenditures	-	-	5,000	(5,000)
Net change in fund balance	-	-	(4,944)	(4,944)
Fund balance - beginning	(86,986)	(86,986)	(86,986)	-
Fund balance - ending	<u>\$ (86,986)</u>	<u>\$ (86,986)</u>	<u>\$ (91,930)</u>	<u>\$ (4,944)</u>

STATISTICAL SECTION (UNAUDITED)

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	61 - 70
Revenue Capacity These schedules contain information to help the reader assess the significant local revenue sources.	71 - 75
Debt Capacity 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.	76 - 79
Demographic and Economic Information 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.	80 - 81
Operating Information 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.	82 - 85

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

CITY OF JACKSBORO, TEXAS

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (UNAUDITED)

	2006-2007	2007-2008	2008-2009	2009-2010
Governmental activities				
Net investment in capital assets	\$ 2,757,824	\$ 634,836	\$ 769,804	\$ 1,471,609
Restricted	289,988	432,792	288,133	289,507
Unrestricted	275,855	467,208	428,448	387,864
Total governmental activities net position	<u>\$ 3,323,667</u>	<u>\$ 1,534,836</u>	<u>\$ 1,486,385</u>	<u>\$ 2,148,980</u>
Business-type activities				
Net investment in capital assets	\$ 5,633,731	\$ 5,294,376	\$ 5,598,629	\$ 5,450,477
Unrestricted	220,212	599,622	517,272	569,396
Total business-type activities net position	<u>\$ 5,853,943</u>	<u>\$ 5,893,998</u>	<u>\$ 6,115,901</u>	<u>\$ 6,019,873</u>
Primary government				
Net investment in capital assets	\$ 8,391,555	\$ 5,929,212	\$ 6,368,433	\$ 6,922,086
Restricted	289,988	432,792	288,133	289,507
Unrestricted	496,067	1,066,830	945,720	957,260
Total primary government net position	<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 fiscal year 2011-2012 governmental and business-type activities were restated with the implementation of GASB 65 and the elimination of deferred charges for issuance costs.

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 1,609,827	\$ 1,429,240	\$ 2,526,939	\$ 3,665,049	\$ 5,391,114	\$ 5,797,362
437,343	457,186	251,849	266,578	284,580	216,967
509,628	265,608	314,400	1,392,452	1,621,369	1,192,218
<u>\$ 2,556,798</u>	<u>\$ 2,152,034</u>	<u>\$ 3,093,188</u>	<u>\$ 5,324,079</u>	<u>\$ 7,297,063</u>	<u>\$ 7,206,547</u>
\$ 5,643,311	\$ 5,513,950	\$ 5,245,700	\$ 5,081,552	\$ 3,684,798	\$ 3,910,965
434,647	436,728	638,797	913,792	915,133	707,233
<u>\$ 6,077,958</u>	<u>\$ 5,950,678</u>	<u>\$ 5,884,497</u>	<u>\$ 5,995,344</u>	<u>\$ 4,599,931</u>	<u>\$ 4,618,198</u>
\$ 7,253,138	\$ 6,943,190	\$ 7,772,639	\$ 8,746,601	\$ 9,075,912	\$ 9,708,327
437,343	457,186	251,849	266,578	284,580	216,967
944,275	702,336	953,197	2,306,244	2,536,502	1,899,451
<u>\$ 8,634,756</u>	<u>\$ 8,102,712</u>	<u>\$ 8,977,685</u>	<u>\$ 11,319,423</u>	<u>\$ 11,896,994</u>	<u>\$ 11,824,745</u>

CITY OF JACKSBORO, TEXAS

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (UNAUDITED)

	2006-2007	2007-2008	2008-2009	2009-2010
Expenses				
Governmental activities:				
Legislative	\$ 42,935	\$ 31,869	\$ 32,305	\$ 31,067
General government	696,107	787,637	901,048	912,723
Public safety	1,107,883	1,284,841	1,249,648	1,147,095
Streets	251,085	307,501	537,893	326,458
Culture and recreation	463,105	510,059	452,765	446,787
Interest and fiscal charges	1,013,505	468,532	469,985	439,792
Total governmental activities expenses	<u>3,574,620</u>	<u>3,390,439</u>	<u>3,643,644</u>	<u>3,303,922</u>
Business-type activities:				
Water, sewer, and solid waste utilities	1,687,115	1,824,964	1,905,085	2,180,110
Total business-type activities expenses	<u>1,687,115</u>	<u>1,824,964</u>	<u>1,905,085</u>	<u>2,180,110</u>
Total primary government expenses	<u>\$ 5,261,735</u>	<u>\$ 5,215,403</u>	<u>\$ 5,548,729</u>	<u>\$ 5,484,032</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 84,812	\$ 53,996	\$ 63,463	\$ 67,329
Public safety	178,062	227,849	152,703	111,657
Culture and recreation	42,658	35,016	20,753	20,261
Operating grants and contributions	52,302	124,871	59,549	27,720
Capital grants and contributions	8,707	94,292	199,827	512,687
Total governmental activities program revenues	<u>366,541</u>	<u>536,024</u>	<u>496,295</u>	<u>739,654</u>
Business-type activities:				
Charges for services:				
Water, sewer, and solid waste utilities	2,282,816	2,350,729	2,622,557	2,735,540
Operating grants and contributions	-	-	-	-
Capital grants and contributions	57,022	318,766	76,899	162,620
Total business-type activities program revenues	<u>2,339,838</u>	<u>2,669,495</u>	<u>2,699,456</u>	<u>2,898,160</u>
Total primary government program revenues	<u>\$ 2,706,379</u>	<u>\$ 3,205,519</u>	<u>\$ 3,195,751</u>	<u>\$ 3,637,814</u>
Net (Expense)/Revenue				
Governmental activities	\$ (3,208,079)	\$ (2,854,415)	\$ (3,147,349)	\$ (2,564,268)
Business-type activities	652,723	844,531	794,371	718,050
Total primary government net expense	<u>\$ (2,555,356)</u>	<u>\$ (2,009,884)</u>	<u>\$ (2,352,978)</u>	<u>\$ (1,846,218)</u>

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 36,411	\$ 47,468	\$ 22,255	\$ 48,662	\$ 46,898	\$ 46,617
894,444	924,629	1,013,319	918,091	1,050,967	1,036,283
1,176,656	1,683,647	1,221,844	1,287,930	1,254,748	1,287,085
292,679	432,540	367,827	367,113	348,773	503,702
431,231	375,718	439,893	472,599	506,138	726,902
412,300	409,610	357,818	314,621	240,131	152,393
<u>3,243,721</u>	<u>3,873,612</u>	<u>3,422,956</u>	<u>3,409,016</u>	<u>3,447,655</u>	<u>3,752,982</u>
2,331,081	2,366,898	2,450,529	2,412,894	2,323,608	2,419,918
<u>2,331,081</u>	<u>2,366,898</u>	<u>2,450,529</u>	<u>2,412,894</u>	<u>2,323,608</u>	<u>2,419,918</u>
<u>\$ 5,574,802</u>	<u>\$ 6,240,510</u>	<u>\$ 5,873,485</u>	<u>\$ 5,821,910</u>	<u>\$ 5,771,263</u>	<u>\$ 6,172,900</u>
\$ 32,215	\$ 13,254	\$ 20,827	\$ 148,687	\$ 304,671	\$ 68,391
127,553	51,855	114,107	83,311	83,777	61,969
26,971	24,414	28,558	31,766	42,989	32,002
42,557	59,143	66,111	54,256	133,693	61,587
-	-	490,000	837,048	-	3,300
<u>229,296</u>	<u>148,666</u>	<u>719,603</u>	<u>1,155,068</u>	<u>565,130</u>	<u>227,249</u>
3,154,574	3,079,731	3,237,058	3,122,515	2,930,300	2,825,099
-	-	-	-	-	2,750
84,880	16,471	-	181,070	91,356	-
<u>3,239,454</u>	<u>3,096,202</u>	<u>3,237,058</u>	<u>3,303,585</u>	<u>3,021,656</u>	<u>2,827,849</u>
<u>\$ 3,468,750</u>	<u>\$ 3,244,868</u>	<u>\$ 3,956,661</u>	<u>\$ 4,458,653</u>	<u>\$ 3,586,786</u>	<u>\$ 3,055,098</u>
\$ (3,014,425)	\$ (3,724,946)	\$ (2,703,353)	\$ (2,253,948)	\$ (2,882,525)	\$ (3,525,733)
908,373	729,304	786,529	890,691	698,048	407,931
<u>\$ (2,106,052)</u>	<u>\$ (2,995,642)</u>	<u>\$ (1,916,824)</u>	<u>\$ (1,363,257)</u>	<u>\$ (2,184,477)</u>	<u>\$ (3,117,802)</u>

CITY OF JACKSBORO, TEXAS

CHANGES IN NET POSITION (CONT'D.) LAST TEN FISCAL YEARS (UNAUDITED)

	2006-2007	2007-2008	2008-2009	2009-2010
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property tax	\$ 848,580	\$ 1,079,688	\$ 1,072,011	\$ 1,281,692
Sales tax	1,123,789	1,140,405	948,050	717,274
Franchise fees	376,255	360,996	383,047	353,473
Hotel occupancy tax	-	-	-	-
Other taxes	-	-	-	-
Investment earnings	80,179	43,073	11,054	4,679
Miscellaneous	76,929	40,226	108,142	51,013
Gain (loss) on sale of capital assets	-	(6,116)	-	-
Transfers	1,148,863	824,247	576,594	818,732
Total governmental activities	<u>3,654,595</u>	<u>3,482,519</u>	<u>3,098,898</u>	<u>3,226,863</u>
Business-type activities:				
Investment earnings	80,915	15,120	6,300	2,859
Miscellaneous	(3,727)	4,650	-	1,795
Gain (loss) on sale of capital assets	-	-	(2,174)	-
Transfers	(1,148,863)	(824,247)	(576,594)	(818,732)
Total business-type activities	<u>(1,071,675)</u>	<u>(804,477)</u>	<u>(572,468)</u>	<u>(814,078)</u>
Total primary government	<u>\$ 2,582,920</u>	<u>\$ 2,678,042</u>	<u>\$ 2,526,430</u>	<u>\$ 2,412,785</u>
Change in Net Position				
Governmental activities	\$ 446,516	\$ 628,104	\$ (48,451)	\$ 662,595
Business-type activities	(418,952)	40,054	221,903	(96,028)
Total primary government	<u>\$ 27,564</u>	<u>\$ 668,158</u>	<u>\$ 173,452</u>	<u>\$ 566,567</u>

Source: Comprehensive Annual Financial Reports

Note: The fiscal year 2011-2012 governmental and business-type activities were restated with the implementation of GASB 65 and the elimination of deferred charges for issuance costs.

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 1,245,294	\$ 1,262,270	\$ 1,395,287	\$ 1,387,122	\$ 1,464,291	\$ 1,458,820
914,071	879,398	959,232	1,380,733	1,100,538	700,297
384,189	370,339	368,177	347,857	398,688	400,158
-	-	-	-	-	21,310
-	-	-	-	-	1,408
4,362	3,461	3,006	4,025	6,079	9,998
7,953	36,401	41,747	550,702	422,937	180,160
-	-	-	-	-	62,700
866,374	818,733	877,058	798,340	1,901,412	392,815
3,422,243	3,370,602	3,644,507	4,468,779	5,293,945	3,227,666
1,692	2,106	2,426	2,024	2,231	3,151
14,394	7,786	21,922	16,473	14,037	-
-	-	-	-	-	-
(866,374)	(818,733)	(877,058)	(798,340)	(1,901,412)	(392,815)
(850,288)	(808,841)	(852,710)	(779,843)	(1,885,144)	(389,664)
\$ 2,571,955	\$ 2,561,761	\$ 2,791,797	\$ 3,688,936	\$ 3,408,801	\$ 2,838,002
\$ 407,818	\$ (354,344)	\$ 941,154	\$ 2,214,831	\$ 2,411,420	\$ (298,067)
58,085	(79,537)	(66,181)	110,848	(1,187,096)	18,267
\$ 465,903	\$ (433,881)	\$ 874,973	\$ 2,325,679	\$ 1,224,324	\$ (279,800)

CITY OF JACKSBORO, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS (UNAUDITED)

	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
General Fund				
Restricted	\$ 402	\$ 402	\$ 402	\$ 402
Assigned	-	-	-	-
Unassigned	290,249	304,539	309,978	225,823
Total general fund	<u>\$ 290,651</u>	<u>\$ 304,941</u>	<u>\$ 310,380</u>	<u>\$ 226,225</u>
All other Governmental Funds				
Restricted, reported in:				
Debt Service Fund	\$ 216,539	\$ 275,466	\$ 147,402	\$ 186,270
Capital Projects Fund	12,484	739,651	253,562	173,537
Special Revenue Funds	117,926	157,326	138,338	100,438
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 346,949</u>	<u>\$ 1,172,443</u>	<u>\$ 539,302</u>	<u>\$ 460,245</u>

Source: Comprehensive Annual Financial Reports

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 2,803	\$ 2,806	\$ 2,808	\$ 2,809	\$ 2,810	\$ 2,817
-	-	-	-	-	96,370
321,196	159,196	213,131	1,260,330	1,977,772	1,522,282
<u>\$ 323,999</u>	<u>\$ 162,002</u>	<u>\$ 215,939</u>	<u>\$ 1,263,139</u>	<u>\$ 1,980,582</u>	<u>\$ 1,621,469</u>
\$ 168,703	\$ 128,578	\$ 133,562	\$ 135,149	\$ 171,880	\$ 77,463
1,801,233	253,060	79,931	60,938	-	-
109,515	98,669	32,438	42,040	64,342	74,857
(8,238)	(3,197)	(2,505)	(2,668)	(99,026)	(96,370)
<u>\$ 2,071,213</u>	<u>\$ 477,110</u>	<u>\$ 243,426</u>	<u>\$ 235,459</u>	<u>\$ 137,196</u>	<u>\$ 55,950</u>

CITY OF JACKSBORO, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS (UNAUDITED)

	2006-2007	2007-2008	2008-2009	2009-2010
Revenues				
Property taxes	\$ 840,345	\$ 1,091,782	\$ 1,035,894	\$ 1,268,649
Sales taxes	1,123,789	1,140,405	948,050	717,274
Franchise fees	376,255	360,996	383,046	353,473
Hotel/Motel taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	2,845	2,460	1,635	1,707
Licenses, permits, and fees	84,812	53,996	63,263	63,608
Recreation fees	42,658	35,016	20,753	20,261
Court fines and fees	182,369	138,306	138,546	111,657
Rentals	3,706	3,900	3,690	2,015
Contributions	27,593	40,475	35,845	513,095
Intergovernmental	30,495	174,788	223,531	27,312
Interest income	80,179	43,073	11,054	4,679
Miscellaneous	525,259	40,225	108,143	43,667
Total revenues	3,320,305	3,125,422	2,973,450	3,127,397
Expenditures				
Current:				
Legislative	42,934	31,869	32,305	31,067
General government	696,440	780,146	881,146	884,208
Public safety	1,114,989	1,221,957	1,134,758	1,052,559
Streets	272,071	228,829	448,763	263,086
Culture and recreation	260,047	301,706	232,969	230,575
Capital outlay	490,570	863,939	339,690	537,182
Debt service:				
Principal	1,056,375	1,039,442	614,375	673,342
Interest charges	831,896	241,997	534,392	437,321
Debt issue costs	-	-	-	-
Paying agent fees	-	-	-	-
Total expenditures	4,765,322	4,709,885	4,218,398	4,109,340
Excess of revenues over (under) expenditures	(1,445,017)	(1,584,463)	(1,244,948)	(981,943)
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	1,600,000	2,635,000	-
Bond issuance costs	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Payment to refunded bonds escrow agent	-	-	(2,594,346)	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from issuance of note payable	-	-	-	-
Transfers in	1,148,863	832,965	576,594	818,732
Transfer out	-	(8,718)	-	-
Total other financing sources (uses)	1,148,863	2,424,247	617,248	818,732
Net change in fund balances	\$ (296,154)	\$ 839,784	\$ (627,700)	\$ (163,211)
Debt service as a percentage of noncapital expenditures	44.2%	33.3%	29.6%	31.1%

Source: Comprehensive Annual Financial Reports

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
\$ 1,238,815	\$ 1,244,372	\$ 1,385,117	\$ 1,387,122	\$ 1,460,087	\$ 1,456,297
914,071	879,398	959,232	1,380,733	1,100,538	700,297
384,189	370,339	368,177	347,857	398,688	400,158
-	-	-	-	-	21,310
-	-	-	-	-	1,408
1,920	2,034	977	9,677	3,476	4,375
29,095	10,020	18,650	142,348	291,895	45,023
26,971	24,414	28,558	24,168	42,189	32,002
122,754	141,757	103,638	44,145	83,777	59,266
1,200	1,200	1,200	4,260	10,100	9,531
27,985	31,693	532,017	747,931	106,974	32,886
14,572	27,450	24,094	143,373	26,719	28,701
4,362	3,461	3,006	4,025	6,079	9,998
7,953	36,401	41,747	550,702	440,711	180,160
<u>2,773,887</u>	<u>2,772,539</u>	<u>3,466,413</u>	<u>4,786,341</u>	<u>3,971,233</u>	<u>2,981,412</u>
36,411	47,468	22,255	48,662	46,898	46,617
812,353	859,788	946,037	866,875	1,012,967	1,009,581
1,064,481	1,476,046	988,709	1,088,348	1,024,512	1,009,448
232,862	372,509	290,731	282,083	239,924	377,778
215,819	162,318	227,181	212,584	230,610	438,726
478,815	1,287,086	845,339	966,210	664,132	717,017
715,239	757,630	836,258	761,711	740,000	534,349
411,212	419,374	366,709	318,975	220,340	151,181
-	-	-	-	35,143	110
-	-	-	-	1,570	1,500
<u>3,967,192</u>	<u>5,382,219</u>	<u>4,523,219</u>	<u>4,545,448</u>	<u>4,216,096</u>	<u>4,286,307</u>
<u>(1,193,305)</u>	<u>(2,609,680)</u>	<u>(1,056,806)</u>	<u>240,893</u>	<u>(244,863)</u>	<u>(1,304,895)</u>
2,060,000	-	-	-	1,445,000	-
(24,327)	-	-	-	-	-
-	-	-	-	44,973	-
-	-	-	-	(2,654,830)	-
-	-	-	-	-	65,000
-	34,847	-	-	127,490	387,160
866,374	818,733	877,058	807,067	1,910,348	418,702
-	-	-	(8,725)	(8,936)	(25,887)
<u>2,902,047</u>	<u>853,580</u>	<u>877,058</u>	<u>798,342</u>	<u>864,045</u>	<u>844,975</u>
<u>\$ 1,708,742</u>	<u>\$ (1,756,100)</u>	<u>\$ (179,748)</u>	<u>\$ 1,039,235</u>	<u>\$ 619,182</u>	<u>\$ (459,920)</u>
<u>32.3%</u>	<u>28.7%</u>	<u>32.7%</u>	<u>30.2%</u>	<u>28.1%</u>	<u>19.3%</u>

CITY OF JACKSBORO, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year *	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (per \$100 val.)
	Real Property	Mineral/Utility Property			
2006-2007	\$ 124,216,670	\$ 24,727,880	\$ 44,230,660	\$ 104,713,890	\$0.813800
2007-2008	128,748,710	31,973,450	45,074,900	115,647,260	0.913100
2008-2009	135,570,890	19,396,040	46,153,630	108,813,300	0.948397
2009-2010	147,253,560	37,344,180	48,531,780	136,065,960	0.927330
2010-2011	159,953,280	24,408,510	59,316,600	125,045,190	0.983700
2011-2012	158,903,760	22,960,520	59,345,000	122,519,280	1.012000
2012-2013	155,829,680	20,217,390	59,414,980	116,632,090	1.180000
2013-2014	154,367,590	21,739,310	59,220,010	116,886,890	1.180000
2014-2015	157,884,990	24,503,800	61,997,830	120,390,960	1.180000
2015-2016	161,451,620	24,667,140	63,628,210	122,490,550	1.180000

Source: Jack County Appraisal District

* Note: The information received from the Jack County Appraisal District relates to the next fiscal year of the City as property values are assessed in one calendar year and payable in the next.

CITY OF JACKSBORO, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES -
LAST TEN FISCAL YEARS (UNAUDITED)

Tax Rates Per \$100 Valuation

Fiscal Year *	City Direct Rates			Overlapping Rates						Grand Total
	Operating/ General	General Obligation Debt Service	Total	Jack County	Jack County Special	Jacksboro ISO	Faith Community Hospital	Jack WCID #1	Total	
2006-2007	\$ 0.222780	\$ 0.591090	\$ 0.813870	\$ 0.398080	\$ 0.064399	\$ 1.657000	\$ 0.130700	\$ 0.020099	\$ 2.270278	\$3.084148
2007-2008	0.245000	0.668100	0.913100	0.376191	0.063283	1.368000	0.116000	0.017870	1.941344	2.609444
2008-2009	0.280297	0.668100	0.948397	0.301741	0.062646	1.339040	0.116000	0.013094	1.832521	2.500621
2009-2010	0.447530	0.479800	0.927330	0.299419	0.062460	1.500000	0.106110	0.013094	1.981083	2.460883
2010-2011	0.527800	0.455900	0.983700	0.300813	0.067964	1.500000	0.129860	0.011829	2.010466	2.466366
2011-2012	0.493300	0.518700	1.012000	0.357788	0.092112	1.500000	0.125468	0.011829	2.087197	2.605897
2012-2013	0.591800	0.588200	1.180000	0.332809	0.086094	1.500000	0.315000	0.011584	2.245487	2.833687
2013-2014	0.598040	0.581960	1.180000	0.441100	0.086875	1.500000	0.304920	0.009695	2.342590	2.924550
2014-2015	0.617879	0.562121	1.180000	0.323584	0.068527	1.500000	0.312757	0.010234	2.215102	2.777223
2015-2016	0.722250	0.457750	1.180000	0.304474	0.084386	1.500000	0.312757	0.010234	2.191851	2.649601

Source: Jack County Appraisal District

* Note: The information received from the Jack County Appraisal District relates to the next fiscal year of the City as property values are assessed in one calendar year and payable in the next.

CITY OF JACKSBORO, TEXAS

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
SEPTEMBER 30, 2016**

Taxpayer	2015-16 *			2006-07 *		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Hurd Oil Field Service	\$ 4,033,220	1	3.29%	\$ 932,380	9	0.89%
Oncor Electric	2,169,600	2	1.77%	1,746,700	5	1.67%
Jacksboro National Bank	1,962,850	3	1.60%	-	N/A	0.00%
Swan Real Estate Mgmt LP	1,043,200	4	0.85%	-	N/A	0.00%
Jacksboro Assisted Living, Inc.	1,022,770	5	0.83%	1,201,600	6	1.15%
Jacksboro Pump & Specialty	867,860	6	0.71%	-	N/A	0.00%
Legacy Texas	809,640	7	0.66%	-	N/A	0.00%
Bouldin, Loyd, Bradley & Carol	647,010	8	0.53%	-	N/A	0.00%
Tractor Supply Company	766,810	9	0.63%	-	N/A	0.00%
Hackley, John B & Cynthia E	566,720	10	0.46%	-	N/A	0.00%
Key Energy Services LLC	-	N/A	0.00%	8,298,410	1	7.92%
Haliburton Service	-	N/A	0.00%	7,093,910	2	6.77%
Bell Tubulars	-	N/A	0.00%	3,016,000	3	2.88%
Bell Supply Company	-	N/A	0.00%	2,105,810	4	2.01%
Southwestern Bell Telephone	-	N/A	0.00%	1,195,050	7	1.14%
One Cypress Trucking	-	N/A	0.00%	1,115,720	8	1.07%
First National Bank - Jacksboro	-	N/A	0.00%	932,280	10	0.89%
Totals	<u>\$ 13,889,680</u>		<u>11.34%</u>	<u>\$ 27,637,860</u>		<u>26.39%</u>

Source: Jack County Appraisal District

* Note: The information received from the Jack County Appraisal District relates to the next fiscal year of the City as property values are assessed in one calendar year and payable in the next.

CITY OF JACKSBORO, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS -
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year *	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2006-2007	\$ 836,630	\$ (677)	\$ 835,953	\$ 799,886	95.69%	\$ 32,113	\$ 831,999	99.53%
2007-2008	1,055,975	(453)	1,055,522	1,032,756	97.84%	17,533	1,050,289	99.50%
2008-2009	1,031,982	(7,401)	1,024,581	949,033	92.63%	72,525	1,021,558	99.70%
2009-2010	1,263,697	(886)	1,262,811	1,227,986	97.24%	24,443	1,252,429	99.18%
2010-2011	1,226,926	(1,030)	1,225,896	1,190,721	97.13%	39,799	1,230,520	100.38%
2011-2012	1,240,093	(1,443)	1,238,650	1,194,435	96.43%	14,522	1,208,957	97.60%
2012-2013	1,377,145	(2,775)	1,374,370	1,314,634	95.65%	37,553	1,352,187	98.39%
2013-2014	1,379,559	(2,982)	1,376,577	1,319,707	95.87%	33,999	1,353,706	98.34%
2014-2015	1,419,800	(2,145)	1,417,655	1,365,197	96.30%	45,171	1,410,368	99.49%
2015-2016	1,445,305	(4,492)	1,440,813	1,374,551	95.40%	31,459	1,406,010	97.58%

Source: Jack County Appraisal District

* Note: The information received from the Jack County Appraisal District relates to the next fiscal year of the City as property values are assessed in one calendar year and payable in the next.

CITY OF JACKSBORO, TEXAS

WATER, SEWER AND SANITATION REVENUES -
LAST TEN FISCAL YEARS (UNAUDITED)

<u>Fiscal Year</u>	<u>Water Revenues</u>	<u>Sewer Revenues</u>	<u>Sanitation Revenues</u>	<u>Other Revenues</u>	<u>Totals</u>
2006-2007	\$ 1,066,509	\$ 745,781	\$ 422,358	\$ -	\$ 2,234,648
2007-2008	1,094,041	716,448	492,157	-	2,302,646
2008-2009	1,219,622	807,067	538,312	-	2,565,001
2009-2010	1,269,904	840,704	513,702	-	2,624,310
2010-2011	1,549,633	953,638	532,586	-	3,035,857
2011-2012	1,495,579	898,046	553,486	-	2,947,111
2012-2013	1,590,885	929,221	596,265	-	3,116,371
2013-2014	1,488,602	876,665	633,415	-	2,998,682
2014-2015	1,344,403	851,336	626,085	68,114	2,889,938
2015-2016	1,282,968	822,452	604,059	61,769	2,771,248

Source: City records

CITY OF JACKSBORO, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Governmental Activities (1)		
	General Obligation Bonds	Certificates of Obligation	Notes Payable
2006-2007	\$ 1,730,000	\$ 6,210,895	\$ 112,251
2007-2008	1,620,000	6,900,895	92,813
2008-2009	3,425,000	4,568,039	76,293
2009-2010	3,425,000	3,912,029	58,964
2010-2011	3,425,000	5,274,968	40,786
2011-2012	3,425,000	4,543,742	49,227
2012-2013	3,425,000	3,755,000	1,711
2013-2014	2,840,000	3,580,000	-
2014-2015	1,383,903	3,140,000	127,490
2015-2016	1,045,690	2,965,000	490,301

Notes: (1) Debt information is from the City's accounting records and are detailed in the City's financial statements.
(2) See Exhibit D-13 for personal income and population data

Business-type Activities (1)			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
General Obligation Bonds	Certificates of Obligation	Capital Leases Payable			
\$ -	\$ 775,000	\$ 11,786	\$ 8,839,932	0.34%	\$ 1,990
-	950,000	6,048	9,569,756	0.40%	\$ 2,183
-	2,180,000	19,651	10,268,983	0.32%	\$ 2,365
-	2,120,000	62,763	9,578,756	0.37%	\$ 2,206
-	2,030,000	37,354	10,808,108	0.38%	\$ 2,396
-	1,935,000	15,833	9,968,802	0.42%	\$ 2,210
-	1,840,000	-	9,021,711	0.47%	\$ 2,009
-	1,730,000	-	8,150,000	0.58%	\$ 1,802
2,545,513	305,000	-	7,501,906	0.56%	\$ 1,619
2,099,622	255,000	-	6,855,613	*	\$ 1,480

ailed in the notes to the financial statements

CITY OF JACKSBORO, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING -
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	General Bonded Debt Outstanding (1)			Percentage of Actual Taxable Value of Property (2)	Per Capita (3)
	General Obligation Bonds	Certificates of Obligation	Total		
2006-2007	\$ 1,730,000	\$ 6,210,895	\$ 7,940,895	7.58%	\$ 1,787
2007-2008	1,620,000	6,900,895	8,520,895	7.37%	\$ 1,944
2008-2009	3,425,000	4,568,039	7,993,039	7.35%	\$ 1,841
2009-2010	3,425,000	3,912,029	7,337,029	5.39%	\$ 1,690
2010-2011	3,425,000	5,274,968	8,699,968	6.96%	\$ 1,929
2011-2012	3,425,000	4,543,742	7,968,742	6.50%	\$ 1,767
2012-2013	3,425,000	3,755,000	7,180,000	6.16%	\$ 1,599
2013-2014	2,840,000	3,580,000	6,420,000	5.49%	\$ 1,419
2014-2015	3,929,416	3,445,000	7,374,416	6.13%	\$ 1,592
2015-2016	3,145,312	3,220,000	6,365,312	5.20%	\$ 1,374

- Notes:
- (1) Includes general bonded debt for both Governmental Activities and Business-Type Activities and includes bond premiums
 - (2) See Exhibit D-2 for property tax data
 - (3) See Exhibit D-13 for population data

CITY OF JACKSBORO, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (UNAUDITED) SEPTEMBER 30, 2016

	Gross Governmental Activities Debt (1)	Percentage Applicable to City of Jacksboro (2)	Amount Applicable to City of Jacksboro
Direct:			
City of Jacksboro	<u>\$ 4,500,991</u>	100.00%	<u>\$ 4,500,991</u>
Overlapping:			
Jack County	3,590,000	8.79%	315,561
Jacksboro Independent School District	<u>33,335,000</u>	10.02%	<u>3,340,167</u>
Total overlapping	<u>36,925,000</u>		<u>3,655,728</u>
Total direct and overlapping bonded debt	<u><u>\$ 41,425,991</u></u>		<u><u>\$ 8,156,719</u></u>

Sources:

- (1) Municipal Advisory Council of Texas
- (2) The estimated percentage is based on a formula using assessed values of property.

CITY OF JACKSBORO, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS -
LAST TEN FISCAL YEARS (UNAUDITED)

<u>Fiscal Year</u>	<u>Jack County Estimated Population (1)</u>	<u>Jack County Personal Income (2)</u>	<u>Jack County Per Capita Personal Income</u>	<u>Median Age (1)</u>	<u>School Enrollment (3)</u>	<u>Jack County Unemployment Rate (4)</u>
2006-2007	4,443	\$ 135,169,389	\$30,423	*	925	3.6%
2007-2008	4,383	166,461,957	37,979	*	915	3.8%
2008-2009	4,342	143,094,952	32,956	*	960	6.5%
2009-2010	4,342	153,424,570	35,335	*	945	5.3%
2010-2011	4,511	186,119,349	41,259	*	962	4.9%
2011-2012	4,511	186,665,180	41,380	*	953	5.0%
2012-2013	4,491	192,089,052	42,772	40.0	990	4.2%
2013-2014	4,523	215,036,989	47,543	40.5	992	3.8%
2014-2015	4,633	196,063,927	42,319	39.0	960	4.3%
2015-2016	4,633	*	*	*	1,008	4.2%

Source: (1) Jacksboro Economic Development Corporation
(2) U.S. Department of Commerce Bureau of Economic Analysis
(3) Jacksboro Independent School District
(4) Texas Workforce Commission

Note: * Information not available

CITY OF JACKSBORO, TEXAS

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)
SEPTEMBER 30, 2016

Employer	2015-2016			2006-2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Corrections Corp. of America	250	1	16.31%	250	1	6.49%
Crest Pumping Technologies	187	2	12.20%	-	N/A	-
Jacksboro Independent School District	175	3	11.42%	175	2	4.54%
County of Jack	80	4	5.22%	-	N/A	-
Faith Community Hospital	70	5	4.57%	70	3	1.82%
Jacksboro Health Care Center	41	6	2.67%	41	5	1.06%
City of Jacksboro	35	7	2.28%	35	6	0.91%
Geer Tank Trucks	33	8	2.15%	33	7	0.86%
Renewable Energy Services of America, Inc.	30	9	1.96%	-	N/A	-
Jacksboro National Bank	25	10	1.63%	25	8	0.65%
First National Bank	25	10	1.63%	25	8	0.65%
Haliburton Resources	-	N/A	-	57	4	1.48%
Hurd Oilfield Services	-	N/A	-	21	9	0.54%
Devon Gas Services	-	N/A	-	21	9	0.54%
Totals	951		20.38%	753		19.54%

Sources: Jacksboro Economic Development Corporation and Oncor Economic Development Department

CITY OF JACKSBORO, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS (UNAUDITED)

	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
General Government	12.00	12.00	10.25	10.25
Public Safety	18.50	18.50	14.00	14.00
Cultural and Recreational	4.50	4.50	3.00	3.00
Street Maintenance	3.00	3.00	3.00	3.50
Water and Sewer	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>
Total	<u><u>53.00</u></u>	<u><u>53.00</u></u>	<u><u>45.25</u></u>	<u><u>45.75</u></u>

Source: City Budget Office

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
10.25	11.00	12.00	14.00	12.00	11.00
15.00	12.00	13.00	13.00	12.00	13.00
3.00	2.00	3.00	3.00	4.00	3.00
3.50	3.00	2.00	3.00	4.00	4.00
<u>15.00</u>	<u>9.00</u>	<u>10.00</u>	<u>11.00</u>	<u>13.00</u>	<u>13.00</u>
<u>46.75</u>	<u>37.00</u>	<u>40.00</u>	<u>44.00</u>	<u>45.00</u>	<u>44.00</u>

CITY OF JACKSBORO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS (UNAUDITED)

	2006-2007	2007-2008	2008-2009	2009-2010
General government				
Council directed programs	5	6	6	6
Council meetings	35	33	36	36
Proclamations, ordinances, resolutions	47	52	40	48
Positions filled	8	14	11	8
GFOA CAFR Award	1	1	1	1
GFOA Distinguished Budget Award	1	1	1	1
Public Safety				
Municipal court				
New cases filed	1,818	1,148	943	909
Warrants cleared	245	350	387	128
Police				
Number of employees	10	10	10	10
Calls for service	3,941	4,300	3,954	3,786
Fire				
Number of employees	2	2	2	2
Number of fire runs	286	350	365	286
Animal control				
Calls for service	990	1,300	1,250	1,016
Animals impounded	875	292	275	223
Citations issued	205	60	45	33
Adoptions *	-	-	-	-
Development Services				
Building permits	122	150	125	125
Cultural and Recreational				
Parks and Recreation				
Aquatics daily admissions	-	-	-	-
Athletics / recreation participation	700	350	200	200
Activity center memberships	300	300	250	250
Camping permits *	-	-	-	-
Rentals *	-	-	-	-
Park acreage maintained	89	93	93	93
Water and Sewer				
Number of water consumers	1,700	1,700	1,625	1,600
Treated water (million gallons)	255	255	255	255
Treated effluent water (million gallons)	125	125	125	125

Source: City Departments

* Began tracking in 2015-16

Fiscal Year					
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
5	5	5	5	5	5
36	35	23	27	27	23
46	25	33	30	30	20
4	5	4	14	14	25
1	1	1	1	1	Pending
1	1	1	-	-	-
1,025	938	725	346	635	425
208	731	94	63	124	65
10	10	10	10	5	10
3,918	3,564	1,520	1,597	1,383	1,539
3	3	3	6.5	5	3
331	294	688	1,485	1,136	958
1,200	1,114	1,185	1,175	310	237
254	231	164	158	133	286
55	55	18	31	41	25
-	-	-	-	-	47
177	177	174	194	228	309
-	-	-	-	2,505	3,219
110	108	116	130	120	123
286	268	290	290	169	147
-	-	-	-	-	56
-	-	-	-	-	37
93	93	93	93	93	94
1,572	1,648	1,638	1,638	1,638	1,656
255	255	200	200	202	214
125	125	125	17	130	139