

JASPER COUNTY, TEXAS

FINANCIAL STATEMENTS

**YEAR ENDED
DECEMBER 31, 2017**

JASPER COUNTY, TEXAS

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FINANCIAL SECTION

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PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper County, Texas, as of December 31, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund and the Road and Bridge Special Revenue Fund.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, and the Schedule of Employer Contributions – Texas County and District Retirement System for the Employees of Jasper County, Texas, to 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County, Texas' basic financial statements. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.

The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements 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 6, 2018, on our consideration of the Jasper County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jasper County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
September 6, 2018

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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, 2017.

FINANCIAL HIGHLIGHTS

- The County's total net position decreased by \$1,275,838 (2.5%) 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, 2017, by \$49,814,317 reported as total net position of the primary government. Of this amount, \$4,637,849 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$5,623,861 is restricted for specific purposes (restricted net position), and \$39,552,607 is invested in capital assets, net of related debt.
- As of December 31, 2017, the County governmental funds reported combined fund balances of \$10,809,386, which represents a 6% 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 of these 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 44 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 (79%) 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 significant portion of the County's current fiscal year net position (9%) 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	
	2017	2016
REVENUES		
Program revenues:		
Charges for services	\$ 3,340,870	\$ 3,520,709
Operating grants and contributions	892,393	892,181
Capital grants and contributions	1,172,788	894,034
General revenues:		
Taxes - levied for general purposes	12,714,954	13,931,712
Taxes - levied for debt service	181,071	213,222
Other taxes	177,613	181,729
Investment earnings	56,673	49,623
Gain on sale of assets	-	-
Miscellaneous	531,223	453,175
Total revenues	<u>19,067,585</u>	<u>20,136,385</u>
EXPENSES		
General government	4,986,320	4,565,587
Judicial	2,301,158	2,209,603
Legal	663,803	737,104
Public facilities	831,632	701,238
Public safety	5,682,615	4,908,506
Health and welfare	712,482	490,399
Conservation	112,183	111,423
Roads	5,043,686	5,713,283
Cultural and recreation	1,577	1,598
Interest on long-term debt	7,967	17,696
Total expenses	<u>20,343,423</u>	<u>19,456,437</u>
CHANGE IN NET POSITION	(1,275,838)	679,948
NET POSITION, BEGINNING	50,094,489	49,414,541
PRIOR PERIOD ADJUSTMENT	<u>995,666</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ 49,814,317</u>	<u>\$ 50,094,489</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, 2017, the County's General Fund reported combined fund balances of \$5,204,366, a decrease of \$583,913 from the prior year. This decrease is primarily due to a transfer out to another fund.

The General Fund is the chief operating fund of the County. At December 31, 2017, the General Fund reported revenues of \$12,570,029 and expenditures of \$12,917,640. These amounts represented a \$527,013 decrease in revenues, primarily due to \$25,195 increase in property taxes and \$624,576 decrease in intergovernmental revenues. The County saw an increase of \$763,212 in expenditures in the General Fund. The increase in expenditures was primarily made up of an increase of \$251,868 to general government expenditures, and an increase of \$468,302 to public safety, an increase of \$46,777 to judicial and an increase of \$190,095 in capital outlay expenditures. The deficit of revenues over expenditures was \$347,611, before other financing uses of \$236,302.

At December 31, 2017, the County's Road and Bridge Fund reported a restricted fund balance of \$3,046,472, a decrease of \$496,655 from the prior year. This increase is primarily due to increased road expenditures.

Proprietary Funds. As mentioned earlier, the County has no Proprietary Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues were more than budgeted estimates by \$414,959. Actual expenditures were more than budgeted estimates by \$543,257, and other financing sources/uses resulted in a negative budget variance of \$224,085. The net effect resulted in a negative variance of \$734,131.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental activities as of December 31, 2017, amounted to \$39,552,607 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and other tangible and intangible assets. This amount increased by \$1,842,465.

Long-term Debt. At December 31, 2017, the County had total long-term debt outstanding of \$8,421,855. This amount represents an decrease of \$288,155 during the fiscal year. For more information on long-term debt, see the note disclosure on page 29.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commissioners' Court adopted the County's 2018 budget on August 28, 2017.

For 2018, the property tax rate is .6578 per \$100 valuation. The collection rate for the 2018 budget was based on a 98% collection rate compared to a 98% 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.

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**BASIC
FINANCIAL STATEMENTS**

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JASPER COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government
	Governmental Activities
ASSETS	
Cash and investments	\$ 15,533,592
Receivables (net of allowance for uncollectibles)	
Accounts	2,151,862
Taxes	2,836,406
Due from other governments	237,132
Capital assets:	
Land	862,849
Buildings	20,667,651
Equipment and furniture	7,142,343
Infrastructure	33,303,708
Less: accumulated depreciation	(22,423,944)
Total capital assets	39,552,607
Total assets	60,311,599
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	3,263,846
Total deferred outflows of resources	3,263,846
LIABILITIES	
Accounts payable	573,587
Accrued liabilities	144,898
Unearned revenue	156,177
Noncurrent liabilities:	
Due within one year	55,014
Due in more than one year	8,366,841
Total liabilities	9,296,517
DEFERRED INFLOWS OF RESOURCES	
Property taxes received in advance of fiscal year levy	4,092,560
Deferred inflows related to pensions	372,051
Total deferred inflows of resources	4,464,611
NET POSITION	
Net investment in capital assets	39,552,607
Restricted for:	
Records management and preservation	828,801
Court technology and security	148,660
Jury services	22,039
Court system	40,150
Law library	221,068
Forfeitures	55,670
Foster care	475,742
Law enforcement	173,413
Historical commission	3,552
Indigent welfare	68,231
Debt service	68,900
Public facilities	404,177
Public safety	30,631
Health and welfare	36,355
Roads	3,046,472
Unrestricted	4,637,849
Total net position	\$ 49,814,317

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

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JASPER COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 4,986,320	\$ 983,686	\$ 709,374	\$ 1,172,788	\$(2,120,472)
Judicial	2,301,158	25,548	-	-	(2,275,610)
Legal	663,803	351,993	69,246	-	(242,564)
Public facilities	831,632	-	-	-	(831,632)
Health and welfare	712,482	66,043	85,189	-	(561,250)
Conservation	112,183	-	-	-	(112,183)
Roads	5,043,686	778,515	-	-	(4,265,171)
Cultural and recreation	1,577	-	-	-	(1,577)
Interest on long-term debt	<u>7,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,967)</u>
Total governmental activities	<u>\$ 20,343,423</u>	<u>\$ 3,340,870</u>	<u>\$ 892,393</u>	<u>\$ 1,172,788</u>	<u>(14,937,372)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					12,714,954
Property taxes, levied for debt service					181,071
Other taxes					177,613
Investment earnings					56,673
Miscellaneous					<u>531,223</u>
Total general revenues					<u>13,661,534</u>
Change in net position					(1,275,838)
Net position, beginning					<u>50,094,489</u>
Prior period adjustments					<u>995,666</u>
Net position, beginning as restated					<u>51,090,155</u>
Net position, ending					<u>\$ 49,814,317</u>

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

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JASPER COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Road and Bridge	Other Governmental	Total Governmental
ASSETS				
Cash and cash equivalents	9,315,021	\$ 3,365,401	\$ 2,853,170	\$ 15,533,592
Receivables (net of allowance for uncollectibles)				
Accounts	159,813	1,960,259	31,790	2,151,862
Taxes	1,790,733	883,715	161,958	2,836,406
Due from other funds	24,388	1,123,055	143,058	1,290,501
Due from other governments	<u>225,627</u>	<u>3,067</u>	<u>8,438</u>	<u>237,132</u>
Total assets	<u>11,515,582</u>	<u>7,335,497</u>	<u>3,198,414</u>	<u>22,049,493</u>
LIABILITIES				
Liabilities:				
Accounts payable	173,945	276,941	122,701	573,587
Other liabilities	100,011	34,253	10,634	144,898
Due to other funds	1,266,113	10,803	13,585	1,290,501
Unearned revenue	-	-	156,177	156,177
Total liabilities	<u>1,540,069</u>	<u>321,997</u>	<u>303,097</u>	<u>2,165,163</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,790,733	883,715	161,958	2,836,406
Property taxes received in advance of fiscal year levy	2,826,447	1,123,055	143,058	4,092,560
Unavailable revenue - court fines and fees	<u>153,967</u>	<u>1,960,258</u>	<u>31,753</u>	<u>2,145,978</u>
Total deferred inflows of resources	<u>4,771,147</u>	<u>3,967,028</u>	<u>336,769</u>	<u>9,074,944</u>
FUND BALANCES (DEFICITS)				
Fund balances:				
Non-spendable:				
Restricted for:				
Records management and preservation	-	-	828,801	828,801
Court technology and security	-	-	148,660	148,660
Jury services	-	-	22,039	22,039
Court system	-	-	40,150	40,150
Law library	-	-	221,068	221,068
Forfeitures	-	-	55,670	55,670
Foster care	-	-	475,742	475,742
Law enforcement	-	-	173,413	173,413
Historical commission	-	-	3,552	3,552
Indigent welfare	-	-	68,231	68,231
Debt service	-	-	68,900	68,900
Roads	-	3,046,472	-	3,046,472
Public facilities	-	-	404,177	404,177
Public safety	-	-	30,631	30,631
Health and welfare	-	-	36,355	36,355
Unassigned	<u>5,204,366</u>	<u>-</u>	<u>(18,841)</u>	<u>5,185,525</u>
Total fund balances	<u>5,204,366</u>	<u>3,046,472</u>	<u>2,558,548</u>	<u>10,809,386</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,515,582</u>	<u>\$ 7,335,497</u>	<u>\$ 3,198,414</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.	39,552,607
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.	4,982,384
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,530,060)
Net position of governmental activities	<u>\$ 49,814,317</u>

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

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Road and Bridge	Other Governmental	Total Governmental
REVENUES				
Taxes	\$ 9,731,268	\$ 3,869,460	\$ 736,691	\$ 14,337,419
License and fees	916,181	-	215,712	1,131,893
Fines and forfeitures	685,339	187,225	10,201	882,765
Intergovernmental	967,207	496,193	1,144,006	2,607,406
Auto registration	-	714,690	-	714,690
Interest	26,409	20,502	9,762	56,673
Other	243,625	156,660	121,972	522,257
Total revenues	12,570,029	5,444,730	2,238,344	20,253,103
EXPENDITURES				
General government	3,967,314	459,263	234,390	4,660,967
Judicial	2,213,337	-	19,191	2,232,528
Legal	566,358	-	73,132	639,490
Public facilities	567,975	-	248,190	816,165
Public safety	4,951,435	-	37,776	4,989,211
Health and welfare	-	-	704,978	704,978
Conservation	109,813	-	-	109,813
Roads	-	5,449,445	-	5,449,445
Cultural and recreation	-	-	1,570	1,570
Debt service				
Principal	-	-	255,000	255,000
Interest	-	-	12,658	12,658
Capital outlay	541,408	270,247	287,905	1,099,560
Total expenditures	12,917,640	6,178,955	1,874,790	20,971,385
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(347,611)	(734,225)	363,554	(718,282)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	224,302	12,216	236,518
Transfers out	(236,518)	-	-	(236,518)
Sale of assets	216	13,268	-	13,484
Total other financing sources (uses)	(236,302)	237,570	12,216	13,484
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(583,913)	(496,655)	375,770	(704,798)
NET CHANGE IN FUND BALANCES	(583,913)	(496,655)	375,770	(704,798)
FUND BALANCES, BEGINNING	5,788,279	3,543,127	2,182,778	11,514,184
FUND BALANCES, ENDING	\$ 5,204,366	\$ 3,046,472	\$ 2,558,548	\$ 10,809,386

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

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, 2017

Amounts reported for governmental activities in the Statement of Activities (page 10) are different because:

Net change in fund balances - total governmental funds (page 12)	\$(704,798)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	846,799
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,185,518)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(274,203)
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.	<u>41,882</u>
Change in net position of governmental activities (page 10)	<u>\$(1,275,838)</u>

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JASPER COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 9,716,481	\$ 9,716,481	\$ 9,731,268	\$ 14,787
License and fees	976,293	976,293	916,181	(60,112)
Fines and forfeitures	580,000	580,000	685,339	105,339
Intergovernmental	634,914	699,562	967,207	267,645
Interest	27,660	27,660	26,409	(1,251)
Other	115,125	155,074	243,625	88,551
Total revenues	12,050,473	12,155,070	12,570,029	414,959
EXPENDITURES				
General government	3,725,026	4,058,943	3,967,314	91,629
Judicial	1,973,169	2,319,873	2,213,337	106,536
Legal	704,192	743,919	566,358	177,561
Public facilities	597,149	590,705	567,975	22,730
Public safety	4,645,331	5,092,774	4,951,435	141,339
Conservation	118,081	118,280	109,813	8,467
Capital outlay	143,425	536,403	541,408	(5,005)
Total expenditures	11,906,373	13,460,897	12,917,640	543,257
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	144,100	(1,305,827)	(347,611)	958,216
OTHER FINANCING SOURCES (USES)				
Transfers in	-	46,873	-	(46,873)
Transfers out	(10,750)	(59,090)	(236,518)	(177,428)
Sale of assets	-	-	216	216
Total other financing sources (uses)	(10,750)	(12,217)	(236,302)	(224,085)
NET CHANGE IN FUND BALANCE				
	133,350	(1,318,044)	(583,913)	734,131
FUND BALANCES, BEGINNING				
	5,788,279	5,788,279	5,788,279	-
FUND BALANCE, ENDING				
	\$ 5,921,629	\$ 4,470,235	\$ 5,204,366	\$ 734,131

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

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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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,901,735	\$ 3,901,735	\$ 3,869,460	\$(32,275)
Fines and forfeitures	187,000	187,000	187,225	225
Intergovernmental	40,000	100,720	496,193	395,473
Auto registration	944,500	944,500	714,690	(229,810)
Interest	17,622	17,622	20,502	2,880
Other	117,830	134,805	156,660	21,855
Total revenues	<u>5,208,687</u>	<u>5,286,382</u>	<u>5,444,730</u>	<u>158,348</u>
EXPENDITURES				
General government	460,251	460,251	459,263	988
Roads	4,632,731	6,136,181	5,449,445	686,736
Capital outlay	-	-	270,247	(270,247)
Total expenditures	<u>5,092,982</u>	<u>6,596,432</u>	<u>6,178,955</u>	<u>417,477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>115,705</u>	<u>(1,310,050)</u>	<u>(734,225)</u>	<u>575,825</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	73,000	224,302	151,302
Sale of assets	-	-	13,268	13,268
Total other financing sources (uses)	<u>-</u>	<u>73,000</u>	<u>237,570</u>	<u>164,570</u>
NET CHANGE IN FUND BALANCE				
	115,705	(1,237,050)	(496,655)	740,395
FUND BALANCE, BEGINNING				
	<u>2,729,303</u>	<u>957,135</u>	<u>3,543,127</u>	<u>2,585,992</u>
FUND BALANCE, ENDING				
	<u>\$ 2,845,008</u>	<u>\$(279,915)</u>	<u>\$ 3,046,472</u>	<u>\$ 3,326,387</u>

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

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JASPER COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2017

	<u>Private Purpose Trust</u>	
	<u>County Schools</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 9,074,516	\$ 3,935,071
Total assets	\$ <u>9,074,516</u>	\$ <u>3,935,071</u>
LIABILITIES		
Due to other agencies and individuals	\$ -	\$ 3,935,071
Total liabilities	\$ <u>-</u>	\$ <u>3,935,071</u>
NET POSITION		
Held in trust for schools	\$ <u>9,074,516</u>	

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JASPER COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

		<u>Private Purpose Trust</u>
		<u>County Schools</u>
ADDITIONS		
Contributions	\$ 4,507,230	
Investment earnings	<u>98,012</u>	
Total additions	4,605,242	
DEDUCTIONS		<u>(70,673)</u>
CHANGE IN NET POSITION		4,534,569
TOTAL NET POSITION, BEGINNING		<u>4,539,947</u>
TOTAL NET POSITION, ENDING		<u>\$ 9,074,516</u>

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JASPER COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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.

Related Organizations – The Commissioners and the County Judge are responsible for appointing a voting majority of the members of several organizations, but the County’s accountability for those organizations does not extend beyond making the appointments.

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.

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.

Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 2003 historical collection rates receivable allowance for uncollectibles. The property tax receivable allowance is equal to 21% of current year tax levy at December 31, 2017.

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 one item that qualifies for reporting in this category in the government-wide statement of net position, which is deferred outflows related to pensions.

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 two 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 and a deferred inflow related to pensions in the government-wide statement of net position. Additionally, the County has items, which arises 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	15 - 39
Equipment	5 - 7
Infrastructure	15

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.

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 of 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. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$846,799 difference are as follows:

Capital outlay	\$ 2,568,906
Sale of capital assets	(27,929)
Depreciation expense	<u>(1,694,178)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 846,799</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(274,203) difference are as follows:

Principle repayments:	
General obligation debt	\$ 255,000
OPEB liability	(124,756)
Net pension liability	<u>(404,447)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(274,203)</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$41,882) difference are as follows:

Compensated absences	\$(37,191)
Interest payable	<u>(4,691)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(41,882)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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 December 31, 2017. Individual amendments were not material in relation to the original appropriations which were amended.

Deficit Fund Equity

At December 31, 2017, the Check Collection and Processing Fund, District Attorney Supplemental Fund, Tax Assessment and Collections Services Fund, and Jasper County Airport Fund each have a deficit fund balance of \$653, \$428, \$5,489, and \$12,271, respectively. The deficits will be eliminated as resources are obtained (e.g., transfers in or revenues).

4. 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, 2017, all of the County’s 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>
Receivables:			
Taxes	\$ 2,905,159	\$ 1,401,923	\$ 259,513
Accounts	175,879	2,164,812	35,103
Grants	<u>225,627</u>	<u>3,067</u>	<u>8,438</u>
Gross receivables	3,306,665	3,569,802	303,054
Less: allowance for uncollectibles	<u>(1,130,492)</u>	<u>(722,761)</u>	<u>(100,868)</u>
Net Total			
Receivables	<u>\$ 2,176,173</u>	<u>\$ 2,847,041</u>	<u>\$ 202,186</u>

Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 862,849	\$ -	\$ -	\$ 862,849
CIP	4,114,229	281,337	4,395,566	-
Total assets not being depreciated	<u>4,977,078</u>	<u>281,337</u>	<u>4,395,566</u>	<u>862,849</u>
Capital assets, being depreciated:				
Buildings	15,211,045	5,456,606	-	20,667,651
Equipment	6,500,543	716,746	74,946	7,142,343
Infrastructure	31,798,259	1,505,449	-	33,303,708
Total capital assets, being depreciated	<u>53,509,847</u>	<u>7,678,801</u>	<u>74,946</u>	<u>61,113,702</u>
Less accumulated depreciation:				
Buildings	3,674,013	454,156	-	4,128,169
Equipment	5,508,626	445,993	47,017	5,907,602
Infrastructure	11,594,144	794,029	-	12,388,173
Total accumulated depreciation	<u>20,776,783</u>	<u>1,694,178</u>	<u>47,017</u>	<u>22,423,944</u>
Total capital assets being depreciated, net	<u>32,733,064</u>	<u>5,984,623</u>	<u>27,929</u>	<u>38,689,758</u>
Governmental activities capital assets, net	<u>\$ 37,710,142</u>	<u>\$ 6,265,960</u>	<u>\$ 4,423,495</u>	<u>\$ 39,552,607</u>

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

Governmental activities:	
General government	\$ 187,217
Public safety	525,564
Road and bridge	973,497
Public facility	7,900
	<u>\$ 1,694,178</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2017, is as follows:

Due to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 143,058
General	Road and bridge	1,123,055
Road and Bridge	General	10,803
Nonmajor Governmental	General	<u>13,585</u>
Total		<u>\$ 1,290,501</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.

Interfund transfers:

	<u>Transfers In</u>		
	<u>Road & Bridge Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer Out:			
General	\$ <u>224,302</u>	\$ <u>12,216</u>	\$ <u>236,518</u>
Total	\$ <u>224,302</u>	\$ <u>12,216</u>	\$ <u>236,518</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

Certificates of Obligation and Refunding Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$3,500,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. The County’s certificates of obligation bonds were completely paid off in FY 2017.

The bond obligation contains certain financial limitations and restrictions. The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (general debt service fund). The ordinances require the County to ascertain a rate and amount of tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The County is in compliance with all such significant financial restrictions.

Changes in Long-term Liabilities

Long-term liability activity (shown in thousands of dollars) for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities					
Certificates of obligation	\$ 255,000	\$ -	\$ 255,000	\$ -	\$ -
Compensated absences	312,262	375,491	412,682	275,071	55,014
OPEB liability	525,400	181,922	57,166	650,156	-
Net pension liability	<u>7,617,348</u>	<u>1,200,989</u>	<u>1,321,709</u>	<u>7,496,628</u>	<u>-</u>
Governmental activities long-term liability	<u>\$ 8,710,010</u>	<u>\$ 1,758,402</u>	<u>\$ 2,046,557</u>	<u>\$ 8,421,855</u>	<u>\$ 55,014</u>

Also, for the governmental activities, compensated absences, net pension liability, and OPEB liability 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 comprehensive annual financial report (CAFR) 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 a temporary position 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 20 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 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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	69
Active employees	<u>176</u>
	<u><u>377</u></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 11.61% and 14.44% in calendar years 2016 and 2017, respectively. The County’s contributions to TCDRS for the year ended December 31, 2017, were \$1,392,769 and were equal to the required contributions.

Net Pension Liability. The County’s Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

The County has no automatic cost-of-living adjustments (“COLA”) and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

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

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a twoyear set-forward for females.

The actuarial assumptions that determined the total pension liability as of December 31, 2016, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except for mortality assumptions. Mortality assumptions were updated for the 2016 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.0%. 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 inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2017 information for a 7 to 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 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets 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	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

⁽¹⁾ Target asset allocation adopted at the April 2017 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2017 c

⁽³⁾ Includes vintage years 2006-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 8.1%. 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 12/31/2015	\$ 35,352,847	\$ 27,735,499	\$ 7,617,348
Changes for the year:			
Service cost	1,119,518	-	1,119,518
Interest on total pension liability ⁽¹⁾	2,825,979	-	2,825,979
Effect of economic/demographic gains or losses	(242,011)	-	(242,011)
Refund of contributions	(125,621)	(125,621)	-
Benefit payments	(1,940,774)	(1,940,774)	-
Administrative expenses	-	(22,292)	22,292
Member contributions	-	517,159	(517,159)
Net investment income	-	2,049,732	(2,049,732)
Employer contributions	-	1,321,720	(1,321,720)
Other ⁽³⁾	-	(42,113)	42,113
Balance at 12/31/2016	<u>\$ 36,989,938</u>	<u>\$ 29,493,310</u>	<u>\$ 7,496,628</u>

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

⁽²⁾ Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2016.

⁽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 8.1%, 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 (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.1%	8.1%	9.1%
Total pension liability	\$ 41,370,284	\$ 36,989,938	\$ 33,309,607
Fiduciary net position	<u>29,493,310</u>	<u>29,493,310</u>	<u>29,493,310</u>
Net pension liability/(asset)	<u>\$ 11,876,974</u>	<u>\$ 7,496,628</u>	<u>\$ 3,816,297</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, 2017, the County recognized pension expense of \$1,776,591.

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$ 372,051	\$ 51,672
Changes in actuarial assumptions	-	233,617
Difference between projected and actual investment earnings	-	1,585,788
Contributions subsequent to the measurement date	<u>-</u>	<u>1,392,769</u>
Total	<u>\$ 372,051</u>	<u>\$ 3,263,846</u>

\$1,392,769 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended Year Ended December 31,</u>	
2017	\$ 518,841
2018	518,841
2019	424,294
2020	37,050

Postemployment Health Care Plan

Plan Description and Funding Policy

Permanent fulltime 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. Retiree can also elect to continue coverage for eligible spouse, but must pay for the coverage cost of the spouse. Surviving spouse 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.

Jasper County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 4.5 percent of annual covered payroll.

Postemployment Benefits Other than Pension Benefits

Annual OPEB Cost

The County's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County had its first OPEB actuarial valuation performed for the fiscal year beginning January 1, 2008, as required by GASB. The annual OPEB cost for the fiscal year ended December 31, 2017, is as follows:

Annual required contribution	\$	196,873
Interest on net OPEB obligation		21,016
Adjustment to annual required contribution	(<u>35,967</u>)
Annual OPEB cost (expense)		181,922
Contributions made	(<u>57,166</u>)
Increase in net OPEB obligation		124,756
Net OPEB obligation, beginning of year		<u>525,400</u>
Net OPEB obligation, end of year	\$	<u><u>650,156</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending December 31, 2017, and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
December 31, 2015	\$ 144,893	\$ 79,159	54.6%	\$ 416,422
December 31, 2016	179,290	70,312	39.2%	525,400
December 31, 2017	181,922	57,166	31.4%	650,156

Funding Status and Funding Progress

The funded status of the County's retiree health care plan, under GASB Statement No. 45 as of December 31, 2016, is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
2015	\$ -	\$ 1,170,721	\$ 1,170,721	0%

Under the reporting parameters, the County's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,170,721 at December 31, 2016.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

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. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	2.50% per annum
Investment rate of return	4.00%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	16-year open amortization
Salary growth	3.00% per annum
Health care cost trend rate	Initial rate of 7.50% declining to an ultimate rate of 4.75% after 13 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are estimates made about the future. The required Schedule of Funding Progress presented as required supplementary information provides multiyear trend information that shows the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Prior Period Adjustment

Adjustments to capital assets resulted in an increase in the beginning net position for governmental activities in the amount of \$995,666.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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JASPER COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

Plan Year Ended December 31	<u>2014</u>	<u>2015</u>	<u>2016</u>
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>(18,313,388)</u>	<u>(1,979,863)</u>	<u>(2,066,395)</u>
Net change in total pension liability	1,820,800	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>\$ 33,741,453</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>\$ 5,904,577</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%

JASPER COUNTY, TEXAS

SCHEDULE OF EMPLOYER 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
2008	\$ 850,697	\$ 850,697	\$ -	\$ 5,199,861	16.4%
2009	875,047	875,047	-	5,616,474	15.6%
2010	889,501	889,501	-	5,658,402	15.7%
2011	888,820	888,820	-	5,905,793	15.0%
2012	954,884	954,884	-	6,039,800	15.8%
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	1,392,769	1,392,769	-	7,772,147	17.9%

JASPER COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

Valuation Timing	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
Remaining Amortization Period	13.4 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of 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	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Other Information	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

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**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.

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.

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.

CDA County Forfeiture

Sheriff's Forfeiture

Federal Forfeiture

Preservation Fees – County Clerk

Check Collection and Processing

Law Library

Historical Commission

District Court Jury

County Records Management

District Attorney Supplemental

Title IV-E

CDA LEOSE Training

Constable LEOSE Training

Justice Court Technology

County Clerk Archive Fees

District Clerk Preservation Fees

Courthouse Security for JP Offices

Jasper County Development District

DARE

Jasper / Newton / Sabine LEPC Grant

Family Protection Fee

Appellate Judicial System

Alternative Dispute Resolution

Indigent Health

Supplemental Court Initiated Guardianship

Sheriff's Office LEOSE Training

Hurricane Ike Category E PW-2417

Hurricane Ike PA Pilot Program Disaster Recovery Funds

Evaldale WSC Water Improvements TX CDBG 7215251

Tax Assessment and Collections Services

County and District Court Technology

County Child Abuse Protection

Court Records Preservation Fee

District Court Records Archive Fee

Pre-Trial Intervention Program

Probate Additional Special Fee

Hurricane Ike Disaster Recovery Funds DRS 220078

County Juvenile Delinquency Prevention

County Clerk Vital Statistics Records Fee

Wingate Blvd. Road Improvements Projects

Jasper County Airport

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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, 2017

	Special Revenue			
	CDA County Forfeiture	Sheriff's Forfeiture	Federal Forfeiture	Preservation Fees County Clerk
ASSETS				
Cash and cash equivalents	\$ 13,497	\$ 18,485	\$ 23,688	\$ 25,810
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	364
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>13,497</u>	<u>18,485</u>	<u>23,688</u>	<u>26,174</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	27
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Property taxes received in advance of fiscal year levy	-	-	-	-
Unavailable revenue - court fines and fees	-	-	-	364
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>364</u>
FUND BALANCES				
Restricted for:				
Records management and preservation	-	-	-	25,783
Court technology and security	-	-	-	-
Jury services	-	-	-	-
Court system	-	-	-	-
Law library	-	-	-	-
Forfeitures	13,497	18,485	23,688	-
Foster care	-	-	-	-
Law enforcement	-	-	-	-
Historical commission	-	-	-	-
Indigent welfare	-	-	-	-
Debt service	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>13,497</u>	<u>18,485</u>	<u>23,688</u>	<u>25,783</u>
Total liabilities, deferred outflows of resources and fund balances	<u>\$ 13,497</u>	<u>\$ 18,485</u>	<u>\$ 23,688</u>	<u>\$ 26,174</u>

Special Revenue

Check Collection and Processing	Law Library	Historical Commission	District Court Jury	County Records Management	District Attorney Supplemental
\$ -	\$ 224,804	\$ 3,552	\$ 19,455	\$ 184,234	\$ -
-	-	-	-	-	-
-	-	-	-	22,147	-
-	-	-	-	-	-
-	-	-	2,584	-	-
<u>-</u>	<u>224,804</u>	<u>3,552</u>	<u>22,039</u>	<u>206,381</u>	<u>-</u>
-	3,718	-	-	105	-
-	-	-	-	-	-
653	18	-	-	-	428
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>653</u>	<u>3,736</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>428</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	22,147	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,147</u>	<u>-</u>
-	-	-	-	184,129	-
-	-	-	-	-	-
-	-	-	22,039	-	-
-	221,068	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,552	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(653)	-	-	-	-	(428)
<u>(653)</u>	<u>221,068</u>	<u>3,552</u>	<u>22,039</u>	<u>184,129</u>	<u>(428)</u>
\$ <u>-</u>	\$ <u>224,804</u>	\$ <u>3,552</u>	\$ <u>22,039</u>	\$ <u>206,381</u>	\$ <u>-</u>

JASPER COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
DECEMBER 31, 2017

	Special Revenue			
	Title IV-E	CDA Leose Training	Constable LEOSE Training	Justice Court Technology
ASSETS				
Cash and cash equivalents	475,774	\$ 6,702	\$ 10,077	\$ 92,047
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	929
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>475,774</u>	<u>6,702</u>	<u>10,077</u>	<u>92,976</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	-	122	304
Other liabilities	-	-	-	-
Due to other funds	32	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>32</u>	<u>-</u>	<u>122</u>	<u>304</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Property taxes received in advance of fiscal year levy	-	-	-	-
Unavailable revenue - court fines and fees	-	-	-	929
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>929</u>
FUND BALANCES				
Restricted for:				
Records management and preservation	-	-	-	-
Court technology and security	-	-	-	91,743
Jury services	-	-	-	-
Court system	-	-	-	-
Law library	-	-	-	-
Forfeitures	-	-	-	-
Foster care	475,742	-	-	-
Law enforcement	-	6,702	9,955	-
Historical commission	-	-	-	-
Indigent welfare	-	-	-	-
Debt service	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>475,742</u>	<u>6,702</u>	<u>9,955</u>	<u>91,743</u>
Total liabilities, deferred outflows of resources and fund balances	<u>\$ 475,774</u>	<u>\$ 6,702</u>	<u>\$ 10,077</u>	<u>\$ 92,976</u>

Special Revenue

County Clerk Archive Fees	District Clerk Preservation Fees	Courthouse Security for JP Offices	Jasper County Development District	DARE	Jasper/ Newton/ Sabine LEPC Grant	Family Protection Fee
\$ 548,114	\$ 15,863	\$ 52,871	\$ 5,399	31,262	36,355	\$ 40,014
-	-	-	-	-	-	-
-	2,407	166	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>548,114</u>	<u>18,270</u>	<u>53,037</u>	<u>5,399</u>	<u>31,262</u>	<u>36,355</u>	<u>40,014</u>
-	-	-	-	631	-	-
-	-	-	5,399	-	-	-
-	13	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>13</u>	<u>-</u>	<u>5,399</u>	<u>631</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,407	129	-	-	-	-
<u>-</u>	<u>2,407</u>	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
548,114	15,850	-	-	-	-	-
-	-	52,908	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
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-	-	-	-			

JASPER COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
DECEMBER 31, 2017

	Special Revenue			
	Appellate Judicial System	Alternative Dispute Resolution	Indigent Health	Supplemental Court Initiated Guardianship
ASSETS				
Cash and cash equivalents	\$ 1,247	\$ 14,611	\$ 177,443	\$ 25,484
Taxes receivable	-	-	107,860	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	143,058	-
Due from other governments	-	-	-	-
Total assets	<u>1,247</u>	<u>14,611</u>	<u>428,361</u>	<u>25,484</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	-	107,111	-
Other liabilities	1,192	-	2,027	-
Due to other funds	-	-	74	-
Unearned revenue	-	-	-	-
Total liabilities	<u>1,192</u>	<u>-</u>	<u>109,212</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	107,860	-
Property taxes received in advance of fiscal year levy	-	-	143,058	-
Unavailable revenue - court fines and fees	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>250,918</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Records management and preservation	-	-	-	-
Court technology and security	-	-	-	-
Jury services	-	-	-	-
Court system	55	14,611	-	25,484
Law library	-	-	-	-
Forfeitures	-	-	-	-
Foster care	-	-	-	-
Law enforcement	-	-	-	-
Historical commission	-	-	-	-
Indigent welfare	-	-	68,231	-
Debt service	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>55</u>	<u>14,611</u>	<u>68,231</u>	<u>25,484</u>
Total liabilities, deferred outflows of resources and fund balances	<u>\$ 1,247</u>	<u>\$ 14,611</u>	<u>\$ 428,361</u>	<u>\$ 25,484</u>

JASPER COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
(Continued)
DECEMBER 31, 2017

	Special Revenue			
	County Child Abuse Protection	Court Records Preservation Fee	District Court Records Archive Fee	Pre-trial Intervention Program
ASSETS				
Cash and cash equivalents	\$ 2,475	\$ 19,806	\$ 23,756	\$ 107,124
Taxes receivable	-	-	-	-
Accounts receivable	2,104	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>4,579</u>	<u>19,806</u>	<u>23,756</u>	<u>107,124</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	3	4	1
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>3</u>	<u>4</u>	<u>1</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Property taxes received in advance of fiscal year levy	-	-	-	-
Unavailable revenue - court fines and fees	2,104	-	-	-
Total deferred inflows of resources	<u>2,104</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Records management and preservation	-	19,803	23,752	-
Court technology and security	-	-	-	-
Jury services	-	-	-	-
Court system	-	-	-	-
Law library	-	-	-	-
Forfeitures	-	-	-	-
Foster care	-	-	-	-
Law enforcement	2,475	-	-	107,123
Historical commission	-	-	-	-
Indigent welfare	-	-	-	-
Debt service	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>2,475</u>	<u>19,803</u>	<u>23,752</u>	<u>107,123</u>
Total liabilities, deferred outflows of resources and fund balances	<u>\$ 4,579</u>	<u>\$ 19,806</u>	<u>\$ 23,756</u>	<u>\$ 107,124</u>

Special Revenue						Debt Service	
Probate Additional Special Fee	Hurricane Ike Disaster Recovery Funds DRS 220078	County Juvenile Delinquency Prevention	County Clerk Vital Statistics Records Fee	Wingate Blvd. Road Improvements Project	Jasper County Airport	Debt Service	Totals
\$ 3,487	\$ 404,177	\$ 10	\$ 11,370	\$ 32	\$ -	\$ 68,900	\$ 2,853,170
-	-	-	-	-	-	54,098	161,958
-	-	-	-	-	-	-	31,790
-	-	-	-	-	-	-	143,058
-	-	-	-	-	-	-	8,438
<u>3,487</u>	<u>404,177</u>	<u>10</u>	<u>11,370</u>	<u>32</u>	<u>-</u>	<u>122,998</u>	<u>3,198,414</u>
-	-	-	-	-	-	-	122,701
-	-	-	-	-	-	-	10,634
-	-	-	-	-	12,271	-	13,585
-	-	-	-	-	-	-	156,177
-	-	-	-	-	12,271	-	303,097
-	-	-	-	-	-	54,098	161,958
-	-	-	-	-	-	-	143,058
-	-	-	-	-	-	-	31,753
-	-	-	-	-	-	54,098	336,769
-	-	-	11,370	-	-	-	828,801
3,487	-	-	-	32	-	-	148,660
-	-	-	-	-	-	-	22,039
-	-	-	-	-	-	-	40,150
-	-	-	-	-	-	-	221,068
-	-	-	-	-	-	-	55,670
-	-	-	-	-	-	-	475,742
-	-	10	-	-	-	-	173,413
-	-	-	-	-	-	-	3,552
-	-	-	-	-	-	-	68,231
-	-	-	-	-	-	68,900	68,900
-	404,177	-	-	-	-	-	404,177
-	-	-	-	-	-	-	30,631
-	-	-	-	-	-	-	36,355
-	-	-	-	-	(12,271)	-	(18,841)
<u>3,487</u>	<u>404,177</u>	<u>10</u>	<u>11,370</u>	<u>32</u>	<u>(12,271)</u>	<u>68,900</u>	<u>2,558,548</u>
\$ <u>3,487</u>	\$ <u>404,177</u>	\$ <u>10</u>	\$ <u>11,370</u>	\$ <u>32</u>	\$ <u>-</u>	\$ <u>122,998</u>	\$ <u>3,198,414</u>

JASPER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue			
	CDA County Forfeiture	Sheriff's Forfeiture	Federal Forfeiture	Preservation Fees County Clerk
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	66,674
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Interest	20	27	36	82
Other	-	-	-	-
Total revenues	20	27	36	66,756
EXPENDITURES				
General government	-	-	-	61,436
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	226	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	226	-	61,436
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20	(199)	36	5,320
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,466	-
Total other financing sources (uses)	-	-	1,466	-
NET CHANGE IN FUND BALANCES	20	(199)	1,502	5,320
FUND BALANCES, BEGINNING	13,477	18,684	22,186	20,463
FUND BALANCES, ENDING	\$ 13,497	\$ 18,485	\$ 23,688	\$ 25,783

Special Revenue

Check Collection and Processing	Law Library	Historical Commission	District Court Jury	County Records Management	District Attorney Supplemental
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
440	23,303	-	-	10,960	-
-	-	-	-	-	-
-	-	-	10,166	-	27,500
-	964	16	94	767	10
-	-	969	-	-	-
<u>440</u>	<u>24,267</u>	<u>985</u>	<u>10,260</u>	<u>11,727</u>	<u>27,510</u>
-	-	-	-	1,759	-
-	-	-	18,841	-	-
3,082	39,942	-	-	-	26,336
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,570	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,082</u>	<u>39,942</u>	<u>1,570</u>	<u>18,841</u>	<u>1,759</u>	<u>26,336</u>
(2,642)	(15,675)	(585)	(8,581)	9,968	1,174
-	-	750	-	-	-
-	-	750	-	-	-
(2,642)	(15,675)	165	(8,581)	9,968	1,174
<u>1,989</u>	<u>236,743</u>	<u>3,387</u>	<u>30,620</u>	<u>174,161</u>	<u>(1,602)</u>
<u>\$(653)</u>	<u>\$ 221,068</u>	<u>\$ 3,552</u>	<u>\$ 22,039</u>	<u>\$ 184,129</u>	<u>\$(428)</u>

JASPER COUNTY, TEXAS

FINANCIAL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue			
	Title IV-E	CDA LEOSE Training	Constable LEOSE Training	Justice Court Technology
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental	23,033	683	3,415	-
Interest	1,489	28	-	390
Other	-	-	-	21,903
Total revenues	<u>24,522</u>	<u>711</u>	<u>3,415</u>	<u>22,293</u>
EXPENDITURES				
General government	-	-	-	21,381
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	26,128	-	2,605	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>26,128</u>	<u>-</u>	<u>2,605</u>	<u>21,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,606)</u>	<u>711</u>	<u>810</u>	<u>912</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,606)</u>	<u>711</u>	<u>810</u>	<u>912</u>
FUND BALANCES, BEGINNING	<u>477,348</u>	<u>5,991</u>	<u>9,145</u>	<u>90,831</u>
FUND BALANCES, ENDING	<u>\$ 475,742</u>	<u>\$ 6,702</u>	<u>\$ 9,955</u>	<u>\$ 91,743</u>

Special Revenue

County Clerk Archive Fees	District Clerk Preservation Fees	Courthouse Security for JP Offices	Jasper County Development District	DARE	Jasper/Newton/Sabine LEPC Grant	Family Protection Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66,330	4,351	5,415	-	-	-	2,130
-	-	-	-	-	-	-
-	-	-	-	-	84,298	-
2,214	74	215	-	-	-	166
-	-	-	-	35,455	-	-
<u>68,544</u>	<u>4,425</u>	<u>5,630</u>	<u>-</u>	<u>35,455</u>	<u>84,298</u>	<u>2,296</u>
-	4,498	140	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	741	-	4,824	-	-
-	-	-	-	-	-	-
-	-	-	-	-	47,943	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>4,498</u>	<u>881</u>	<u>-</u>	<u>4,824</u>	<u>47,943</u>	<u>-</u>
<u>68,544</u>	<u>(73)</u>	<u>4,749</u>	<u>-</u>	<u>30,631</u>	<u>36,355</u>	<u>2,296</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
68,544	(73)	4,749	-	30,631	36,355	2,296
<u>479,570</u>	<u>15,923</u>	<u>48,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,718</u>
<u>\$ 548,114</u>	<u>\$ 15,850</u>	<u>\$ 52,908</u>	<u>\$ -</u>	<u>\$ 30,631</u>	<u>\$ 36,355</u>	<u>\$ 40,014</u>

JASPER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue			
	Appellate Judicial System	Alternative Dispute Resolution	Indigent Health	Supplemental Court Initiated Guardianship
REVENUES				
Taxes	\$ -	\$ -	\$ 531,517	\$ -
Licenses and fees	-	3,540	-	-
Fines and forfeitures	-	7,361	-	2,840
Intergovernmental	-	-	891	-
Interest	1	43	1,527	103
Other	-	-	1,091	-
Total revenues	<u>1</u>	<u>10,944</u>	<u>535,026</u>	<u>2,943</u>
EXPENDITURES				
General government	-	-	160	-
Judicial	-	-	-	350
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	657,035	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>657,195</u>	<u>350</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1</u>	<u>10,944</u>	<u>(122,169)</u>	<u>2,593</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1	10,944	(122,169)	2,593
FUND BALANCES, BEGINNING	<u>54</u>	<u>3,667</u>	<u>190,400</u>	<u>22,891</u>
FUND BALANCES, ENDING	<u>\$ 55</u>	<u>\$ 14,611</u>	<u>\$ 68,231</u>	<u>\$ 25,484</u>

Special Revenue

Sheriff's Office LEOSE Training	Hurricane Ike Category E PW-2417	Hurricane Ike PA Pilot Program Disaster Recovery Funds	Evadale WSC Water Improvements TX CDBG 7215251	Tax Assessment and Collections Services	County and District Court Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	983
-	-	-	-	-	-
2,979	-	-	248,190	57,336	-
40	-	-	-	193	10
-	-	-	-	62,554	-
<u>3,019</u>	<u>-</u>	<u>-</u>	<u>248,190</u>	<u>120,083</u>	<u>993</u>
-	-	-	-	135,865	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	248,190	-	-
2,449	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	6,567
<u>2,449</u>	<u>-</u>	<u>-</u>	<u>248,190</u>	<u>135,865</u>	<u>6,567</u>
<u>570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,782)</u>	<u>(5,574)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
<u>570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,782)</u>	<u>(5,574)</u>
<u>6,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293</u>	<u>6,064</u>
<u>\$ 7,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(5,489)</u>	<u>\$ 490</u>

JASPER COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue			
	County Child Abuse Protection	Court Records Preservation Fee	District Court Records Archive Fee	Pre-trial Intervention Program
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	429	8,303	8,062	11,500
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Interest	9	77	95	448
Other	-	-	-	-
Total revenues	<u>438</u>	<u>8,380</u>	<u>8,157</u>	<u>11,948</u>
EXPENDITURES				
General government	-	4,493	4,658	-
Judicial	-	-	-	-
Legal	-	-	-	3,772
Public facilities	-	-	-	-
Public safety	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>4,493</u>	<u>4,658</u>	<u>3,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>438</u>	<u>3,887</u>	<u>3,499</u>	<u>8,176</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	438	3,887	3,499	8,176
FUND BALANCES, BEGINNING	<u>2,037</u>	<u>15,916</u>	<u>20,253</u>	<u>98,947</u>
FUND BALANCES, ENDING	<u>\$ 2,475</u>	<u>\$ 19,803</u>	<u>\$ 23,752</u>	<u>\$ 107,123</u>

Special Revenue						Debt Service	
Probate Additional Special Fee	Hurricane Ike Disaster Recovery Funds DRS 220078	County Juvenile Delinquency Prevention	County Clerk Vital Statistics Records Fee	Wingate Blvd. Road Improvements Project	Jasper County Airport	Debt Service Funds	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,174	\$ 736,691
635	-	-	2,657	-	-	-	215,712
-	-	-	-	-	-	-	10,201
-	685,515	-	-	-	-	-	1,144,006
14	-	-	43	-	-	567	9,762
-	-	-	-	-	-	-	121,972
<u>649</u>	<u>685,515</u>	<u>-</u>	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>205,741</u>	<u>2,238,344</u>
-	-	-	-	-	-	-	234,390
-	-	-	-	-	-	-	19,191
-	-	-	-	-	-	-	73,132
-	-	-	-	-	-	-	248,190
-	-	-	-	-	-	803	37,776
-	-	-	-	-	-	-	1,570
-	-	-	-	-	-	-	704,978
-	-	-	-	-	-	255,000	255,000
-	-	-	-	-	-	12,658	12,658
-	281,338	-	-	-	-	-	287,905
-	281,338	-	-	-	-	268,461	1,874,790
<u>649</u>	<u>404,177</u>	<u>-</u>	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>(62,720)</u>	<u>363,554</u>
-	-	-	-	-	-	-	12,216
-	-	-	-	-	-	-	12,216
649	404,177	-	2,700	-	-	(62,720)	375,770
<u>2,838</u>	<u>-</u>	<u>10</u>	<u>8,670</u>	<u>32</u>	<u>(12,271)</u>	<u>131,620</u>	<u>2,182,778</u>
<u>\$ 3,487</u>	<u>\$ 404,177</u>	<u>\$ 10</u>	<u>\$ 11,370</u>	<u>\$ 32</u>	<u>\$ (12,271)</u>	<u>\$ 68,900</u>	<u>\$ 2,558,548</u>

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FIDUCIARY FUNDS

Forfeiture Holding

Medical Insurance

State Fee Account

County Clerk

Tax Assessor Collector

District Clerk

1st Judicial District Juvenile Probation

1st Judicial District CSCD Probation

Sheriff

Justice of the Peace 1 Clearing Account

Justice of the Peace 2 Clearing Account

Justice of the Peace 3 Clearing Account

Justice of the Peace 4 Clearing Account

Justice of the Peace 5 Clearing Account

Justice of the Peace 6 Clearing Account

1st Judicial District CSCD Special

National Forest

Criminal District Attorney

JASPER COUNTY, TEXAS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

DECEMBER 31, 2017

	<u>Forfeiture Holding</u>	<u>Medical Insurance</u>	<u>State Fee Account</u>	<u>County Clerk</u>	<u>Tax Assessor Collector</u>
ASSETS					
Cash	\$ <u>157,513</u>	\$ <u>808,164</u>	\$ <u>219,132</u>	\$ <u>246,398</u>	\$ <u>1,018,554</u>
Total assets	\$ <u>157,513</u>	\$ <u>808,164</u>	\$ <u>219,132</u>	\$ <u>246,398</u>	\$ <u>1,018,554</u>
LIABILITIES					
Due to other agencies and individuals	\$ <u>157,513</u>	\$ <u>808,164</u>	\$ <u>219,132</u>	\$ <u>246,398</u>	\$ <u>1,018,554</u>
Total liabilities	\$ <u>157,513</u>	\$ <u>808,164</u>	\$ <u>219,132</u>	\$ <u>246,398</u>	\$ <u>1,018,554</u>

<u>District Clerk</u>	<u>1st Judicial District Juvenile Probation</u>	<u>1st Judicial District CSCD Probation</u>	<u>Sheriff</u>	<u>Justice of the Peace 1 Clearing Account</u>	<u>Justice of the Peace 2 Clearing Account</u>	<u>Justice of the Peace 3 Clearing Account</u>
\$ <u>412,979</u>	\$ <u>254,963</u>	\$ <u>576,335</u>	\$ <u>97,002</u>	\$ <u>117</u>	\$ <u>84</u>	\$ <u>1,392</u>
\$ <u>412,979</u>	\$ <u>254,963</u>	\$ <u>576,335</u>	\$ <u>97,002</u>	\$ <u>117</u>	\$ <u>84</u>	\$ <u>1,392</u>
\$ <u>412,979</u>	\$ <u>254,963</u>	\$ <u>576,335</u>	\$ <u>97,002</u>	\$ <u>117</u>	\$ <u>84</u>	\$ <u>1,392</u>
\$ <u>412,979</u>	\$ <u>254,963</u>	\$ <u>576,335</u>	\$ <u>97,002</u>	\$ <u>117</u>	\$ <u>84</u>	\$ <u>1,392</u>

JASPER COUNTY, TEXAS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
(Continued)
DECEMBER 31, 2017**

	Justice of the Peace 4 Clearing Account	Justice of the Peace 5 Clearing Account	Justice of the Peace 6 Clearing Account	1st Judicial District CSCD Special	National Forest	Criminal District Attorney	Totals
ASSETS							
Cash	\$ <u>467</u>	\$ <u>312</u>	\$ <u>30</u>	\$ <u>140,978</u>	\$ <u>495</u>	\$ <u>156</u>	\$ <u>3,935,071</u>
Total assets	\$ <u>467</u>	\$ <u>312</u>	\$ <u>30</u>	\$ <u>140,978</u>	\$ <u>495</u>	\$ <u>156</u>	\$ <u>3,935,071</u>
LIABILITIES							
Due to other agencies and individuals	\$ <u>467</u>	\$ <u>312</u>	\$ <u>30</u>	\$ <u>140,978</u>	\$ <u>495</u>	\$ <u>156</u>	\$ <u>3,935,071</u>
Total liabilities	\$ <u>467</u>	\$ <u>312</u>	\$ <u>30</u>	\$ <u>140,978</u>	\$ <u>495</u>	\$ <u>156</u>	\$ <u>3,935,071</u>

SINGLE AUDIT SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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
Commissioners’ Court 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, 2017, 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 6, 2018.

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) to determine the 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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 6, 2018



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' 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

We have audited Jasper County, Texas' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Jasper County, Texas' major federal programs for the year ended December 31, 2017. Jasper County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Jasper County, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jasper County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jasper County, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, Jasper County, Texas complied, in all material respects, with the types of 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, 2017.

Report on Internal Control over Compliance

Management of Jasper County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jasper County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for determining auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County, Texas' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

Waco, Texas
September 6, 2018

JASPER COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Pass-thru Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
Passed through the Texas Department of Agriculture				
TxCDBG Disaster Recovery Program	14.228	DRS220078	\$ 685,515	\$ -
TxCDBG Water Improvements Project	14.228	7215251	238,525	-
Total Passed through the Texas Department of Agriculture			<u>924,040</u>	-
Total U. S. Department of Housing and Urban Development			<u>924,040</u>	-
<u>U. S. Department of Justice</u>				
Crime Victim Assistance	16.575	2807702	54,368	-
Total program 16.575			<u>54,368</u>	-
Bulletproof Vest Partnership Program	16.607	N/A	3,467	-
Mental Health Officer	16.738	2709804	48,112	-
Total program 16.738			<u>48,112</u>	-
Total U. S. Department of Justice			<u>105,947</u>	-
<u>Department of Health and Human Services</u>				
Passed through the Texas Department of Family & Protective Services				
Title IV-E Foster Care	93.645	23939002	3,824	-
Passed through the Office of the Attorney General				
Child Support Enforcement	93.563	n/a	33,580	-
Total Department of Health and Human Services			<u>37,404</u>	-
<u>U. S. Department of Homeland Security</u>				
Passed through the Texas Department of Public Safety				
Division of Emergency Management:				
Public Assistance Grant, DR 4266	97.036	FEMA-4266-DR-TX	126,351	-
Public Assistance Grant, DR 4272	97.036	FEMA-4272-DR-TX	233,685	-
Emergency Management Performance Grant	97.042	17TX-EMPG-0429	36,398	-
Total Passed through the Texas Department of Public Safety				
Division of Emergency Management			<u>396,434</u>	-
Passed through the Office of the Governor				
Homeland Security Grant Program	97.067	312001	10,083	-
Total U. S. Department of Homeland Security			<u>406,517</u>	-
Total Federal Awards			<u>\$ 1,473,908</u>	<u>\$ -</u>

JASPER COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2017

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, 2017

Summary of Auditors' Results

Financial Statements:

Type of auditors' 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 auditors' 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:

CFDA Number(s)	Name of Federal Program or Cluster:
#14.228	TxCDBG Disaster Recovery Program

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

Phyleasia Fussell
First Assistant

Melissa Wallace
Jessica White
Miranda Acker
Renee Weaver
Assistants



Melissa Smith
COUNTY AUDITOR
Jasper County, Texas

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2017

None



PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

We have audited the financial statements of Jasper County, Texas (the "County"), as of and for the year ended December 31, 2017, and have issued our report thereon dated September 6, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We assisted in preparing the financial statements and related notes to the financial statements of the County in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not be conducted in accordance with *Government Auditing Services*.

In order to ensure we maintain our independence for performing these nonaudit services, certain safeguards were applied to this engagement. Management assumed responsibility for the financial statements and related notes to the financial statements and any other nonaudit services we provided. Management acknowledged in the management representation letter our assistance with the preparation of the financial statements and related notes to the financial statements and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were supervised by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the annual OPEB cost and net OPEB obligation is based on economic and demographic assumptions related to future claims/premiums paid on behalf of retirees. We evaluated the key factors and assumptions used to develop the annual OPEB cost and net OPEB obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the accumulated depreciation and the related estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in related to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible property taxes and adjudicated fines receivables is based on a percentage of the receivable balance depending on the age of the receivable. We evaluated the key factors and assumptions used to develop the allowance for uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to the TCDRS pension liability. The disclosures in the financial statements are neutral, consistent and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

None of the misstatements identified by us as a result of audit procedures and corrected by management were material, either individual or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated September 6, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

We applied certain limited procedures to the management's discussion and analysis, the Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, and the Schedule of Employer Contributions - Texas County and District Retirement System. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on certain supplementary schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Significant Forthcoming Accounting Standards

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for periods beginning after June 15, 2017. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or “OPEB”). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*.

This new standard relates only to the accounting and reporting of OPEB plans within the GAAP based financial statements of governmental entities. They do not establish requirements as to the actual funding of these benefits. These decisions are left to management and the governing body. This Statement may have a material impact on recorded OPEB liabilities compared to application of current standards. Your processes should be updated to incorporate the new information requirements and gather information now to determine the future impacts on financial reporting.

This report is intended solely for the information and use of the Commissioners Court and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

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

Waco, Texas
September 6, 2018