

JASPER COUNTY, TEXAS
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

JASPER COUNTY, TEXAS

TABLE OF CONTENTS

DECEMBER 31, 2022

**Page
Number**

FINANCIAL SECTION

Independent Auditor’s Report.....	1 – 3
Management’s Discussion and Analysis.....	4 – 7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	8
Statement of Activities.....	9
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	10 – 11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	12 – 13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	14
Statement of Fiduciary Net Position – Fiduciary Funds.....	15
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	16
Notes to Financial Statements.....	17 – 33

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	34
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge.....	35
Schedule of Changes in Net Pension Liability and Related Ratios.....	36 – 37
Schedule of Employer Pension Contributions.....	38
Notes to Schedule of Employer Pension Contributions.....	39
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Health Care Insurance Plan.....	40
Schedule of Changes in Total OPEB Liability and Related Ratios – TCDRS Group Term Life Fund.....	41
Notes to Required Supplementary Information.....	42

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet 43 – 45

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances 46 – 48

Fiduciary Funds

Combining Statement of Fiduciary Net Position
Custodial Funds..... 49 – 50

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds 51 – 52

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards 53 – 54

Independent Auditor’s Report on Compliance for Each Major Federal Program
And Report on Internal Control Over Compliance in Accordance
Uniform Guidance 55 – 57

Schedule of Expenditures of Federal Awards..... 58

Notes to Schedule of Expenditures of Federal Awards 59

Schedule of Findings and Questioned Costs 60

Summary Schedule of Prior Audit Findings 61

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
Commissioners' Court
Jasper County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper County, Texas, (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper County, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jasper County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending December 31, 2022, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements and schedules and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
September 28, 2023

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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JASPER COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Jasper County, Texas (the "County") Financial Report presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended December 31, 2022.

FINANCIAL HIGHLIGHTS

- The County's total net position decreased by \$1,438,378 (3.2%) over the course of this year's operations.
- The total government-wide assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at December 31, 2022, by \$43,363,832 reported as total net position of the primary government. Of this amount, \$45,142 is reported as unrestricted net position. \$5,290,899 is restricted for specific purposes (restricted net position), and \$38,027,791 is invested in capital assets, net of related debt.
- As of December 31, 2022, the County governmental funds reported combined fund balances of \$5,788,362, which represents a 27% decrease from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components: 1) governmental-wide financial statements; 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets, deferred outflows and inflows of resources and liabilities, with the difference representing net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, legal, public facilities, public safety, health and welfare, conservation, roads, cultural and recreation and interest on long-term debt.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 the County's near-term financing requirements.

Because the focus of governmental funds is narrower than 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The County maintains 15 individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The largest portion of the County's current fiscal year net position (88%) reflects net investment in capital assets (e.g. land, improvements, buildings, equipment, infrastructure) less any related debt used to acquire these assets that is outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the County's current fiscal year net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

The following table indicates changes in net position for governmental activities.

JASPER COUNTY’S CHANGES NET POSITION

	Governmental Activities	
	2022	2021
REVENUES		
Program revenues:		
Charges for services	\$ 3,256,338	\$ 3,197,047
Operating grants and contributions	1,662,914	823,213
Capital grants and contributions	3,026,124	2,682,185
General revenues:		
Taxes - levied for general purposes	15,934,510	15,455,915
Taxes - levied for debt service	4,899	5,703
Other taxes	222,567	217,240
Investment earnings	105,275	59,894
Gain on sale of assets	62,825	33,623
Miscellaneous	<u>562,688</u>	<u>558,535</u>
Total revenues	<u>24,838,140</u>	<u>23,033,355</u>
EXPENSES		
General government	5,736,687	5,820,765
Judicial	2,247,691	2,230,162
Legal	909,530	847,712
Public facilities	651,438	655,160
Public safety	6,106,654	6,225,908
Health and welfare	618,696	302,436
Conservation	84,327	112,253
Roads	9,919,799	7,252,914
Cultural and recreation	<u>1,696</u>	<u>2,758</u>
Total expenses	<u>26,276,518</u>	<u>23,450,068</u>
CHANGE IN NET POSITION	(1,438,378)	(416,713)
NET POSITION, BEGINNING	<u>44,802,210</u>	<u>45,218,923</u>
NET POSITION, ENDING	<u>\$ 43,363,832</u>	<u>\$ 44,802,210</u>

FINANCIAL ANALYSIS OF MAJOR FUNDS

Governmental Funds. The County’s major general government functions are contained in the General Fund. The focus of the County’s Governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned 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 December 31, 2022, the County’s General Fund reported combined fund balances of \$4,165,587, an increase of \$56,352 from the prior year.

The General Fund is the chief operating fund of the County. At December 31, 2022, the General Fund reported revenues of \$14,409,002 and expenditures of \$14,963,950. These amounts represented a \$830,978 decrease in revenues, primarily due to a \$1,263,466 decrease in intergovernmental revenue. The County saw an increase of \$183,564 in expenditures in the General Fund. The increase in expenditures was primarily made up of a increase in public safety of \$269,118 and a increase in general government expenditures of \$136,950. The deficit of revenues over expenditures was \$554,948, before other financing uses of \$611,300.

At December 31, 2022, the County’s Road and Bridge Fund reported a restricted fund balance of \$1,071,564, a decrease of \$1,772,030 from the prior year. This decrease is primarily due to an increase in expenditures for road construction and a decrease in revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues were less than budgeted estimates by \$214,594. Actual expenditures were less than budgeted estimates by \$2,293,583, and other financing sources/uses resulted in a positive budget variance of \$85,141. The net effect resulted in a positive variance of \$2,164,130.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities as of December 31, 2022, amounted to \$38,027,791 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and other tangible and intangible assets. This amount decreased by \$729,892.

Long-term Liabilities. At December 31, 2022, the County had total long-term liabilities outstanding of \$4,524,155, an decrease of \$6,250,528 over the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commissioners' Court adopted the County's 2023 budget on September 19, 2022.

For 2023, the property tax rate is .6132 per \$100 valuation. The collection rate for the 2022 budget was based on a 97.7% collection rate compared to a 97.7% collection rate in the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor's Office, 150 N. Austin Street, Jasper, Texas 75951.

**BASIC
FINANCIAL STATEMENTS**

JASPER COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government
	Governmental Activities
ASSETS	
Cash and investments	\$ 18,865,010
Receivables (net of allowance for uncollectibles)	
Accounts	3,582,384
Taxes	3,287,114
Prepaid expenses	782,544
Due from other governments	1,939,535
Capital assets:	
Land	1,043,120
Construction in progress	990,934
Buildings	20,028,946
Equipment and furniture	9,488,839
Infrastructure	37,895,364
Less: accumulated depreciation	<u>(31,419,412)</u>
Total capital assets	<u>38,027,791</u>
Total assets	<u>66,484,378</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	3,042,492
Deferred outflows related to GTLF OPEB	123,362
Deferred outflows related to retiree health plan OPEB	<u>497,173</u>
Total deferred outflows of resources	<u>3,663,027</u>
LIABILITIES	
Accounts payable	2,482,064
Accrued liabilities	695,857
Unearned revenue	7,172,947
Noncurrent liabilities:	
Due within one year	
Compensated Absences	58,562
Total OPEB liability - GTLF OPEB	19,335
Total OPEB liability - retiree health plan OPEB	47,443
Due in more than one year	
Compensated Absences	234,246
Net pension liability	915,914
Total OPEB liability - GTLF OPEB	682,331
Total OPEB liability - retiree health plan OPEB	<u>2,566,324</u>
Total liabilities	<u>14,875,023</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes received in advance of fiscal year levy	5,657,421
Deferred inflows related to pensions	5,833,270
Deferred inflows related to GTLF OPEB	13,189
Deferred inflows related to - retiree health plan OPEB	<u>404,670</u>
Total deferred inflows of resources	<u>11,908,550</u>
NET POSITION	
Net investment in capital assets	38,027,791
Restricted for:	
General government	2,312,620
Judicial	146,056
Legal	220,819
Public facilities	15,718
Public safety	960,590
Health and welfare	425,381
Debt service	66,262
Roads	1,143,453
Unrestricted	<u>45,142</u>
Total net position	<u>\$ 43,363,832</u>

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 5,736,687	\$ 1,078,487	\$ 766,655	\$ 95,546	\$ (3,795,999)
Judicial	2,247,691	25,200	-	-	(2,222,491)
Legal	909,530	298,571	822,356	-	211,397
Public facilities	651,438	-	-	-	(651,438)
Public safety	6,106,654	957,761	72,265	-	(5,076,628)
Health and welfare	618,696	60,542	1,638	-	(556,516)
Conservation	84,327	-	-	-	(84,327)
Roads	9,919,799	835,777	-	2,930,578	(6,153,444)
Cultural and recreation	<u>1,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,696)</u>
Total governmental activities	<u>\$ 26,276,518</u>	<u>\$ 3,256,338</u>	<u>\$ 1,662,914</u>	<u>\$ 3,026,124</u>	<u>(18,331,142)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					15,934,510
Property taxes, levied for debt service					4,899
Other taxes					222,567
Investment earnings					105,275
Gain on sale of capital assets					62,825
Miscellaneous					<u>562,688</u>
Total general revenues					<u>16,892,764</u>
Change in net position					(1,438,378)
Net position, beginning					<u>44,802,210</u>
Net position, ending					<u>\$ 43,363,832</u>

The notes to the financial statements are an integral part of this statement.

JASPER COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	<u>General</u>	<u>Road and Bridge</u>	<u>American Rescue Plan</u>	<u>GLO MIT PCT 2</u>
ASSETS				
Cash and cash equivalents	\$ 9,905,108	\$ 1,438,536	\$ 5,828,207	\$ 397,184
Receivables (net of allowance for uncollectibles)				
Accounts	799,979	2,761,587	-	-
Taxes	2,203,252	929,036	-	-
Due from other funds	80	1,495,268	-	-
Advance to other funds	231,899	-	-	-
Due from other governments	160,971	-	-	1,680,398
Prepaid expenditures	<u>782,544</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>14,083,833</u>	<u>6,624,427</u>	<u>5,828,207</u>	<u>2,077,582</u>
LIABILITIES				
Liabilities:				
Accounts payable	190,462	72,450	-	2,077,582
Other liabilities	550,655	134,368	-	-
Due to other funds	1,612,425	-	-	-
Advance from other funds	-	231,899	-	-
Unearned revenue	<u>650,766</u>	<u>-</u>	<u>6,457,315</u>	<u>-</u>
Total liabilities	<u>3,004,308</u>	<u>438,717</u>	<u>6,457,315</u>	<u>2,077,582</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	2,108,380	912,307	-	-
Property taxes received in advance of fiscal year levy	4,039,207	1,501,057	-	-
Unavailable revenue - court fines and fees	<u>766,351</u>	<u>2,700,782</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>6,913,938</u>	<u>5,114,146</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Fund balances:				
Nonspendable:				
Advance to other funds	231,899	-	-	-
Prepaid items	782,544	-	-	-
Restricted for:				
General government	2,099,532	-	-	-
Judicial	142,256	-	-	-
Legal	220,819	-	-	-
Public facilities	15,718	-	-	-
Public safety	400,612	-	-	-
Health and welfare	155,063	-	-	-
Debt service	-	-	-	-
Roads	-	1,071,564	-	-
Unassigned	<u>117,144</u>	<u>-</u>	<u>(629,108)</u>	<u>-</u>
Total fund balances	<u>4,165,587</u>	<u>1,071,564</u>	<u>(629,108)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,083,833</u>	<u>\$ 6,624,427</u>	<u>\$ 5,828,207</u>	<u>\$ 2,077,582</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds.

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net position of governmental activities

<u>Other Governmental</u>	<u>Total Governmental</u>
\$ 1,295,975	\$ 18,865,010
20,818	3,582,384
154,826	3,287,114
117,157	1,612,505
-	231,899
98,166	1,939,535
-	782,544
<u>1,686,942</u>	<u>30,300,991</u>
141,570	2,482,064
10,834	695,857
80	1,612,505
-	231,899
64,866	7,172,947
<u>217,350</u>	<u>12,195,272</u>
151,297	3,171,984
117,157	5,657,421
20,819	3,487,952
<u>289,273</u>	<u>12,317,357</u>
-	231,899
-	782,544
213,088	2,312,620
3,800	146,056
-	220,819
-	15,718
559,978	960,590
270,318	425,381
66,262	66,262
71,889	1,143,453
(5,016)	(516,980)
<u>1,180,319</u>	<u>5,788,362</u>
<u>\$ 1,686,942</u>	
	38,027,791
	6,659,936
	(7,112,257)
	<u>\$ 43,363,832</u>

JASPER COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>Road and Bridge</u>	<u>American Rescue Plan</u>	<u>GLO MIT PCT 2</u>
REVENUES				
Taxes	\$ 11,074,010	\$ 4,359,609	\$ -	\$ -
License and fees	1,344,002	43,419	-	-
Fines and forfeitures	274,383	82,738	-	-
Intergovernmental	1,274,591	135,797	17,379	2,449,576
Auto registration	-	695,805	-	-
Interest	63,879	14,055	21,658	-
Other	378,137	166,154	-	-
Total revenues	<u>14,409,002</u>	<u>5,497,577</u>	<u>39,037</u>	<u>2,449,576</u>
EXPENDITURES				
General government	4,867,140	540,977	-	-
Judicial	2,398,909	-	-	-
Legal	961,326	-	-	-
Public facilities	653,813	-	-	-
Public safety	5,681,282	-	-	-
Health and welfare	73,708	-	-	-
Conservation	89,023	-	-	-
Roads	-	6,114,941	-	2,449,576
Cultural and recreation	1,696	-	-	-
Capital outlay	237,053	677,243	-	-
Total expenditures	<u>14,963,950</u>	<u>7,333,161</u>	<u>-</u>	<u>2,449,576</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(554,948)</u>	<u>(1,835,584)</u>	<u>39,037</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	62,825	-	-
Transfers in	668,145	729	-	-
Transfers out	(56,845)	-	(668,145)	-
Total other financing sources (uses)	<u>611,300</u>	<u>63,554</u>	<u>(668,145)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	56,352	(1,772,030)	(629,108)	-
FUND BALANCES, BEGINNING				
	<u>4,109,235</u>	<u>2,843,594</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING				
	<u>\$ 4,165,587</u>	<u>\$ 1,071,564</u>	<u>\$ (629,108)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

<u>Other Governmental</u>	<u>Total Governmental</u>
\$ 560,739	\$ 15,994,358
1,666	1,389,087
-	357,121
1,415,692	5,293,035
-	695,805
5,683	105,275
10,949	555,240
<u>1,994,729</u>	<u>24,389,921</u>
148,001	5,556,118
-	2,398,909
-	961,326
-	653,813
2,030	5,683,312
557,175	630,883
-	89,023
1,118,596	9,683,113
-	1,696
-	914,296
<u>1,825,802</u>	<u>26,572,489</u>
<u>168,927</u>	<u>(2,182,568)</u>
-	62,825
76,963	745,837
<u>(20,847)</u>	<u>(745,837)</u>
<u>56,116</u>	<u>62,825</u>
225,043	(2,119,743)
<u>955,276</u>	<u>7,908,105</u>
<u>\$ 1,180,319</u>	<u>\$ 5,788,362</u>

JASPER COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Net change in fund balances - total governmental funds \$ (2,119,743)

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay 1,398,674
Depreciation (2,128,566)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Property taxes 128,374
Court fines 292,122
Grants (35,102)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension cost 1,184,451
Other postemployment benefits liabilities cost (180,111)
Compensated absences 21,523

Change in net position of governmental activities \$ (1,438,378)

JASPER COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

DECEMBER 31, 2022

	<u>Private Purpose Trust</u>		<u>County Schools</u>	<u>Custodial Funds</u>
ASSETS				
Cash	\$ 9,355,037			\$ 2,372,844
Accounts Receivable	<u>-</u>			<u>287,667</u>
Total assets	<u>9,355,037</u>			<u>2,660,511</u>
LIABILITIES				
Accounts payable	-			86,666
Accrued liabilities	<u>-</u>			<u>7,884</u>
Total liabilities	<u>-</u>			<u>94,550</u>
NET POSITION				
Restricted for:				
Individuals and organizations	-			943,836
Other governments	<u>9,355,037</u>			<u>1,622,125</u>
Total net position	<u>\$ 9,355,037</u>			<u>\$ 2,565,961</u>

JASPER COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Private Purpose Trust</u>	
	<u>County Schools</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions	\$ 50,190	\$ -
State fees collected	-	334,232
Tax collections	-	39,189,605
Intergovernmental receipts	-	1,814,826
Deposits held	-	324,141
Interest	<u>131,885</u>	<u>11,330</u>
Total additions	<u>182,075</u>	<u>41,674,134</u>
DEDUCTIONS		
Forfeitures disbursed	-	2,874
State fees disbursed	-	309,659
Tax disbursements	-	39,067,252
Probation costs	-	1,936,980
Pass through grant disbursements	-	32,857
Disbursements to beneficiaries	-	96,020
Interest payments	<u>67,161</u>	<u>-</u>
Total deductions	<u>67,161</u>	<u>41,445,642</u>
CHANGE IN NET POSITION	114,914	228,492
TOTAL NET POSITION, BEGINNING	<u>9,240,123</u>	<u>2,337,469</u>
TOTAL NET POSITION, ENDING	<u>\$ 9,355,037</u>	<u>\$ 2,565,961</u>

JASPER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Jasper County, Texas (the "County") operates using a commission form of government under the laws and statutes of the Constitution of the State of Texas. The County provides various services to advance the welfare, health, comfort, safety and convenience of the County and its inhabitants.

The accounting and reporting policies of the County relating to the funds included in the accompanying financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present Jasper County, Texas (the primary government) and its component units. There are no component units which meet the criteria for inclusion in the County's reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County has no business-type activities, or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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*. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Road and Bridge Fund** is used to account for the proceeds of specific revenue sources, mostly taxes and fees that are legally restricted to expenditures for street and highway improvements.

The **ARPA Grant Fund** is used to account for the resources received from the American Rescue Plan Act of 2021.

The **GLO MIT PCT 2 Grant Fund** is used to account for the resources received from the Community Development Block Grant.

Additionally, the County reports the following fund types:

Fiduciary Fund Types:

The **Private-purpose Trust Fund** is used to account for investments, interest, rents and royalties for the benefit of various school districts in the County. The revenues are distributed to the various school districts.

Custodial Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governments that are not required to be reported as another fiduciary fund type.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

The government's cash and investments are considered to be cash on hand, demand deposits and certificates of deposit.

State statutes authorize the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable based on historical collection rates receivable allowance for uncollectible. The property tax receivable allowance is equal to 11% of current year tax levy at December 31, 2022.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

Deferred Inflows/Outflows 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, deferred outflows of resources, 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. Jasper County has two items that qualify for reporting in this category in the government-wide statement of net position, which are deferred outflows related to pensions and other post-employment benefits.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items in the government-wide financial statements to report in this category. The County is reporting a balance for advance property tax collections, a deferred inflow related to pensions, and a deferred inflow related to other post-employment benefits in the government-wide statement of net position. Additionally, the County has items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. The advance collections of property taxes are deferred inflows of resources as well as unavailable revenues for property taxes and court fines and fees.

Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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 date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	39
Equipment	3 - 15
Infrastructure	39

Compensated Absences

County employees earn 12 days of vacation with pay per year during the first 4 years of employment, 15 days of vacation with pay per year with after more than 5 years but less than 9 years of employment, and 18 days of vacation with pay per year for after more than 10 years continuous employment. Employees may carry over one year's earned vacation and an additional three days. Vacation in excess of carryover shall be forfeited. Unused sick leave is paid upon retirement, but not termination.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Other Post-Employment Benefits

Retiree Health Care Insurance Plan. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary.

TCDRS Group Term Life Fund. The County participates in the Texas County & District Group Term Life Fund (GTLF), which is an optional single-employer defined benefit life insurance plan that is administered by TCDRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating entity as a percentage of that County's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the GTLF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Auditor.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

At December 31, 2022, expenditures exceeded appropriations in the General Fund Public Facilities and Health & Welfare functions in the amounts of \$411 and \$73,708 respectively.

Deficit Fund Equity

At December 31, 2022, the American Rescue Plan fund has a deficit fund balance of \$629,108. The deficit will be eliminated when criteria for the recording of grant revenue are met. This should occur when planned capital outlay projects get underway for the Airport.

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (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. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2022, all of the County's \$26,556,892 deposit balance was collateralized with securities held by the pledging financial institution.

Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Road and Bridge</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:				
Taxes	\$ 3,639,891	\$ 1,523,579	\$ 248,092	\$ 5,411,562
Accounts	<u>858,888</u>	<u>2,960,885</u>	<u>22,355</u>	<u>3,842,128</u>
Gross receivables	4,498,779	4,484,464	270,447	9,253,690
Less: allowance for uncollectibles	<u>(1,495,548)</u>	<u>(793,841)</u>	<u>(94,803)</u>	<u>(2,384,192)</u>
Net Total Receivables	<u>\$ 3,003,231</u>	<u>\$ 3,690,623</u>	<u>\$ 175,644</u>	<u>\$ 6,869,498</u>

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,043,120	\$ -	\$ -	\$ -	\$ 1,043,120
CIP	<u>2,866,983</u>	<u>1,118,597</u>	<u>-</u>	<u>(2,994,646)</u>	<u>990,934</u>
Total assets not being depreciated	<u>3,910,103</u>	<u>1,118,597</u>	<u>-</u>	<u>(2,994,646)</u>	<u>2,034,054</u>
Capital assets, being depreciated:					
Buildings	20,028,946	-	-	-	20,028,946
Equipment	9,262,343	280,077	(53,581)	-	9,488,839
Infrastructure	<u>34,900,718</u>	<u>-</u>	<u>-</u>	<u>2,994,646</u>	<u>37,895,364</u>
Total capital assets, being depreciated	<u>64,192,007</u>	<u>280,077</u>	<u>(53,581)</u>	<u>2,994,646</u>	<u>67,413,149</u>
Less accumulated depreciation:					
Buildings	(6,541,498)	(482,243)	-	-	(7,023,741)
Equipment	(7,101,292)	(749,673)	53,581	-	(7,797,384)
Infrastructure	<u>(15,701,637)</u>	<u>(896,650)</u>	<u>-</u>	<u>-</u>	<u>(16,598,287)</u>
Total accumulated depreciation	<u>(29,344,427)</u>	<u>(2,128,566)</u>	<u>53,581</u>	<u>-</u>	<u>(31,419,412)</u>
Total capital assets being depreciated, net	<u>34,847,580</u>	<u>(1,848,489)</u>	<u>-</u>	<u>2,994,646</u>	<u>35,993,737</u>
Governmental activities capital assets, net	<u>\$ 38,757,683</u>	<u>\$ (729,892)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,027,791</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 448,142
Public facility	6,800
Public safety	800,715
Road and bridge	<u>872,909</u>
	<u>\$ 2,128,566</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2022, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 80
Nonmajor Governmental	General	117,157
Road and Bridge	General	<u>1,495,268</u>
Total		<u>\$ 1,612,505</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The General Fund gave an advance of funds to be repaid by the Road & Bridge Fund in the amount of \$231,899 for the purchase of equipment to be repaid over several years.

Interfund transfers:

	Transfers Out			Total
	General Fund	American Rescue Plan	Nonmajor Governmental	
Transfers In:				
General Fund	\$ -	\$ 668,145	\$ -	\$ 668,145
Road & Bridge	729	-	-	729
Nonmajor Governmental	<u>56,116</u>	<u>-</u>	<u>20,847</u>	<u>76,963</u>
Total	<u>\$ 56,845</u>	<u>\$ 668,145</u>	<u>\$ 20,847</u>	<u>\$ 745,837</u>

Transfers are used to (1) use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (2) transfer funds out of a nonmajor fund to help finance the General Fund.

Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities					
Compensated absences	<u>\$ 314,331</u>	<u>\$ 503,333</u>	<u>\$ 524,856</u>	<u>\$ 292,808</u>	<u>\$ 58,562</u>
Governmental activities long-term liability	<u>\$ 314,331</u>	<u>\$ 503,333</u>	<u>\$ 524,856</u>	<u>\$ 292,808</u>	<u>\$ 58,562</u>

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

Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in temporary positions are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts can earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	149
Inactive employees entitled to but not yet receiving benefits	110
Active employees	<u>177</u>
	<u>436</u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 18.68% and 18.68% in calendar years 2021 and 2022, respectively. The County's contributions to TCDRS for the year ended December 31, 2022, were \$1,641,209 and were equal to the required contributions.

Net Pension Liability. The County's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.60% (Gross of administrative expenses)

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010

Updated mortality assumptions were adopted in the actuarial valuation of December 31, 2021. All other actuarial assumptions that determined the total pension liability as of December 31, 2021, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020.

The long-term expected rate of return on pension plan investments is 7.5%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2022 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2020.

The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities - Emerging	MSCI EM Standard (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

(1) Target asset allocation adopted at the March 2022 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2021 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. 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 period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2020	\$ 49,278,523	\$ 41,931,057	\$ 7,347,466
Changes for the year:			
Service cost	1,350,081	-	1,350,081
Interest on total pension liability ⁽¹⁾	3,752,546	-	3,752,546
Effect of economic/demographic gains or losses	20,627	-	20,627
Effect of assumptions changes or inputs	(145,944)	-	(145,944)
Refund of contributions	(89,592)	(89,592)	-
Benefit payments	(2,463,140)	(2,463,140)	-
Administrative expenses	-	(27,476)	27,476
Member contributions	-	615,193	(615,193)
Net investment income	-	9,176,198	(9,176,198)
Employer contributions	-	1,641,779	(1,641,779)
Other ⁽³⁾	-	3,168	(3,168)
Balance at 12/31/2021	<u>\$ 51,703,101</u>	<u>\$ 50,787,187</u>	<u>\$ 915,914</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 58,126,671	\$ 51,703,101	\$ 46,275,724
Fiduciary net position	<u>50,787,187</u>	<u>50,787,187</u>	<u>50,787,187</u>
Net pension liability/(asset)	<u>\$ 7,339,484</u>	<u>\$ 915,914</u>	<u>\$ (4,511,463)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

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

For the year ended December 31, 2022, the County recognized pension expense of \$481,187.

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 93,760	\$ -
Changes in actuarial assumptions	1,307,523	97,296
Difference between projected and actual investment earnings	-	5,735,974
Contributions subsequent to the measurement date	<u>1,641,209</u>	<u>-</u>
Total	<u>\$ 3,042,492</u>	<u>\$ 5,833,270</u>

\$1,641,209 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended December 31,	
2023	\$ (577,979)
2024	(1,283,688)
2025	(1,370,045)
2026	(1,200,275)

Postemployment Retiree Health Care Plan

Plan Description

The County offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under County policy. This plan is administered by the County and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits and Contributions

Permanent full-time employees of the County who retire are eligible to participate in the Jasper County Retiree Health Care Plan (JCRHCP). Employees are eligible to retire when they are 60 years of age and have 8 years of service, or at any age with 30 years of service, or if their current age plus their years of service equals 75. Retirees may elect to continue medical coverage by paying premiums for the coverage elected until the retiree is eligible for Medicare Part A and Part B coverage, either by age or disability. Employees who qualify under the eligibility requirements for retirement, who are 60 years or older and who have worked the last 12 consecutive years with Jasper County qualify for medical insurance coverage paid by Jasper County until the retiree is eligible for Medicare Part A and Part B coverage, either by age or disability. Employees terminating before normal retirement conditions are not eligible for retiree health benefits. Survivors of employees who die while actively employed are not eligible for retiree health benefits. Surviving dependents of retired members may continue retiree health coverage for up to 36 months through COBRA. Retirees can also elect to continue coverage for eligible spouse but must pay for the coverage cost of the spouse. Surviving spouses of retired members may continue retiree health care coverage for up to 36 months through COBRA. The County provides a \$5,000 term life insurance policy to retired employees. Life insurance coverage for dependents is not offered. This is offered through TCDRS. Retirees who decide to opt out of health care benefits are not eligible to opt back in at another time. There is no additional stipend provided for those who opt out of retiree health care benefits.

The County's contributions to the Retiree Health Plan for the year ended December 31, 2022, were \$47,443, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	4
Active employees	<u>127</u>
Total	<u>131</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Discount rate	1.84% as of December 31, 2021
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS). For the OPEB valuation, the standard TCDRS retirement rates were adjusted to reflect the impact of the County's retiree
Mortality	For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Participation rates	100%
Notes	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the demographic and salary increase assumptions were updated to reflect the 2021 TCDRS experience study.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 1.84% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$2,613,767 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2021.

	Total OPEB Liability
Balance at 12/31/2020	\$ 2,440,398
Changes for the year:	
Service cost	193,544
Interest	50,269
Difference between expected and actual experience	(176,156)
Changes of assumptions	153,155
Benefit payments	(47,443)
Net changes	173,369
Balance at 12/31/2021	<u>\$ 2,613,767</u>

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	\$ 2,844,360	\$ 2,613,767	\$ 2,398,780

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 2,303,596	\$ 2,613,767	\$ 2,981,861

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2022, the County recognized OPEB expense of \$-241,288 for this OPEB plan. At December 31, 2022, the County reported deferred outflows and of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 18,992	\$ 361,726
Changes in actuarial assumptions	368,426	42,944
Contributions subsequent to the measurement date	<u>109,755</u>	<u>-</u>
Totals	<u>\$ 497,173</u>	<u>\$ 404,670</u>

\$109,755 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with its own assets and will be recognized as a reduction of the total OPEB liability for the year ending December 31, 2023. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended December 31,	
2023	\$ (2,525)
2024	(2,525)
2025	(2,525)
2026	(2,525)
2027	(6,375)
Thereafter	(777)

TCDRS Group Term Life Fund

Plan Description. The County voluntarily participates in the Texas County & District Group Term Life Fund (TCDRS GTLF). The GTLF is a single-employer defined Other Post-Employment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TCDRS Act.

Benefits Provided. The GTLF provides group-term life insurance to County employees who are active members in TCDRS, including or not including retirees. The County’s Commissioners opted into this program via a resolution, and may terminate coverage under, and discontinue participation in, the GTLF by adopting a resolution.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s most recent regular annualized salary. The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$5,000.

Employees covered by benefit terms. The number of employees currently covered by the benefit terms is as follows:

Inactive employees receiving benefits	117
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>177</u>
Total	<u><u>339</u></u>

Contributions. The County contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation, which was 0.44% for 2021 and 0.44% for 2022, of which 0.22% and 0.23%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. The County contributions to the GTLF for the years ended December 31, 2021 and 2022 were \$19,335 and \$18,450, respectively, representing contributions for active members and \$19,335 and \$20,208 respectively for retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The District’s Total OPEB Liability (TOL) was measured as of December 31, 2022 as determined by an actuarial valuation as of that date.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended	December 31, 2021
Investment rate of return (discount rate)	2.06%, or 20 Year Bond GO Index published by 20 Year Bond GO Index published by bondbuyer.com as of December 30, 2021.
Actuarial cost method	Entry age normal

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

All actuarial assumptions and methods that determined the Total OPEB Liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

Discount Rate. The TCDRS GTLF program is treated as an unfunded OPEB plan because the GTLF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.06% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was the 20 Year Bond GO Index published by bondbuyer.com as of the measurement date of December 31, 2021.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1.06%)	Current Discount Rate (2.06%)	1% Increase in Discount Rate (3.06%)
Total OPEB Liability	\$ 845,752	\$ 701,666	\$ 590,895

OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs. At December 31, 2022, the County reported a liability of \$701,666 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. For the year ended December 31, 2022, the County recognized OPEB expense of \$68,786 for this plan and all other OPEB plans. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance at December 31, 2020	\$ 672,488
Changes for the year:	
Service cost	20,443
Interest on total OPEB liability ⁽¹⁾	14,486
Effect of economic/demographic gains or losses	677
Effect of assumptions changes or inputs ⁽²⁾	12,907
Benefit payments	<u>(19,335)</u>
Balance at December 31, 2021	<u>\$ 701,666</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Reflects change in discount rate.

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,088	\$ 3,154
Change of assumptions	100,067	10,035
Contributions subsequent to the measurement date	<u>20,207</u>	<u>-</u>
Totals	<u>\$ 123,362</u>	<u>\$ 13,189</u>

\$20,207 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending December 31, 2023. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended December 31,</u>	
2023	\$ 33,857
2024	39,271
2025	16,838

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**REQUIRED SUPPLEMENTARY
INFORMATION**

JASPER COUNTY, TEXAS

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 11,432,469	\$ 11,432,469	\$ 11,074,010	\$ (358,459)
License and fees	1,362,943	1,362,943	1,344,002	(18,941)
Fines and forfeitures	471,874	471,874	274,383	(197,491)
Intergovernmental	812,803	1,055,595	1,274,591	218,996
Interest	38,833	40,677	63,879	23,202
Other	125,528	260,038	378,137	118,099
Total revenues	<u>14,244,450</u>	<u>14,623,596</u>	<u>14,409,002</u>	<u>(214,594)</u>
EXPENDITURES				
General government	4,431,079	5,860,831	4,867,140	993,691
Judicial	2,313,621	2,451,047	2,398,909	52,138
Legal	1,106,246	1,263,931	961,326	302,605
Public facilities	514,408	653,402	653,813	(411)
Public safety	5,690,188	5,995,704	5,681,282	314,422
Health and welfare	-	-	73,708	(73,708)
Conservation	122,477	122,477	90,719	31,758
Capital outlay	186,000	910,141	237,053	673,088
Total expenditures	<u>14,364,019</u>	<u>17,257,533</u>	<u>14,963,950</u>	<u>2,293,583</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(119,569)</u>	<u>(2,633,937)</u>	<u>(554,948)</u>	<u>2,078,989</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,044	645,031	668,145	23,114
Transfers out	2,537	(118,872)	(56,845)	62,027
Total other financing sources (uses)	<u>5,581</u>	<u>526,159</u>	<u>611,300</u>	<u>85,141</u>
NET CHANGE IN FUND BALANCE				
	(113,988)	(2,107,778)	56,352	2,164,130
FUND BALANCES, BEGINNING				
	<u>4,109,235</u>	<u>4,109,235</u>	<u>4,109,235</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 3,995,247</u>	<u>\$ 2,001,457</u>	<u>\$ 4,165,587</u>	<u>\$ 2,164,130</u>

JASPER COUNTY, TEXAS

ROAD AND BRIDGE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,745,728	\$ 4,745,728	\$ 4,359,609	\$ (386,119)
License and fees	80,240	80,240	43,419	(36,821)
Fines and forfeitures	154,443	154,443	82,738	(71,705)
Intergovernmental	136,527	136,527	135,797	(730)
Auto registration	770,569	770,569	695,805	(74,764)
Interest	62,341	62,341	14,055	(48,286)
Other	<u>245,193</u>	<u>245,193</u>	<u>166,154</u>	<u>(79,039)</u>
Total revenues	<u>6,195,041</u>	<u>6,195,041</u>	<u>5,497,577</u>	<u>(697,464)</u>
EXPENDITURES				
General government	516,022	542,719	540,977	1,742
Roads	5,605,197	7,889,795	6,114,941	1,774,854
Capital outlay	<u>49,434</u>	<u>821,907</u>	<u>677,243</u>	<u>144,664</u>
Total expenditures	<u>6,170,653</u>	<u>9,254,421</u>	<u>7,333,161</u>	<u>1,921,260</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,388</u>	<u>(3,059,380)</u>	<u>(1,835,584)</u>	<u>1,223,796</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	62,825	62,825	-
Transfers in	<u>-</u>	<u>1,160,796</u>	<u>729</u>	<u>(1,160,067)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,223,621</u>	<u>63,554</u>	<u>(1,160,067)</u>
NET CHANGE IN FUND BALANCE	24,388	(1,835,759)	(1,772,030)	63,729
FUND BALANCE, BEGINNING	<u>2,843,594</u>	<u>2,843,594</u>	<u>2,843,594</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,867,982</u>	<u>\$ 1,007,835</u>	<u>\$ 1,071,564</u>	<u>\$ 63,729</u>

JASPER COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

LAST TEN FISCAL YEARS

Measurement Date December 31	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 971,579	\$ 1,010,822	\$ 1,119,518
Interest total pension liability	2,551,429	2,702,346	2,825,979
Effect of plan changes	-	(193,701)	-
Effect of assumption changes or inputs	-	389,362	-
Effect of economic/demographic (gains) or losses	129,180	(317,572)	(242,011)
Benefit payments/refunds of contributions	<u>(1,831,338)</u>	<u>(1,979,863)</u>	<u>(2,066,395)</u>
Net change in total pension liability	1,820,850	1,611,394	1,637,091
Total pension liability - beginning	<u>31,920,653</u>	<u>33,741,453</u>	<u>35,352,847</u>
Total pension liability - ending (a)	<u>\$ 33,741,503</u>	<u>\$ 35,352,847</u>	<u>\$ 36,989,938</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 1,138,612	\$ 1,260,531	\$ 1,321,720
Member contributions	454,148	493,497	517,159
Investment income net of investment expenses	1,796,794	99,833	2,049,732
Benefit payments refunds of contributions	(1,831,388)	(1,979,863)	(2,066,394)
Administrative expenses	(20,838)	(19,981)	(22,293)
Other	<u>10,942</u>	<u>44,606</u>	<u>(42,113)</u>
Net change in plan fiduciary net position	1,548,270	(101,377)	1,757,811
Plan fiduciary net position - beginning	<u>26,288,606</u>	<u>27,836,876</u>	<u>27,735,499</u>
Plan fiduciary net position - ending (b)	<u>27,836,876</u>	<u>27,735,499</u>	<u>29,493,310</u>
Net pension liability - ending (a) - (b)	<u>\$ 5,904,627</u>	<u>\$ 7,617,348</u>	<u>\$ 7,496,628</u>
Fiduciary net position as a percentage of total pension liability	82.50%	78.45%	79.73%
Pensionable covered payroll	\$ 6,487,833	\$ 7,049,963	\$ 7,387,979
Net pension liability as a percentage of covered payroll	91.01%	108.05%	101.47%

2017	2018	2019	2020	2021
\$ 1,145,933	\$ 1,158,547	\$ 1,091,463	\$ 1,173,200	\$ 1,350,081
3,008,541	3,217,730	3,376,196	3,576,825	3,752,546
-	-	-	-	-
199,604	-	-	2,615,046	(145,944)
284,353	(214,326)	145,891	87,071	20,627
<u>(2,026,218)</u>	<u>(2,112,413)</u>	<u>(2,165,614)</u>	<u>(2,273,244)</u>	<u>(2,552,731)</u>
2,612,213	2,049,538	2,447,936	5,178,898	2,424,579
<u>36,989,938</u>	<u>39,602,151</u>	<u>41,651,689</u>	<u>44,099,625</u>	<u>49,278,523</u>
<u>\$ 39,602,151</u>	<u>\$ 41,651,689</u>	<u>\$ 44,099,625</u>	<u>\$ 49,278,523</u>	<u>\$ 51,703,102</u>
\$ 1,361,668	\$ 1,373,491	\$ 1,448,979	\$ 1,670,968	\$ 1,641,779
544,051	550,026	573,692	611,117	615,193
4,303,056	(629,034)	5,387,402	3,927,845	9,176,198
(2,026,218)	(2,112,413)	(2,165,614)	(2,273,244)	(2,552,731)
(22,379)	(26,349)	(28,973)	(30,682)	(27,476)
<u>(1,826)</u>	<u>(2,248)</u>	<u>403</u>	<u>4,029</u>	<u>3,168</u>
4,158,352	(846,527)	5,215,889	3,910,033	8,856,131
<u>29,493,310</u>	<u>33,651,662</u>	<u>32,805,135</u>	<u>38,021,024</u>	<u>41,931,057</u>
<u>33,651,662</u>	<u>32,805,135</u>	<u>38,021,024</u>	<u>41,931,057</u>	<u>50,787,188</u>
<u>\$ 5,950,489</u>	<u>\$ 8,846,554</u>	<u>\$ 6,078,601</u>	<u>\$ 7,347,466</u>	<u>\$ 915,914</u>
84.97%	78.76%	86.22%	85.09%	98.23%
\$ 7,772,163	\$ 7,857,516	\$ 8,195,595	\$ 8,730,249	\$ 8,788,466
76.56%	112.59%	74.17%	84.16%	10.42%

JASPER COUNTY, TEXAS

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess) ⁽¹⁾	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2013	1,050,450	1,050,450	-	6,374,109	16.5%
2014	1,138,612	1,138,612	-	6,487,833	17.5%
2015	1,260,531	1,260,531	-	7,049,963	17.9%
2016	1,321,720	1,321,720	-	7,387,979	17.9%
2017	1,361,668	1,361,668	-	7,772,163	17.5%
2018	1,373,494	1,373,494	-	7,857,516	17.5%
2019	1,448,981	1,448,981	-	8,195,595	17.7%
2020	1,670,966	1,670,966	-	8,730,154	19.1%
2021	1,641,685	1,641,685	-	8,788,466	18.7%
2022	1,641,209	1,641,209	-	8,785,916	18.7%

JASPER COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.8 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015-2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2021: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule.

JASPER COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH CARE INSURANCE PLAN

FOR THE YEAR ENDED DECEMBER 31, 2022

Measurement Date December 31	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 138,461	\$ 154,665	\$ 152,767	\$ 166,036	\$ 193,544
Interest on total OPEB liability	67,486	66,454	79,294	59,868	50,269
Effect of economic/demographic experience	-	32,620	(302,228)	(3,185)	(176,156)
Effect of assumption changes or inputs	86,380	(73,768)	128,564	134,382	153,155
Benefit payments	(58,579)	(69,542)	(29,207)	(21,424)	(47,443)
Net change in Total OPEB Liability	233,748	110,429	29,190	335,677	173,369
Total OPEB Liability - beginning	<u>1,731,354</u>	<u>1,965,102</u>	<u>2,075,531</u>	<u>2,104,721</u>	<u>2,440,398</u>
Total OPEB Liability - ending	<u>\$1,965,102</u>	<u>\$2,075,531</u>	<u>\$2,104,721</u>	<u>\$2,440,398</u>	<u>\$2,613,767</u>
Pensionable covered payroll	\$7,772,521	\$7,554,064	\$7,727,238	\$7,795,594	\$8,726,516
Total OPEB Liability (Asset) as a percentage of covered payroll	25.28%	27.48%	27.24%	31.30%	29.95%

Notes to Schedule:

- No assets are accumulated in a trust for this plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

JASPER COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TCDRS GROUP TERM LIFE FUND

FOR THE YEAR ENDED DECEMBER 31, 2022

Measurement Date December 31	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 11,355	\$ 12,792	\$ 10,163	\$ 16,178	\$ 20,443
Interest on total OPEB liability	17,728	17,053	19,255	16,412	14,486
Effect of assumption changes or inputs	19,277	(50,175)	115,620	68,210	12,907
Effect of economic/demographic experience	(7,030)	12,899	(3,448)	(1,006)	677
Benefit payments, including refunds of employee contributions	<u>(16,322)</u>	<u>(15,715)</u>	<u>(16,391)</u>	<u>(20,080)</u>	<u>(19,335)</u>
Net change in Total OPEB liability	25,008	(23,146)	125,199	79,714	29,178
Total OPEB liability - beginning	<u>465,713</u>	<u>490,721</u>	<u>467,575</u>	<u>592,774</u>	<u>672,488</u>
Total OPEB liability - ending	<u>490,721</u>	<u>467,575</u>	<u>592,774</u>	<u>672,488</u>	<u>701,666</u>
Covered-employee payroll	\$7,772,163	\$7,857,516	\$8,195,595	\$8,730,249	\$8,788,466
Total OPEB liability as a percentage of covered-employee payroll	6.31%	5.95%	7.23%	7.70%	7.98%

Notes to Schedule:

- No assets are accumulated in a trust for this plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Changes of assumptions reflect a change in the discount rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021.

JASPER COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to December 31, the County Judge and Commissioners prepare operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A budget hearing, advertised in local papers, is conducted at the County Courthouse to obtain taxpayer comments prior to adoption. The budget must be adopted between August 16 and September 30, annually.
3. Amendments are made at the beginning of the budget year (January) to record the carry forward of previous year's ending balances.
4. The budget is approved based on a line-item basis. Any revisions altering the budget requires an amendment and must be approved by the Commissioners' Court.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. Budgets for the General and Special Revenue Funds are adopted on a cash basis.
7. Budgeted amounts are as originally adopted, or as amended, by the Commissioners' Court on September 9, 2021. Individual amendments were not material in relation to the original appropriations which were amended.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At December 31, 2022, expenditures exceeded appropriations in the General Fund Public Facilities and Health & Welfare functions in the amounts of \$411 and \$73,708 respectively.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account primarily for revenue from specific taxes and federal grant revenue which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

County Records Management

Title IV-E

Indigent Health

Hurricane Ike Category E PW-2417

Harrisburg Project

2016 GLO Flood PCT – 3 & 4

Hurricane Laura

GLO CDBG

Tax Assessment and Collections Services

County Child Abuse Protection

Debt Service Funds are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Debt Service Fund

JASPER COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

DECEMBER 31, 2022

	Special Revenue		
	County Records Management	Title IV-E	Indigent Health
ASSETS			
Cash and cash equivalents	\$ 213,089	\$ 560,060	\$ 287,021
Taxes receivable	-	-	119,286
Accounts receivable	19,521	-	-
Due from other funds	-	-	117,157
Due from other governments	-	-	-
Total assets	<u>232,610</u>	<u>560,060</u>	<u>523,464</u>
LIABILITIES			
Accounts payable	-	-	14,274
Other liabilities	-	80	5,367
Due to other funds	-	2	40
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>82</u>	<u>19,681</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	116,308
Property taxes received in advance of fiscal year levy	-	-	117,157
Unavailable revenue - court fines and fees	19,522	-	-
Total deferred inflows of resources	<u>19,522</u>	<u>-</u>	<u>233,465</u>
FUND BALANCES			
Restricted for:			
General government	213,088	-	-
Judicial	-	-	-
Public safety	-	559,978	-
Health and welfare	-	-	270,318
Debt service	-	-	-
Roads	-	-	-
Unassigned	-	-	-
Total fund balances	<u>213,088</u>	<u>559,978</u>	<u>270,318</u>
Total liabilities, deferred outflows of resources and fund balances	<u>\$ 232,610</u>	<u>\$ 560,060</u>	<u>\$ 523,464</u>

Special Revenue

Hurricane Ike Category E PW-2417	Harrisburg Project	2016 GLO Flood PCT - 3 & 4	Hurricane Laura	GLO CDBG	Tax Assessment and Collections Services	County Child Abuse Protection
\$ -	\$ -	\$ -	\$ 71,889	\$ 27,530	\$ 66,875	\$ 3,800
-	-	-	-	-	-	-
-	-	-	-	-	-	1,297
-	98,166	-	-	-	-	-
-	98,166	-	71,889	27,530	66,875	5,097
-	98,166	-	-	27,530	1,600	-
-	-	-	-	-	5,387	-
-	-	-	-	-	38	-
-	-	-	-	-	64,866	-
-	98,166	-	-	27,530	71,891	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,297
-	-	-	-	-	-	1,297
-	-	-	-	-	-	-
-	-	-	-	-	-	3,800
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	71,889	-	-	-
-	-	-	-	-	(5,016)	-
-	-	-	71,889	-	(5,016)	3,800
\$ -	\$ 98,166	\$ -	\$ 71,889	\$ 27,530	\$ 66,875	\$ 5,097

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JASPER COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 (continued)
 DECEMBER 31, 2022

	Debt Service	
	Debt Service	Totals
ASSETS		
Cash and cash equivalents	\$ 65,711	\$ 1,295,975
Taxes receivable	35,540	154,826
Accounts receivable	-	20,818
Due from other funds	-	117,157
Due from other governments	-	98,166
Total assets	101,251	1,686,942
LIABILITIES		
Accounts payable	-	141,570
Other liabilities	-	10,834
Due to other funds	-	80
Unearned revenue	-	64,866
Total liabilities	-	217,350
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	34,989	151,297
Property taxes received in advance of fiscal year levy	-	117,157
Unavailable revenue - court fines and fees	-	20,819
Total deferred inflows of resources	34,989	289,273
FUND BALANCES		
Restricted for:		
General government	-	213,088
Judicial	-	3,800
Public safety	-	559,978
Health and welfare	-	270,318
Debt service	66,262	66,262
Roads	-	71,889
Unassigned	-	(5,016)
Total fund balances	66,262	1,180,319
Total liabilities, deferred outflows of resources and fund balances	\$ 101,251	\$ 1,686,942

JASPER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue		
	County Records Management	Title IV-E	Indigent Health
REVENUES			
Taxes	\$ -	\$ -	\$ 555,840
Licenses and fees	1,632	-	-
Intergovernmental	-	41,988	-
Interest	1,050	1,760	2,386
Other	-	-	-
Total revenues	<u>2,682</u>	<u>43,748</u>	<u>558,226</u>
EXPENDITURES			
General government	3,121	-	-
Public safety	-	2,030	-
Roads	-	-	-
Health and welfare	-	-	557,175
Total expenditures	<u>3,121</u>	<u>2,030</u>	<u>557,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(439)</u>	<u>41,718</u>	<u>1,051</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	93
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>93</u>
NET CHANGE IN FUND BALANCES	<u>(439)</u>	<u>41,718</u>	<u>1,144</u>
FUND BALANCES, BEGINNING	<u>213,527</u>	<u>518,260</u>	<u>269,174</u>
FUND BALANCES, ENDING	<u>\$ 213,088</u>	<u>\$ 559,978</u>	<u>\$ 270,318</u>

Special Revenue

Hurricane Ike Category E PW-2417	Harrisburg Project	2016 GLO Flood PCT - 3 & 4	Hurricane Laura	GLO CDBG	Tax Assessment and Collections Services	County Child Abuse Protection
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	34
-	229,900	208,981	42,121	761,035	131,667	-
-	-	-	-	-	279	19
-	-	-	-	-	10,949	-
<u>-</u>	<u>229,900</u>	<u>208,981</u>	<u>42,121</u>	<u>761,035</u>	<u>142,895</u>	<u>53</u>
-	-	-	-	-	144,880	-
-	-	-	-	-	-	-
-	229,900	127,661	-	761,035	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>229,900</u>	<u>127,661</u>	<u>-</u>	<u>761,035</u>	<u>144,880</u>	<u>-</u>
-	-	81,320	42,121	-	(1,985)	53
-	-	-	64,870	-	12,000	-
<u>(20,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(20,847)</u>	<u>-</u>	<u>-</u>	<u>64,870</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
(20,847)	-	81,320	106,991	-	10,015	53
<u>20,847</u>	<u>-</u>	<u>(81,320)</u>	<u>(35,102)</u>	<u>-</u>	<u>(15,031)</u>	<u>3,747</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,889</u>	<u>\$ -</u>	<u>\$ (5,016)</u>	<u>\$ 3,800</u>

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JASPER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Debt Service</u>	
	Debt Service Funds	Totals
	<u> </u>	<u> </u>
REVENUES		
Taxes	\$ 4,899	\$ 560,739
Licenses and fees	-	1,666
Intergovernmental	-	1,415,692
Interest	189	5,683
Other	-	10,949
Total revenues	<u>5,088</u>	<u>1,994,729</u>
EXPENDITURES		
General government	-	148,001
Public safety	-	2,030
Roads	-	1,118,596
Health and welfare	-	557,175
Total expenditures	<u>-</u>	<u>1,825,802</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,088</u>	<u>168,927</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	76,963
Transfers out	-	(20,847)
Total other financing sources (uses)	<u>-</u>	<u>56,116</u>
NET CHANGE IN FUND BALANCES	5,088	225,043
FUND BALANCES, BEGINNING	<u>61,174</u>	<u>955,276</u>
FUND BALANCES, ENDING	<u>\$ 66,262</u>	<u>\$ 1,180,319</u>

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FIDUCIARY FUNDS

Custodial Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governments that are not required to be reported as another fiduciary fund type.

Forfeiture Holding

State Fee Account

County Clerk

Tax Assessor Collector

District Clerk

1st Judicial District Juvenile Probation

1st Judicial District CSCD Probation

Sheriff

National Forest

JASPER COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS

DECEMBER 31, 2022

	<u>Forfeiture Holding</u>	<u>State Fee Account</u>	<u>County Clerk</u>	<u>Tax Assessor Collector</u>
ASSETS				
Cash	\$ 165,706	\$ 67,476	\$ 40,204	\$ 335,583
Accounts receivable	<u>-</u>	<u>287,667</u>	<u>-</u>	<u>-</u>
Total assets	<u>165,706</u>	<u>355,143</u>	<u>40,204</u>	<u>335,583</u>
LIABILITIES				
Accounts payable	-	65,982	12,198	-
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>65,982</u>	<u>12,198</u>	<u>-</u>
NET POSITION				
Restricted for:				
Individuals and organizations	-	-	28,006	-
Other governments	<u>165,706</u>	<u>289,161</u>	<u>-</u>	<u>335,583</u>
Total net position	<u>\$ 165,706</u>	<u>\$ 289,161</u>	<u>\$ 28,006</u>	<u>\$ 335,583</u>

District Clerk	1st Judicial District Juvenile Probation	1st Judicial District CSCD Probation	Sheriff	National Forest	Totals
\$ 791,792	\$ 281,343	\$ 551,103	\$ 129,717	\$ 9,920	\$ 2,372,844
-	-	-	-	-	287,667
<u>791,792</u>	<u>281,343</u>	<u>551,103</u>	<u>129,717</u>	<u>9,920</u>	<u>2,660,511</u>
4,679	305	2,502	1,000	-	86,666
-	7,884	-	-	-	7,884
<u>4,679</u>	<u>8,189</u>	<u>2,502</u>	<u>1,000</u>	<u>-</u>	<u>94,550</u>
787,113	-	-	128,717	-	943,836
-	273,154	548,601	-	9,920	1,622,125
<u>\$ 787,113</u>	<u>\$ 273,154</u>	<u>\$ 548,601</u>	<u>\$ 128,717</u>	<u>\$ 9,920</u>	<u>\$ 2,565,961</u>

JASPER COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Forfeiture Holding</u>	<u>State Fee Account</u>	<u>County Clerk</u>	<u>Tax Assessor Collector</u>
ADDITIONS				
State fees collected	\$ -	\$ 334,232	\$ -	\$ -
Tax collections	-	-	-	39,189,605
Intergovernmental receipts	-	-	-	-
Deposits held	-	-	-	-
Interest	-	-	-	7,349
Total additions	<u>-</u>	<u>334,232</u>	<u>-</u>	<u>39,196,954</u>
DEDUCTIONS				
Forfeitures disbursed	2,874	-	-	-
State fees disbursed	-	309,659	-	-
Tax disbursements	-	-	-	39,067,252
Probation costs	-	-	-	-
Pass through grant disbursements	-	-	-	-
Disbursements to beneficiaries	-	-	427	-
Total deductions	<u>2,874</u>	<u>309,659</u>	<u>427</u>	<u>39,067,252</u>
CHANGE IN NET POSITION	(2,874)	24,573	(427)	129,702
TOTAL NET POSITION, BEGINNING	<u>168,580</u>	<u>264,588</u>	<u>28,433</u>	<u>205,881</u>
TOTAL NET POSITION, ENDING	<u>\$ 165,706</u>	<u>\$ 289,161</u>	<u>\$ 28,006</u>	<u>\$ 335,583</u>

District Clerk	1st Judicial District Juvenile Probation	1st Judicial District CSCD Probation	Sheriff	National Forest	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,232
-	-	-	-	-	39,189,605
-	455,732	1,321,862	-	37,232	1,814,826
295,154	2,728	-	26,259	-	324,141
298	882	2,801	-	-	11,330
<u>295,452</u>	<u>459,342</u>	<u>1,324,663</u>	<u>26,259</u>	<u>37,232</u>	<u>41,674,134</u>
-	-	-	-	-	2,874
-	-	-	-	-	309,659
-	-	-	-	-	39,067,252
-	487,274	1,449,706	-	-	1,936,980
-	-	-	-	32,857	32,857
88,561	-	-	7,032	-	96,020
<u>88,561</u>	<u>487,274</u>	<u>1,449,706</u>	<u>7,032</u>	<u>32,857</u>	<u>41,445,642</u>
206,891	(27,932)	(125,043)	19,227	4,375	228,492
<u>580,222</u>	<u>301,086</u>	<u>673,644</u>	<u>109,490</u>	<u>5,545</u>	<u>2,337,469</u>
<u>\$ 787,113</u>	<u>\$ 273,154</u>	<u>\$ 548,601</u>	<u>\$ 128,717</u>	<u>\$ 9,920</u>	<u>\$ 2,565,961</u>

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COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable County Judge and
County Commissioners of
Jasper County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper County, Texas, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Jasper County, Texas' basic financial statements and have issued our report thereon dated September 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jasper County, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jasper County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Jasper County, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
September 28, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Honorable County Judge and
Commissioners' Court of
Jasper County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jasper County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
September 28, 2023

JASPER COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Pass-thru Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the Texas General Land Office:				
Community Development Block Grant	14.228	20-065-013-C049	\$ 208,981	\$ -
Community Development Block Grant	14.228	22-082-011-D211	2,449,576	-
Community Development Block Grant	14.228	22-085-018-D254	761,035	-
Community Development Block Grant	14.228	7220210	229,900	-
Total U.S. Department of Housing and Urban Development			<u>3,649,492</u>	<u>-</u>
<u>U.S. Department of Interior</u>				
Direct Award:				
Secure Rural Schools and Community Self-Determination	15.234	N/A	37,232	37,232
Total U.S. Department of Interior			<u>37,232</u>	<u>37,232</u>
<u>U.S. Department of Justice</u>				
Passed through the Office of the Governor of Texas:				
Crime Victim Assistance	16.575	4197101	53,842	-
Total program 16.575			<u>53,842</u>	<u>-</u>
Violence Against Women Formula Grant	16.588	3883203	17,229	-
Violence Against Women Formula Grant	16.588	3883204	2,175	-
Total program 16.588			<u>19,404</u>	<u>-</u>
Total U.S. Department of Justice			<u>73,246</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Passed through the Texas Department of Transportation:				
Airport Improvement Program	20.106	20AWJASPR	32,000	-
Total U.S. Department of Transportation			<u>32,000</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed through the Texas Department of Public Safety:				
Coronavirus Local Fiscal Recovery Fund	21.027	N/A	17,379	-
Total U.S. Department of Treasury			<u>17,379</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Texas Juvenile Justice Department:				
Child Welfare Program	93.645	N/A	41,988	-
Total program 93.645			<u>41,988</u>	<u>-</u>
Passed through the Texas Department of Family & Protective Services:				
Foster Care Title IV-E	93.658	N/A	182	-
Total program 93.658			<u>182</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>42,170</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed through the Texas Division of Emergency Management:				
Disaster Grants - Public Assistance	97.036	335149	42,122	-
Total program 97.036			<u>42,122</u>	<u>-</u>
Hazard Mitigation Grant	97.039	N/A	48,000	-
Total program 97.039			<u>48,000</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>90,122</u>	<u>-</u>
Total Federal Awards			<u>\$ 3,941,641</u>	<u>\$ 37,232</u>

JASPER COUNTY, TEXAS

**NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

DECEMBER 31, 2022

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Jasper County, Texas. The County's reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The County's significant account policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. INDIRECT COSTS

The County did not elect to apply the 10% de minimis indirect cost rate.

JASPER COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)

None

Identification of major programs:

Assistance Listing Number #14.228

Name of Federal Program or Cluster: Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

Yes

Findings and Questioned Costs for Federal Awards

None

Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Auditing Standards

None

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COUNTY AUDITOR
Jasper County, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2022

None

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