

City of Jasper, Texas

Annual Financial Report

For the Fiscal Year Ended September 30, 2022

City of Jasper, Texas
 Annual Financial Report
 For the Fiscal Year Ended September 30, 2022
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Introductory Section

City of Jasper, Texas
Principal City Officials
September 30, 2022

Randy Sayers..... Mayor
Anderson M. Land Jr..... Council Member, District 1
Michael P. Daniel Council Member, District 2
DeMarcus J. Holmes Council Member, District 3
David Shultz..... Council Member, District 4
Rashad Lewis..... Mayor Pro-Tem/Council Member, District 5
Denise Kelley City Manager/Director of Budget and Finance
Karen Pumphrey..... City Secretary
Robbie Peek..... Finance Assistant/Co-City Secretary

Financial Section

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Independent Auditor's Report

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas
465 South Main
Jasper, Texas 75951

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of City of Jasper, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas

Supplementary Information

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

The Supplementary Information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 Supplementary Information and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
March 10, 2023

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Management's Discussion and Analysis

As management of the City of Jasper, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the accompanying basic financial statements (which immediately follow this discussion).

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$108,034,864 (net position). Of this amount, \$45,191,968 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position (government-wide) increased by \$23,822,487 from current activities. This is due to an increase in governmental activities of \$3,594,947 and an increase in business-type activities of \$20,227,540.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,973,502, a decrease of \$807,444 in current operations.
- The City's total long-term liabilities decreased by \$3,012,325 during the fiscal year mainly due to the City paying the remaining balance of the certificates of obligation and the net pension liability becoming an asset.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, finance, intergovernmental services, community services, community development, public safety, incentive contributions to Jasper United and interest and fees on debt. The business-type activities of the City include utility fund services. The City includes a discretely presented component unit in its report - Jasper Economic Development Corporation.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are classified as governmental funds or proprietary funds.

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

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

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital projects fund, which are considered to be major funds.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The City charges customers for the services it provides, whether to outside customers or to other departments within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, only in more detail. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses *enterprise* funds to account for its utility fund services. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are noted in the table of contents of this report.

Required and Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. The City also presents the budgetary comparison schedule in the section for required supplementary information.

The financial statements for the Jasper Economic Development Corporation referred to earlier are presented in supplementary information as noted in the table of contents.

Government-Wide Financial Analysis

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jasper, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$108,034,864 at the close of the most recent fiscal year.

City of Jasper, Texas's Combined Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 14,904,634	\$ 14,396,699	\$ 47,791,423	\$ 44,280,602	\$ 62,696,057	\$ 58,677,301
Capital assets	20,637,317	17,365,079	34,845,097	18,262,046	55,482,414	35,627,125
Total assets	35,541,951	31,761,778	82,636,520	62,542,648	118,178,471	94,304,426
Total deferred outflows of resources	399,351	582,900	306,664	447,965	706,015	1,030,865
Long-term liabilities outstanding	2,799,972	4,139,184	1,874,546	2,449,165	4,674,518	6,588,349
Other liabilities	1,219,578	567,820	2,623,626	2,867,727	3,843,204	3,435,547
Total liabilities	4,019,550	4,707,004	4,498,172	5,316,892	8,517,722	10,023,896
Total deferred inflows of resources	1,308,601	619,470	1,023,299	479,548	2,331,900	1,099,018
Net position:						
Net investment in capital assets	20,249,939	16,333,561	34,845,097	18,262,046	55,095,036	34,595,607
Restricted	7,747,860	7,551,422	-	-	7,747,860	7,551,422
Unrestricted	2,615,352	3,133,221	42,576,616	38,932,127	45,191,968	42,065,348
Total net position	\$ 30,613,151	\$ 27,018,204	\$ 77,421,713	\$ 57,194,173	\$ 108,034,864	\$ 84,212,377

The City's total assets of \$118,178,471 are largely comprised of capital assets, net of accumulated depreciation of \$55,482,414, or 47%. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported in the government-wide statements.

Long-term liabilities of \$4,674,518 comprise the largest portion of the City's total liabilities of \$8,517,722 at 55%. Of total long-term liabilities, \$625,756 is due within one year, with the remainder \$4,048,762 being due over a period of time greater than one year. A more in-depth discussion of long-term debt can be found in the notes to financial statements.

A significant portion of the City's net position (51%) reflects its investment in capital assets (e.g., land and improvements, construction in progress, buildings and improvements, improvements other than buildings, utility systems, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they can be used.

The remaining balance of net position (42%) represents unrestricted financial resources available for future operations.

At the end of the current fiscal year, the City is able to report a positive balance in all three total categories of net position.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2022.

City of Jasper, Texas's Change in Net Position. Governmental and business-type activities combined to increase the City's net position by \$23,822,487 from current operations. The elements giving rise to this change may be determined from the table below.

	City of Jasper, Texas's Change in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,001,570	\$ 2,096,954	\$ 22,524,745	\$ 23,645,300	\$ 24,526,315	\$ 25,742,254
Operating grants and contributions	238,534	639,180	408,823	97,075	647,357	736,255
Capital grants and contributions	863,965	99,893	16,916,174	-	17,780,139	99,893
General revenues:						
Taxes	5,794,291	5,620,605	-	-	5,794,291	5,620,605
Proceeds from insurance	2,157	7,194	30,386	424	32,543	7,618
Other revenues	49,721	30,632	-	-	49,721	30,632
Investment earnings	18,901	21,252	66,199	139,167	85,100	160,419
Total revenues	8,969,139	8,515,710	39,946,327	23,881,966	48,915,466	32,397,676
Expenses:						
General government	1,239,728	1,073,162	-	-	1,239,728	1,073,162
Finance	355,111	334,335	-	-	355,111	334,335
Intergovernmental service	496,041	461,990	-	-	496,041	461,990
Community services	2,694,902	2,558,911	-	-	2,694,902	2,558,911
Community development	1,929,601	2,041,634	-	-	1,929,601	2,041,634
Public safety	2,892,904	3,075,358	-	-	2,892,904	3,075,358
Incentive contributions to Jasper United	96,863	70,718	-	-	96,863	70,718
Interest and fees on debt	-	21,849	-	-	-	21,849
Utility fund	-	-	15,387,829	16,572,725	15,387,829	16,572,725
Total expenses	9,705,150	9,637,957	15,387,829	16,572,725	25,092,979	26,210,682
Increase (decrease) in net position before transfers	(736,011)	(1,122,247)	24,558,498	7,309,241	23,822,487	6,186,994
Transfers	4,330,958	4,052,965	(4,330,958)	(4,052,965)	-	-
Change in net position	3,594,947	2,930,718	20,227,540	3,256,276	23,822,487	6,186,994
Net position - beginning	27,018,204	24,087,486	57,194,173	53,937,897	84,212,377	78,025,383
Net position - ending	\$ 30,613,151	\$ 27,018,204	\$ 77,421,713	\$ 57,194,173	\$ 108,034,864	\$ 84,212,377

Governmental Activities. The City's total revenues were \$8,969,139 from all governmental activities. A significant portion, \$5,794,291 or 65%, of the City's revenue comes from taxes. Charges for services revenue accounts for \$2,001,570, or 22%, of total revenue for governmental activities. Grants and contributions (operating and capital) revenue accounts for \$1,102,499, or 12% of total revenue for governmental activities. The remaining 1 percent is generated from proceeds from insurance, other revenues, and investment earnings.

The total cost of all governmental programs and services was \$9,705,150. The public safety function accounted for \$2,892,904, or 30% of this total. The community services function accounted for \$2,694,902, or 28% of total expenditures. The community development function accounted for \$1,929,601, or 20% of total expenditures. The general government function accounted for \$1,239,728, or 13% of total expenditures. There were no significant changes in expenses in the current year.

Changes in net position increased \$3,594,947 from current operations and transfers in from the business-type activities.

Business-Type Activities. Business-type activities are financed in whole or part by fees charged to external users for goods or services (water and sewer and light and power) which are reported in the enterprise funds. Business-type activities increased the City's net position by \$24,558,498 before transfers. Revenue can be reported as program revenue or general revenue - all revenues are general unless they are required to be reported as program revenues. Program revenues (charges for services) include revenues attributable to a specific program because they result from exchange-like transactions or other events, such as charges to customers. Program revenues also include operating or capital grants and contributions related to a specific program. Charges for service totaling \$22,524,745 are utilized to provide funds for program expenses of \$15,387,829.

The most significant factor affecting net position for business-type activities is an increase in capital grants and contributions which included federal funding and a capital contribution of electrical substations.

Financial Analysis of the City's Funds

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

As the City completed the year, its governmental funds as presented in the balance sheet, reported *combined* ending fund balances of \$9,973,502, which is a decrease of \$807,444 from current operations. The general fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,909,402. As a measure of the general fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 42 percent of total general fund expenditures, while total fund balance represents 52 percent of total general fund expenditures. The fund balance of the City's general fund decreased by \$938,760 during the current year from current operations. Increased spending in purchases of capital outlay was the primary reason for the increase in fund balance.

The debt service fund has a total fund balance of \$3,919,006 all of which is restricted for the payment of debt service. The fund balance of the debt service fund increased by \$148,137 from current operations. The increase in fund balance was primarily the result of the revenues exceeded expenditures, despite the increase in debt service expenditures.

The capital projects fund has a total fund balance of \$34,769. Transfers in from the utility fund was the primary reason the fund balance remained positive despite an increase in capital outlay expenditures, which led to a decrease in fund balance of \$16,821.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements.

General Fund Budgetary Highlights

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's financial plan is controlled at the fund and project level with management authorized to make transfers of budgeted amounts between object class levels within a fund or project, or within restrictions imposed by grantor agencies. City council approves the financial plan for revenues and expenditures in all funds. The financial plan for grants is made on a project (grant) basis, spanning more than one year. Appropriations for all projects lapse at the end of a contract period which may not coincide with the fiscal year end of the City.

Over the course of the year, the City appropriately amended its general fund budget. The most significant adjustments between original and final budget are as follows:

Revenues – Sales taxes increase of \$911,910
 Revenues – Intergovernmental increase of \$966,070
 Expenditures – Debt service increase of \$179,573
 Expenditures – Capital outlay increase of \$3,340,504
 Transfers in – increase of \$885,511

In addition, no significant variances between final budget and actual amounts were noted.

Capital Assets and Long-Term Liabilities

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022 amounts to \$55,482,414 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, improvements other than buildings, utility systems, machinery and equipment, and infrastructure.

City of Jasper, Texas's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land and improvements	\$ 1,217,412	\$ 775,888	\$ 123,132	\$ 123,132	\$ 1,340,544	\$ 899,020
Construction in progress	1,087,019	451,265	2,287,133	154,024	3,374,152	605,289
Buildings and improvements*	1,480,565	1,040,938	155,362	169,888	1,635,927	1,210,826
Improvements other than buildings	5,032,991	5,087,248	-	-	5,032,991	5,087,248
Utility systems	-	-	30,737,056	16,330,798	30,737,056	16,330,798
Machinery and equipment	3,990,946	2,654,264	1,542,414	1,484,204	5,533,360	4,138,468
Infrastructure	7,828,384	7,355,476	-	-	7,828,384	7,355,476
Total	\$ 20,637,317	\$ 17,365,079	\$ 34,845,097	\$ 18,262,046	\$ 55,482,414	\$ 35,627,125

* The balance as of October 1, 2021 has been adjusted to reflect the adaption of GASB 87, Leases

Major capital asset projects during the year included the following:

- Water and sewer system improvements
- Light and power substations
- Street improvements
- Vehicles and heavy equipment
- Street signs

Additional information regarding the City's capital assets can be found in Note 3.E. in the notes to financial statements as indicated in the table of contents.

Construction commitments. At the end of the current fiscal year, the City's commitments with construction contractors for capital expenditures totaled \$983,299.

Long-term Liabilities. At year-end, the City had the following long-term liabilities:

City of Jasper, Texas's Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Certificates of obligation	\$ -	\$ 1,031,518	\$ -	\$ -	\$ -	\$ 1,031,518
Financed purchases*	387,378	-	-	-	387,378	-
Compensated absences	472,366	494,304	382,735	426,313	855,101	920,617
Net pension liability/(asset)	(615,157)	457,855	(483,337)	359,744	(1,098,494)	817,599
OPEB liability	1,940,228	2,155,507	1,491,811	1,663,108	3,432,039	3,818,615
Total	\$ 2,184,815	\$ 4,139,184	\$ 1,391,209	\$ 2,449,165	\$ 3,576,024	\$ 6,588,349

* The balance as of October 1, 2021 has been adjusted to reflect the adaption of GASB 87, Leases

The City's certificates of obligation decreased \$1,031,518 during the current year. The key factor is debt payments.

Additional information on the City's long-term liabilities can be found in Note 3.F. in the notes to financial statements as indicated in the table of contents.

Additional information on the City's net pension liability (asset) can be found in Note 4.A. in the notes to financial statements as indicated in the table of contents.

Additional information on the City's other postemployment benefits can be found in Note 4.B. in the notes to financial statements as indicated in the table of contents.

Discretely Presented Component Unit

The Jasper Economic Development Corporation (JEDCO) is legally separate from the City and is reported as a discretely presented component unit. The City appoints a majority of this organization's governing body and is able to impose its will on JEDCO and the City has a financial benefit/burden with JEDCO. Individual statements for JEDCO are included in supplementary information as noted in the table of contents.

Economic Factors and Next Year's Budget and Rates

- The total tax rate will be \$.2554 per \$100 valuation in fiscal year 2022-2023 (\$.2554 for maintenance and operations).
- The unemployment rate for Jasper County, according to Texas Workforce statistics, is 6.4%, a decrease of 2.6% from last year's rate of 9.0%. The state unemployment rate, as recorded by the Bureau of Labor Statistics is 3.8%.
- The state sales tax receipts for the current fiscal year totaled \$3,897,718, an increase of \$125,072 or 3% from the previous year indicating a stable retail economy.

All of these factors were considered in preparing the City of Jasper's budget for 2022-2023 fiscal year.

The City is estimating revenues of \$8,250,776 and appropriated expenditures of \$8,203,065 in the 2022-2023 fiscal year budget for the General Fund.

Request for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of City of Jasper, Texas' finances. If you have any questions about this report or need any additional financial information, please contact the Finance Department, City of Jasper, Texas, P.O. Box 610, Jasper, Texas 75979 or call 409-384-4651.

Basic Financial Statements

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City of Jasper, Texas
Statement of Net Position
September 30, 2022

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		JEDCO
ASSETS				
Cash and cash equivalents	\$ 8,828,971	\$ 37,643,283	\$ 46,472,254	\$ 2,562,546
Receivables (net):				
Property taxes	244,503	-	244,503	-
Sales, franchise, and other taxes	735,754	-	735,754	221,595
Accounts	160,505	1,749,542	1,910,047	-
Court fines	47,016	-	47,016	-
Intergovernmental	263,991	319,212	583,203	-
Other	39,823	12,685	52,508	-
Due from component unit	279,219	-	279,219	-
Internal balances	(170,086)	170,086	-	-
Inventories	50,841	628,539	679,380	-
Prepaid items	64,520	1,845	66,365	-
Restricted cash:				
Cash - construction	-	6,202,636	6,202,636	-
Cash - hotel/motel tax	443,299	-	443,299	-
Cash - courts	492,572	-	492,572	-
Cash - grants	3,671	-	3,671	-
Cash - meter deposits	-	580,258	580,258	-
Net pension asset	615,157	483,337	1,098,494	-
Equity interest ownership - Jasper United	2,804,878	-	2,804,878	1,202,089
Land held for resale	-	-	-	711,332
Capital assets not being depreciated:				
Land and improvements	1,217,412	123,132	1,340,544	159,823
Construction in progress	1,087,019	2,287,133	3,374,152	-
Capital assets being depreciated:				
Buildings and improvements	3,171,915	606,910	3,778,825	1,209,302
Improvements other than buildings	9,955,387	-	9,955,387	-
Utility system	-	62,169,437	62,169,437	-
Machinery and equipment	14,193,773	6,531,983	20,725,756	-
Infrastructure	19,807,435	-	19,807,435	-
Industrial park	-	-	-	3,202,753
Signs	-	-	-	18,852
Office equipment	-	-	-	55,181
Accumulated depreciation	(28,795,624)	(36,873,498)	(65,669,122)	(1,347,697)
Total assets	35,541,951	82,636,520	118,178,471	7,995,776
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activities	39,593	31,109	70,702	-
Deferred outflow for pension contributions after the measurement date	240,096	188,647	428,743	-
Deferred outflows from OPEB activities	114,274	83,163	197,437	-
Deferred outflows for OPEB contributions after the measurement date	5,388	3,745	9,133	-
Total deferred outflows of resources	399,351	306,664	706,015	-
LIABILITIES				
Accounts payable	985,524	1,434,077	2,419,601	6,894
Escrow liability - seizure funds	51,692	-	51,692	-
Accrued liabilities	79,784	58,936	138,720	3,108
Due to primary government	-	-	-	279,219
Due to Jasper United	99,663	-	99,663	42,713
Unearned revenue	2,915	686,390	689,305	-
Payable from restricted assets:				
Customer meter deposits	-	444,223	444,223	-
Noncurrent liabilities:				
Due within one year	445,756	180,000	625,756	14,963
Due in more than one year	413,988	202,735	616,723	-
OPEB liability - long term	1,940,228	1,491,811	3,432,039	-
Total liabilities	4,019,550	4,498,172	8,517,722	346,897
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activities	1,063,945	835,956	1,899,901	-
Deferred inflows for OPEB	244,656	187,343	431,999	-
Total deferred inflows of resources	1,308,601	1,023,299	2,331,900	-
NET POSITION				
Net investment in capital assets	20,249,939	34,845,097	55,095,036	3,298,214
Restricted for:				
Debt services	4,003,440	-	4,003,440	-
Equity interest ownership - Jasper United	2,804,878	-	2,804,878	1,202,089
Hotel/motel tax	443,299	-	443,299	-
Courts	492,572	-	492,572	-
Grants and contributions	3,671	-	3,671	-
Unrestricted	2,615,352	42,576,616	45,191,968	3,148,576
TOTAL NET POSITION	\$ 30,613,151	\$ 77,421,713	\$ 108,034,864	\$ 7,648,879

The Notes to Financial Statements are an integral part of this statement.

City of Jasper, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 1,239,728	\$ -	\$ -	\$ -
Finance	355,111	-	-	-
Intergovernmental services	496,041	-	-	-
Community services	2,694,902	1,635,095	32,992	-
Community development	1,929,601	97,005	91,077	863,965
Public safety	2,892,904	269,470	114,465	-
Incentive contributions to Jasper United	96,863	-	-	-
Total governmental activities	9,705,150	2,001,570	238,534	863,965
Business-type activities:				
Utility fund	15,387,829	22,524,745	408,823	16,916,174
Total business-type activities	15,387,829	22,524,745	408,823	16,916,174
TOTAL PRIMARY GOVERNMENT	\$ 25,092,979	\$ 24,526,315	\$ 647,357	\$ 17,780,139
COMPONENT UNIT:				
Jasper Economic Development Corp.	\$ 888,479	\$ 42,000	\$ -	\$ -
General revenues:				
Property taxes				
Franchise taxes				
Sales taxes				
Other taxes				
Proceeds from insurance				
Other revenues				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
NET POSITION - ENDING				

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	JEDCO
\$ (1,239,728)	\$ -	\$ (1,239,728)	\$ -
(355,111)	-	(355,111)	-
(496,041)	-	(496,041)	-
(1,026,815)	-	(1,026,815)	-
(877,554)	-	(877,554)	-
(2,508,969)	-	(2,508,969)	-
(96,863)	-	(96,863)	-
(6,601,081)	-	(6,601,081)	-
-	24,461,913	24,461,913	-
-	24,461,913	24,461,913	-
(6,601,081)	24,461,913	17,860,832	-
			(846,479)
1,393,415	-	1,393,415	-
135,257	-	135,257	-
3,897,718	-	3,897,718	1,292,449
367,901	-	367,901	-
2,157	30,386	32,543	-
49,721	-	49,721	4,264
18,901	66,199	85,100	4,286
4,330,958	(4,330,958)	-	-
10,196,028	(4,234,373)	5,961,655	1,300,999
3,594,947	20,227,540	23,822,487	454,520
27,018,204	57,194,173	84,212,377	7,194,359
<u>\$ 30,613,151</u>	<u>\$ 77,421,713</u>	<u>\$ 108,034,864</u>	<u>\$ 7,648,879</u>

City of Jasper, Texas
 Balance Sheet - Governmental Funds
 September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,835,121	\$ 3,917,291	\$ 76,559	\$ 8,828,971
Receivables (net):				
Property taxes	160,069	84,434	-	244,503
Sales, franchise, and other taxes	733,271	2,483	-	735,754
Accounts	160,505	-	-	160,505
Court fines	47,016	-	-	47,016
Intergovernmental	263,991	-	-	263,991
Other	39,823	-	-	39,823
Due from component unit	279,219	-	-	279,219
Inventories	50,841	-	-	50,841
Prepaid items	64,520	-	-	64,520
Restricted cash:				
Cash - hotel/motel tax	443,299	-	-	443,299
Cash - courts	492,572	-	-	492,572
Cash - grants	3,671	-	-	3,671
Total assets	<u>7,573,918</u>	<u>4,004,208</u>	<u>76,559</u>	<u>11,654,685</u>
TOTAL ASSETS	<u>\$ 7,573,918</u>	<u>\$ 4,004,208</u>	<u>\$ 76,559</u>	<u>\$ 11,654,685</u>
LIABILITIES				
Accounts payable	\$ 943,734	\$ -	\$ 41,790	\$ 985,524
Escrow liability - seizure funds	51,692	-	-	51,692
Accrued liabilities	79,784	-	-	79,784
Due to other funds	169,318	768	-	170,086
Due to Jasper United	99,663	-	-	99,663
Unearned revenue	2,915	-	-	2,915
Total liabilities	1,347,106	768	41,790	1,389,664
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	160,069	84,434	-	244,503
Unavailable revenue - court fines	47,016	-	-	47,016
Total deferred inflows of resources	207,085	84,434	-	291,519
FUND BALANCES				
Nonspendable inventories	50,841	-	-	50,841
Nonspendable prepaid items	64,520	-	-	64,520
Restricted - debt	-	3,919,006	-	3,919,006
Restricted - hotel/motel tax	443,299	-	-	443,299
Restricted - courts	492,572	-	-	492,572
Restricted - grants and contributions	3,671	-	-	3,671
Assigned - construction	13,511	-	-	13,511
Assigned - purchases on order	41,911	-	34,769	76,680
Unassigned	4,909,402	-	-	4,909,402
Total fund balances	<u>6,019,727</u>	<u>3,919,006</u>	<u>34,769</u>	<u>9,973,502</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,573,918</u>	<u>\$ 4,004,208</u>	<u>\$ 76,559</u>	<u>\$ 11,654,685</u>

The Notes to Financial Statements are an integral part of this statement.

City of Jasper, Texas

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 9,973,502

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. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 49,432,941	
Accumulated depreciation/amortization of governmental capital assets	<u>(28,795,624)</u>	20,637,317

Property taxes receivable, which will be collected subsequent to year-end, are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 244,503

Court fines receivable, which will be collected subsequent to year-end, are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 47,016

Investment in joint venture is not considered to represent a financial resource and, therefore is not reported in the funds. 2,804,878

The net pension asset is not an available resource and, therefore, is not reported in the funds. 615,157

Long-term liabilities, including compensated absences, financed purchases, and OPEB, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Liabilities at year end related to such items consist of:

Compensated absences	\$ (472,366)	
Financed purchases	(387,378)	
OPEB liability	<u>(1,940,228)</u>	(2,799,972)

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. 279,689

Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (1,063,945)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then. 119,662

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (244,656)

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 30,613,151**

City of Jasper, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 983,816	\$ 398,178	\$ -	\$ 1,381,994
Franchise taxes	135,257	-	-	135,257
Sales taxes	3,151,910	745,808	-	3,897,718
Other taxes	367,901	-	-	367,901
Licenses and permits	76,099	-	-	76,099
Intergovernmental	971,145	-	-	971,145
Other grants and contributions	135,714	-	-	135,714
Charges for services	1,628,788	-	-	1,628,788
Fines and forfeitures	271,030	-	-	271,030
Rents and royalties	20,906	-	-	20,906
Investment earnings	6,860	11,976	65	18,901
Other revenues	49,721	-	-	49,721
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	7,799,147	1,155,962	65	8,955,174
EXPENDITURES				
Current:				
General government	1,036,493	-	-	1,036,493
Finance	357,328	-	-	357,328
Intergovernmental services	472,528	-	-	472,528
Community services	2,311,348	-	-	2,311,348
Community development	829,179	-	29,691	858,870
Public safety	2,862,803	-	-	2,862,803
Incentive contributions to Jasper United	96,863	-	-	96,863
Debt service:				
Principal	158,204	995,000	-	1,153,204
Interest and fees	21,369	12,825	-	34,194
Capital outlay:				
Governmental activities	3,306,904	-	1,571,598	4,878,502
Capital contributions to Jasper United	33,600	-	-	33,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	11,486,619	1,007,825	1,601,289	14,095,733
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(3,687,472)	148,137	(1,601,224)	(5,140,559)
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	2,157	-	-	2,157
Transfers in	2,794,961	-	1,746,115	4,541,076
Transfers (out)	(48,406)	-	(161,712)	(210,118)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,748,712	-	1,584,403	4,333,115
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(938,760)	148,137	(16,821)	(807,444)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	6,958,487	3,770,869	51,590	10,780,946
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 6,019,727	\$ 3,919,006	\$ 34,769	\$ 9,973,502

The Notes to Financial Statements are an integral part of this statement.

City of Jasper, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ (807,444)
<p>Some property taxes will not be collected for several months after the City's fiscal year end and are not considered "available" revenues and, therefore, are deferred in the governmental funds.</p>		
Deferred tax revenues increased (decreased) by this amount this year.		11,421
<p>Some court revenue will not be collected for several months after the City's fiscal year end and are not considered "available" revenues and, therefore, are deferred in the governmental funds.</p>		
Deferred court revenues increased (decreased) by this amount this year.		387
<p>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.</p>		
Capital outlay	\$ 4,878,502	
Depreciation expense	<u>(2,151,846)</u>	2,726,656
<p>Repayment of certificates of obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		995,000
<p>Repayment of financed purchases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		158,204
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in interest expense reported in the statement of activities consist of the following:</p>		
Accrued interest on bonds payable decreased (increased)	\$ 3,056	
Amortization of bond premium	<u>36,518</u>	39,574
<p>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, as follows:</p>		
Compensated absences liability decreased (increased)		21,938
<p>The investment in the joint venture results in a use of current resources (an expenditure) in the governmental funds and an asset in the statement of net position.</p>		
		33,600
<p>The net change in net pension asset, net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:</p>		
Net pension asset increased (decreased)	\$ 615,157	
Deferred outflows increased (decreased)	(5,978)	
Deferred inflows (increased) decreased	(605,819)	
Net pension liability (increased) decreased	<u>457,855</u>	461,215
<p>The net change in OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:</p>		
Deferred outflows increased (decreased)	\$ (177,571)	
Deferred inflows (increased) decreased	(83,312)	
OPEB liability (increased) decreased	<u>215,279</u>	(45,604)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 3,594,947</u>

The Notes to Financial Statements are an integral part of this statement.

City of Jasper, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

	Business-Type Activities - Enterprise Fund Utility Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 37,643,283
Restricted cash - construction	6,202,636
Restricted cash - customer meter deposits	580,258
Receivables (net)	
Accounts	1,749,542
Intergovernmental	319,212
Other	12,685
Due from other funds	170,086
Inventories	628,539
Prepaid items	1,845
Total current assets	<u>47,308,086</u>
Noncurrent assets	
Net pension asset	483,337
Capital assets	
Land and improvements	123,132
Construction in progress	2,287,133
Buildings and improvements	606,910
Utility systems	62,169,437
Machinery and equipment	6,531,983
Accumulated depreciation	<u>(36,873,498)</u>
Total noncurrent assets	<u>35,328,434</u>
Total assets	<u>82,636,520</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension activities	31,109
Deferred outflow for pension contribution after the measurement date	188,647
Deferred outflows from OPEB / TMR5 activities	83,163
Deferred outflow for OPEB / TMR5 contribution after the measurement date	<u>3,745</u>
Total deferred outflows of resources	<u>306,664</u>
LIABILITIES	
Current liabilities	
Accounts payable	1,434,077
Accrued liabilities	58,936
Customer meter deposits	444,223
Accrued compensated absences - current	180,000
Unearned revenue	<u>686,390</u>
Total current liabilities	<u>2,803,626</u>
Noncurrent liabilities	
Accrued compensated absences - long term	202,735
OPEB liability / retiree health - long term	1,241,907
OPEB liability / TMR5 - long term	<u>249,904</u>
Total noncurrent liabilities	<u>1,694,546</u>
Total liabilities	<u>4,498,172</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows for pensions	835,956
Deferred inflows for OPEB / retiree health	<u>187,343</u>
Total deferred inflows of resources	<u>1,023,299</u>
NET POSITION	
Net investment in capital assets	34,845,097
Unrestricted	<u>42,576,616</u>
TOTAL NET POSITION	<u>\$ 77,421,713</u>

The Notes to Financial Statements are an integral part of this statement.

City of Jasper, TexasStatement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2022

	Business-Type Activities - Enterprise Fund Utility Fund
OPERATING REVENUES	
Electrical services	\$ 10,556,522
Sale of excess electrical power	7,913,887
Water sales	2,298,848
Sewer services	1,631,765
Tapping fees	18,903
Cut-in fees	38,146
Miscellaneous income	66,674
Total operating revenues	<u>22,524,745</u>
OPERATING EXPENSES	
Water production	420,080
Water distribution	567,448
Sewer collection	555,466
Sewer treatment	716,992
Public works	371,072
Power production	8,928,046
Right of way	460,589
Inspection	235,883
Customer service	1,063,304
Nondepartmental: Depreciation	<u>2,068,949</u>
Total operating expenses	<u>15,387,829</u>
Operating income	7,136,916
NONOPERATING REVENUES	
Intergovernmental	1,597,163
Proceeds from insurance	30,386
Investment earnings	66,199
Total nonoperating revenues	<u>1,693,748</u>
Income before capital contributions and transfers	8,830,664
Capital contribution	15,727,834
Transfers in	179,965
Transfers (out)	<u>(4,510,923)</u>
Total capital contributions and transfers	<u>11,396,876</u>
Change in net position	20,227,540
Net position, beginning of year	<u>57,194,173</u>
NET POSITION, END OF YEAR	<u><u>\$ 77,421,713</u></u>

The Notes to Financial Statements are an integral part of this statement.

City of Jasper, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2022

	Business-Type Activities - Enterprise Fund Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for account services	\$ 22,653,881
Cash payments for operating expenses	(9,986,435)
Cash payments to employees for services	(3,774,878)
	<hr/>
Net cash provided by operating activities	8,892,568
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers, net	(4,330,958)
Intergovernmental	1,597,163
Insurance proceeds	30,386
	<hr/>
Net cash used for noncapital financing activities	(2,703,409)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant expenditures	(249,126)
Purchase of capital assets	(2,924,166)
	<hr/>
Net cash used for capital and related financing activities	(3,173,292)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	66,199
	<hr/>
Net cash provided by investing activities	66,199
Net increase (decrease) in cash and cash equivalents	3,082,066
Cash and cash equivalents, beginning of year	41,344,111
	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 44,426,177
	<hr/> <hr/>
CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	\$ 37,643,283
Restricted cash	6,782,894
	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 44,426,177
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 7,136,916
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation and amortization	2,068,949
(Increase) decrease in receivables	104,576
(Increase) decrease in due from other funds	112,145
(Increase) decrease in inventories	(160,294)
(Increase) decrease in prepaid	(1,845)
(Increase) decrease in net pension asset	(483,337)
(Increase) decrease in deferred outflows for pensions	4,696
(Increase) decrease in deferred outflows for OPEB	136,605
Increase (decrease) in accounts payable	(24,416)
Increase (decrease) in accrued liabilities	4,881
Increase (decrease) in customer meter deposits	24,560
Increase (decrease) in accrued compensated absences	(43,578)
Increase (decrease) in other postemployment benefits	(171,297)
Increase (decrease) in net pension liability	(359,744)
Increase (decrease) in deferred inflows for pensions	475,999
Increase (decrease) in deferred inflows for OPEB	67,752
	<hr/>
Total adjustments	1,755,652
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,892,568
	<hr/> <hr/>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Contributions of capital assets from external entities	\$ 15,727,834

The Notes to Financial Statements are an integral part of this statement.

City of Jasper, Texas

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide 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 and its component unit. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Jasper, Texas (City) is a political subdivision governed by an elected mayor and five-member governing council (Council). The accompanying financial statements present the City and its component unit, for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Unit

Jasper Economic Development Corporation (JEDCO) – Established in 1992, JEDCO is a nonprofit industrial development corporation specifically governed by Section 4A of the Development Corporation Act. The purpose of JEDCO is to promote, assist, and enhance economic development in the Jasper area. JEDCO is governed by a board of directors appointed by the City Council. The economic development efforts of JEDCO have the potential for financial benefit for the City. Complete financial statements of JEDCO may be obtained from: Jasper Economic Development Corporation, 500 South Wheeler Street, Jasper, Texas 75951.

C. Basis of Presentation – Government-wide Financial Statements

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental funds and the proprietary fund.

As discussed earlier, the City has a discretely presented component unit which is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Direct expenses are not eliminated from the various functional categories. Interfund services that are provided and used are not eliminated in the process of consolidation.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and the enterprise fund, each displayed in a separate column.

City of Jasper, Texas

Notes to Financial Statements

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The government reports the following major enterprise fund:

The *utility fund* accounts for the provision of water, sewer and electricity services to the residents of the City, and some residents of Jasper County. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, production, operations, maintenance, financing and related debt services, and billings and collections.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year 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.

City of Jasper, Texas

Notes to Financial Statements

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available, excluding property taxes, if they are collected within 120 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, including financed purchases, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Receivables for solid waste services, sales taxes, franchise and similar taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end).

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, cash on deposit (including restricted cash) and certificates of deposit.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

3. Land held for resale

Land held for resale consists of acquisition and improvements to real property that is purchased with the intent to sell to private-sector purchasers and currently recorded in the City's discretely presented component unit, JEDCO. The land held for resale is reported at cost. The land held for resale consists of an airport hangar and office buildings at the JEDCO industrial park location. The City did not recognize any impairment on the land held for resale for the year ended September 30, 2022.

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, infrastructure (e.g. roads, bridges, sidewalks, and similar items), and utility systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Component unit capital assets include land, buildings and improvements, industrial park, office equipment, and signs. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

City of Jasper, Texas

Notes to Financial Statements

As the City constructs or acquires additional capital assets each period, including infrastructure, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements, improvements other than buildings, machinery and equipment, infrastructure, and utility systems of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Primary Government:	
Building and improvements	5-50
Improvements other than buildings	3-30
Machinery and equipment	2-50
Infrastructure	3-25
Utility systems	3-50
Component Unit:	
Building and improvements	35-50
Industrial park	50
Signs	10
Office equipment	5-20

5. Long-Term Obligations

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term obligations as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts.

The fund financial statements report bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources at par. Premiums (discounts) associated with the debt are reported as other financing sources (uses).

6. Compensated Absences

The City and JEDCO employees are paid for absence due to vacation or sickness according to a prescribed policy. Employees can carry forward up to 160 hours of vacation. Payment for unused vacation is made upon termination of employment with more than 6 months service. Employees are also allowed to carry forward up to 840 or 720 hours of sick leave depending on the employee's hire date. Also, upon retirement or resignation in good standing the City will pay 100% or 33% of unused sick leave depending on the employee's hire date. Accordingly, these financial statements reflect the accrual of vacation and unused sick leave at September 30, 2022. Compensated absences are liquidated by the General Fund, the proprietary fund and the component unit JEDCO.

City of Jasper, Texas

Notes to Financial Statements

7. Pensions

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

Information regarding the City's net pension liability is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

8. Other Post-Employment Benefits

The City offers two OPEB plans, a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF") administered by the Texas Municipal Retirement System (TMRS) and a single-employer defined benefit other post-employment benefits ("OPEB") plan, known as the Retiree Health Plan (the "Plan") administered by the City. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms.

Information regarding the City's total OPEB liability for Retiree Health is obtained through reports prepared for the City by a consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Information regarding the City's total OPEB liability for Supplemental Death Benefit Fund (SDBF) is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plans, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- City contributions to the pension and OPEB plans after the measurement date are recognized in the subsequent year.
- Property taxes and court fines are recognized in the period the amount becomes available.

City of Jasper, Texas

Notes to Financial Statements

10. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose for which both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources are available. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose for which both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance) are available. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council (Council) is the highest level of decision-making authority for the City that can, by Council action or adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by Council action or the ordinance remains in place until a similar action is taken (Council action or the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Council has by policy authorized the City Manager to assign fund balance. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

City of Jasper, Texas

Notes to Financial Statements

2. Property Taxes

Property values are determined by the County Appraisal District as of July 31 of each year. Prior to October 1 of each year, the City sets its tax rate thus creating the tax levy. The taxes are levied and payable October 1 on property values assessed as of January 1. Taxes may be paid without penalty before February 1 of the following year and create a tax lien as of July 1 of each year. The tax assessor/collector for Jasper County bills and collects the property taxes for the City. City property tax revenues are recognized when levied to the extent that they result in current receivables. The combined current tax rate to finance general governmental services and payment of principal and interest on long-term debt for the fiscal year ended September 30, 2022 was \$0.3579 per \$100, allocated \$0.2554 for the General Fund and \$0.1025 for the Debt Service Fund.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary fund include the operating cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Use of Estimates

The presentation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Implementation of New Accounting Standards

GASB Statement No. 87, Leases (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases and financed purchases are for the right to use an underlying asset. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 was implemented in the City's 2021-22 financial statements, resulting in recognition of \$545,582 of financed purchases as of October 1, 2021 within governmental activities in the government-wide financial statements.

City of Jasper, Texas

Notes to Financial Statements

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City follows these procedures (as outlined in the City Charter, Sections 9.02 through 9.15) in establishing the budgetary data reflected in the financial statements:

1. Between 60 and 90 days prior to the end of each fiscal year, the City Manager submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain citizen comments.
3. Prior to September 15, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to allocate contingent appropriations which must be approved by the Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund, and the proprietary fund.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the proprietary fund.

City management can amend the approved budget within the scope or available monies within the various funds. Unrestricted appropriations are budgeted in each fund to cover over expenditures in original appropriations with the City Council's approval. Under the City Charter, total expenditures cannot exceed total appropriations for any fund. Appropriations which are not expended at the end of the year must be justified and budgeted in the succeeding year.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be appropriated and honored during the subsequent year. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in <u>Assigned Fund Balance</u>
General Fund - construction	\$ 13,511
General Fund - purchase on order	41,911
Capital Projects Fund - purchases on order	<u>133,308</u>
Total	<u>\$ 188,730</u>

The City has encumbrances in the Capital Projects Fund totaling \$133,308. The excess amount of \$98,539 in encumbrances over fund balance of \$34,769 will be funded by future transfers.

City of Jasper, Texas

Notes to Financial Statements

Note 3. Detailed Notes on All Funds

A. Cash and Investments

Primary Government

At September 30, 2022, the carrying amount of the City's deposits included cash, certificates of deposit and interest-bearing accounts.

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 City 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, (9) and bid solicitation preferences for certificates of deposit.

The City is authorized to invest in the following instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptances as permitted by Government Code 2256.012.
6. Commercial paper as permitted by Government Code 2256.013.
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014.
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meet the criteria and eligibility requirements established by Government Code 2256.015.
9. Public funds investment pools as permitted by Government Code 2256.016.

Interest rate risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The City monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the City reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to interest-bearing accounts and certificates of deposit with bank depository.

Concentration of credit risk

The risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's investment policy does not limit an investment in any one issuer.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At September 30, 2022, the City's deposits were held at various depository banks. Deposit balances held at the depository banks were insured and collateralized with securities held by the City's or the bank's agent in the City's name.

City of Jasper, Texas

Notes to Financial Statements

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City is not exposed to custodial risk as the cash equivalents and certificates of deposit at bank depository are insured or registered in the City's name or the investments are held by the City or its agent.

Component Unit - JEDCO

JEDCO maintains deposits (cash, certificates of deposit and interest-bearing savings accounts) at national banks and credit unions. At September 30, 2022, JEDCO's deposits at the DuGood Federal Credit Union were unsecured by \$151,475.

B. Restricted Assets

The restricted assets consist of cash and cash equivalents and are limited to the donor restricted contributions, legislative restrictions and contracts as follows:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Construction	\$ -	\$ 6,202,636	\$ 6,202,636
Hotel/motel tax	443,299	-	443,299
Courts	492,572	-	492,572
Grants and contributions	3,671	-	3,671
Customer meter deposits	-	580,258	580,258
Total restricted assets	<u>\$ 939,542</u>	<u>\$ 6,782,894</u>	<u>\$ 7,722,436</u>

C. Receivables

Tax revenues of the general and debt service fund are reported net of the change in estimated uncollectible amounts. Revenues of the utility fund are reported net of the change in estimated uncollectible amounts.

Total change in uncollectible amounts related to property tax, court fine and utility revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$ 1,000
Change in uncollectibles related to general fund sanitation	(898)
Change in uncollectibles related to general fund court fines	(7,346)
Change in uncollectibles related to debt service property taxes	1,000
Change in uncollectibles related to utility fund utilities	<u>(14,061)</u>
Total change in uncollectibles of the current fiscal year increased (decreased) revenues	<u>\$ (20,305)</u>

City of Jasper, Texas

Notes to Financial Statements

Allowances for uncollectibles at September 30, 2022 for the City's individual major governmental and proprietary funds are as follows:

	General Fund	Debt Service Fund	Utility Fund	Total
Property taxes	\$ (7,000)	\$ (4,000)	\$ -	\$ (11,000)
Accounts	(93,856)	-	(1,470,414)	(1,564,270)
Court fines	(893,297)	-	-	(893,297)

Approximately 81% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

D. Interfund Balances and Activity

Primary Government:

1. Interfund Receivables and Payables

Interfund receivables and payables of the various funds at September 30, 2022 were as follows:

	Interfund Receivables	Interfund Payables
General	\$ -	\$ (169,318)
Debt service	-	(768)
Utility	170,086	-
Totals	\$ 170,086	\$ (170,086)

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from expenditures that are paid by one fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more governmental funds.

2. Transfers To and From Other Funds

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the City's transfers for the year ended September 30, 2022.

Transfers out	Transfer in General Fund	Transfer in Capital Projects Fund	Transfer in Utility Fund	Total
General	\$ -	\$ 30,153	\$ 18,253	\$ 48,406
Capital projects	-	-	161,712	161,712
Utility	2,794,961	1,715,962	-	4,510,923
Totals	\$ 2,794,961	\$ 1,746,115	\$ 179,965	\$ 4,721,041

Transfers between funds were utilized to pay budgeted capital expenditures/outlays of the General Fund, Capital Projects Fund and the Utility Fund.

City of Jasper, Texas
Notes to Financial Statements

3. Component Unit - JEDCO

Amounts receivable and payable between the City and its component unit at September 30, 2022 were as follows:

<u>Primary Government/Component Unit</u>	<u>Receivables</u>	<u>Payables</u>
City - General fund	\$ 279,219	\$ -
Component unit - JEDCO	-	(279,219)
Totals	<u>\$ 279,219</u>	<u>\$ (279,219)</u>

The receivable and payable between the City and its component unit consist of expenditures of \$279,219 for JEDCO portion of Main Street construction project in progress.

E. Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments and Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 775,888	\$ 441,524	\$ -	\$ -	\$ 1,217,412
Construction in progress	451,265	1,948,654	-	(1,312,900)	1,087,019
Total capital assets, not being depreciated	1,227,153	2,390,178	-	(1,312,900)	2,304,431
Capital assets, being depreciated:					
Buildings and improvements*	3,088,279	83,636	-	-	3,171,915
Improvements other than buildings	9,663,191	282,989	-	9,207	9,955,387
Machinery and equipment	12,167,035	2,026,738	-	-	14,193,773
Infrastructure	18,408,781	94,961	-	1,303,693	19,807,435
Total capital assets being depreciated	43,327,286	2,488,324	-	1,312,900	47,128,510
Less accumulated depreciation for:					
Buildings and improvements	(1,501,759)	(189,591)	-	-	(1,691,350)
Improvements other than buildings	(4,575,943)	(346,453)	-	-	(4,922,396)
Machinery and equipment	(9,512,771)	(690,056)	-	-	(10,202,827)
Infrastructure	(11,053,305)	(925,746)	-	-	(11,979,051)
Total accumulated depreciation	(26,643,778)	(2,151,846)	-	-	(28,795,624)
Total capital assets, net	16,683,508	336,478	-	1,312,900	18,332,886
Governmental activities capital assets, net	<u>\$ 17,910,661</u>	<u>\$ 2,726,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,637,317</u>

* Beginning balance for buildings and improvements has been adjusted to reflect a upon adoption of GASB 87, Leases.

City of Jasper, Texas
Notes to Financial Statements

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

Governmental activities:	
General government	\$ 237,997
Finance	10,381
Intergovernmental services	64,718
Community services	495,101
Community development	1,140,605
Public safety	203,044
Total	\$ 2,151,846

	Beginning Balance	Increases	Decreases	Adjustments and Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 123,132	\$ -	\$ -	\$ -	\$ 123,132
Construction in progress	154,024	2,146,915	-	(13,806)	2,287,133
Total capital assets, not being depreciated	277,156	2,146,915	-	(13,806)	2,410,265
Capital assets, being depreciated:					
Buildings and improvements	606,910	-	-	-	606,910
Utility systems	46,044,637	16,110,994	-	13,806	62,169,437
Machinery and equipment	6,137,892	394,091	-	-	6,531,983
Total capital assets being depreciated	52,789,439	16,505,085	-	13,806	69,308,330
Less accumulated depreciation for:					
Buildings and improvements	(437,022)	(14,526)	-	-	(451,548)
Utility systems	(29,713,839)	(1,718,542)	-	-	(31,432,381)
Machinery and equipment	(4,653,688)	(335,881)	-	-	(4,989,569)
Total accumulated depreciation	(34,804,549)	(2,068,949)	-	-	(36,873,498)
Total capital assets, net	17,984,890	14,436,136	-	13,806	32,434,832
Business-type activities capital assets, net	\$ 18,262,046	\$ 16,583,051	\$ -	\$ -	\$ 34,845,097

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

Business-type activities:	
Water and sewer	\$ 1,437,251
Light and power	631,698
Total business-type activities	\$ 2,068,949

City of Jasper, Texas
Notes to Financial Statements

Construction Commitments

The City has an active construction project as of September 30, 2022. The project is for Street Improvements. At year end, the commitments with contractors are as follows:

<u>City Project</u>	<u>Remaining Commitment</u>
Governmental activities:	
Sandy Creek cleanout	\$ 13,511
Total governmental activities	\$ 13,511
Business-type activities:	
Sewer Line - ARPA	\$ 969,788
Total business-type activities	\$ 969,788

The commitments for construction for street improvements are being funded by transfers from the Utility Fund.

Component Unit - JEDCO

Activity for the component unit for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments and Transfers</u>	<u>Ending Balance</u>
Component unit:					
Capital assets, not being depreciated:					
Land and improvements	\$ 159,823	\$ -	\$ -	\$ -	\$ 159,823
Total capital assets, not being depreciated	159,823	-	-	-	159,823
Depreciable assets:					
Buildings and improvements	1,209,302	-	-	-	1,209,302
Industrial park	3,202,753	-	-	-	3,202,753
Signs	18,852	-	-	-	18,852
Office equipment	55,181	-	-	-	55,181
Total depreciable assets	4,486,088	-	-	-	4,486,088
Less accumulated depreciation for:					
Buildings and improvements	(74,957)	(27,857)	-	-	(102,814)
Industrial park	(1,137,005)	(64,055)	-	-	(1,201,060)
Signs	(18,327)	(525)	-	-	(18,852)
Office equipment	(21,419)	(3,552)	-	-	(24,971)
Total accumulated depreciation	(1,251,708)	(95,989)	-	-	(1,347,697)
Total depreciable assets, net	3,234,380	(95,989)	-	-	3,138,391
Component unit capital assets, net	\$ 3,394,203	\$ (95,989)	\$ -	\$ -	\$ 3,298,214

City of Jasper, Texas

Notes to Financial Statements

F. Long-term Liabilities

Primary Government and Discretely Presented Component Unit (JEDCO):

Long-term obligations include certificates of obligation, financed purchases, compensated absences, net pension liability, and other postemployment benefits. The requirements for the certificates of obligation principal and interest payments and financed purchases are accounted for in the Debt Service Fund. Compensated absences, other postemployment benefits, and net pension liability are generally liquidated by the General Fund and the Utility Fund.

Changes in Long-term Liabilities

Changes in long-term obligations for the period ended September 30, 2022, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	\$ 995,000	\$ -	\$ (995,000)	\$ -	\$ -
Deferred amounts:					
For issuance premiums	36,518	-	(36,518)	-	-
Total bonds payable, net	1,031,518	-	(1,031,518)	-	-
Financed purchases*	545,582	-	(158,204)	387,378	165,756
Compensated absences	494,304	233,414	(255,352)	472,366	280,000
Net pension liability/(asset)**	457,855	2,434,163	(3,507,535)	(615,517)	-
OPEB liability / retiree health	1,819,541	100,234	(339,166)	1,580,609	-
OPEB liability / TMRS	335,966	32,809	(9,156)	359,619	-
Total governmental activities long-term liabilities	\$ 4,684,766	\$ 2,800,620	\$ (5,300,931)	\$ 2,184,455	\$ 445,756
Business-type activities:					
Compensated absences	\$ 426,313	\$ 123,404	\$ (166,982)	\$ 382,735	\$ 180,000
Net pension liability/(asset)**	359,744	2,755,639	(3,598,720)	(483,337)	-
OPEB liability / retiree health	1,429,640	78,756	(266,489)	1,241,907	-
OPEB liability / TMRS	233,468	22,798	(6,362)	249,904	-
Total business-type activities long-term liabilities	\$ 2,449,165	\$ 2,980,597	\$ (4,038,553)	\$ 1,391,209	\$ 180,000

* The balance as of October 1, 2021 has been adjusted to reflect the adaption of GASB 87, Leases

** Due to changes in actuarial estimates in the current year, the net pension liability is \$0 and balance is a net pension asset at September 30, 2022.

Component Unit - JEDCO

Compensated absences	\$ 20,660	\$ 3,990	\$ (9,687)	\$ 14,963	\$ 14,963
Total	\$ 20,660	\$ 3,990	\$ (9,687)	\$ 14,963	\$ 14,963

City of Jasper, Texas

Notes to Financial Statements

Financed Purchases

The City has entered into a financed purchase agreement for a building with a maturity of December 2, 2024 and an interest rate of 5.0%. The City recognized an initial asset in the amount of \$545,582, which is included with buildings and improvements. The schedule of payments are as follows:

<u>Year Ending September</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 165,756	\$ 15,613	\$ 181,369
2024	176,092	7,091	183,183
2025	45,530	380	45,910
Total governmental activities	<u>\$ 387,378</u>	<u>\$ 23,084</u>	<u>\$ 410,462</u>

Note 4. Other Information

A. Pension Information

Plan Description

The City of Jasper participates in one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

City of Jasper, Texas

Notes to Financial Statements

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2021	Plan Year 2020
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI
Supplemental death benefit to active employees	Yes	Yes
Supplemental death benefit to retirees	Yes	Yes

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	56
Active employees	120
	263

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Jasper were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Jasper were 8.68% and 8.45% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$573,103, and were equal to the required contributions.

Net Pension Liability (Asset)

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

City of Jasper, Texas

Notes to Financial Statements

Actuarial assumptions

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Absolute return	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100%	

City of Jasper, Texas

Notes to Financial Statements

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2020	\$ 28,808,571	\$ 27,990,970	\$ 817,601
Changes for the year			
Service cost	795,557	-	795,557
Interest	1,917,541	-	1,917,541
Difference between expected and actual experience	20,073	-	20,073
Contributions - employer	-	566,482	(566,482)
Contributions - employee	-	456,841	(456,841)
Net investment income	-	3,642,710	(3,642,710)
Benefit payments, including refunds of employee contributions	(1,596,664)	(1,596,664)	-
Administrative expense	-	(16,884)	16,884
Other changes	-	117	(117)
Net changes	<u>1,136,507</u>	<u>3,052,602</u>	<u>(1,916,095)</u>
Balance at December 31, 2021	<u>\$ 29,945,078</u>	<u>\$ 31,043,572</u>	<u>\$ (1,098,494)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability/(asset)	\$ 2,343,612	\$ (1,098,494)	\$ (3,993,823)

Pension Plan Fiduciary Net Position

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

City of Jasper, Texas

Notes to Financial Statements

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

For the year ended September 30, 2022, the City recognized pension income of \$250,501.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 70,702	\$ 20,279
Changes in actuarial assumptions	-	9,673
Difference between projected and actual investment earnings	-	1,869,949
Contributions subsequent to the measurement date	428,743	-
Totals	\$ 499,445	\$ 1,899,901

\$428,743 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (assets) for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	
2023	\$ (315,632)
2024	(772,092)
2025	(390,811)
2026	(350,664)
Totals	\$ (1,829,199)

B. Other Postemployment Benefits

Plan Descriptions

Texas Municipal Retirement System (TMRS) - Supplemental Death Benefits Plan

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

City of Jasper, Texas

Notes to Financial Statements

Retiree Health Plan

The City of Jasper provides other postemployment benefits (OPEB), a single-employer defined benefit health care plan, as per the requirements of a local policy adopted by City Council. Retired City employees hired prior to March 22, 2002, who attain the age of 60 with a minimum of 10 years of service to the City or employees who have a minimum of 20 years continuous employment will receive medical insurance coverage until age 65 or attainment of Medicare eligibility, whichever is later. This benefit is limited to coverage for the employee only. Retirees may include their dependents on the group health coverage for a period of time to coincide with the retired employee's eligibility. The premium costs associated with dependent coverage will be the responsibility of the retiree. Employees hired on or after March 22, 2002, are not eligible to receive group medical insurance coverage after retirement. A separate financial statement is not issued for the plan.

Benefits Provided

TMRS

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

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

Inactive employees currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>120</u>
	<u><u>206</u></u>

Retiree Health

An employee is eligible to elect medical coverage upon retiring or disability. Eligibility is based on 20 years of service with the City of Jasper. Spouses of retiring members are also eligible for health and life benefits under the plan, however they are responsible for full cost of coverage. The City pays \$643 in premiums per month per retiree. The benefit terms provide the eligible employee with payment of 60-80% of annual health care expenses. The City of Jasper provides a life insurance benefit based on salary at a rate of \$0.413 per unit of insurance.

At the October 1, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	9
Active employees	<u>13</u>
	<u><u>22</u></u>

City of Jasper, Texas
Notes to Financial Statements

Contributions

TMRS

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.17% and 0.18% in calendar years 2021 and 2022, respectively. The City's contributions to the SDBF for the year ended September 30, 2022 were \$11,960, and were equal to the required contributions.

Retiree Health

The contributions requirement for plan members and the City are established and may be amended by City Council. In fiscal year 2022, a premium of approximately \$6,000 each month is contributed to the plan on behalf of all retirees. This amount is subject to review during the annual budget process. Sample contribution rates for retirees and their dependents are shown below.

Medical Plan	
Employee	\$ 643
Spouse	1,305
Child	1,132
Family	1,897
Basic Life	
Life	\$ 0.19 per \$1,000

The employer does not pre-fund benefits. Contributions to the plan are designed to fund the plan 100% by the City on a pay as you go basis. The City is responsible for 100% of the retirement coverage. The retirees are responsible for their dependent coverage.

Total OPEB Liability

TMRS

The City's Total OPEB Liability (TOL) was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Retiree Health

The City's Total OPEB Liability (TOL) was measured as of September 30, 2022 and was determined by an actuarial valuation as of October 1, 2021.

City of Jasper, Texas
Notes to Financial Statements

Actuarial Assumptions

TMRS

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

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	1.84%
Retiree's share of benefit-related costs	\$0

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 100%. For calculating the actuarial liability and the retirement contribution rates, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The discount rate used to measure the Total OPEB Liability was 1.84% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Retiree Health

The Total OPEB Liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	October 1, 2021
Measurement date	September 30, 2022
Actuarial cost method	Entry age normal
Inflation	2.30% per annum, compounded annually
Salary increases	3.00% including inflation
Discount rate	4.02% per annum, compounded annually

Mortality rates were based on PUB-2010 General Employees Amount-Weighted Table with Mortality Improvement Scale MP-2021 on a generational basis with healthy annuitant rates after benefit commencement.

The discount rate used to measure the Total OPEB Liability was 4.02% and was based on the Bond Buyer General Obligation 20-Bond Municipal Index rate as of October 1, 2021.

City of Jasper, Texas
Notes to Financial Statements

Changes in Total OPEB Liability

TMRS

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at December 31, 2020	\$ 569,434
Changes for the year:	
Service cost	26,758
Interest on Total OPEB Liability	11,545
Difference between expected and actual experience	(4,424)
Changes of assumptions or other inputs	17,305
Benefit payments	<u>(11,095)</u>
Net changes	<u>40,089</u>
Balance at December 31, 2021	<u>\$ 609,523</u>

Retiree Health

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at September 30, 2021	\$ 3,249,181
Changes for the year:	
Service cost	103,989
Interest on Total OPEB Liability	74,999
Effect of economic/demographic gains or losses	(458,503)
Change in assumptions or other inputs	(77,539)
Benefit payments	<u>(69,611)</u>
Net changes	<u>(426,665)</u>
Balance at September 30, 2022	<u>\$ 2,822,516</u>

City of Jasper, Texas
Notes to Financial Statements

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

TMRS

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (0.84%) or 1 percentage-point higher (2.84%) than the current rate:

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB liability	\$ 734,889	\$ 609,523	\$ 511,768

Retiree Health

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.02%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.02%) or 1 percentage-point higher (5.02%) than the current rate:

	<u>1% Decrease in Discount Rate (3.02%)</u>	<u>Discount Rate (4.02%)</u>	<u>1% Increase in Discount Rate (5.02%)</u>
Total OPEB liability	\$ 2,969,901	\$ 2,822,516	\$ 2,681,762

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

Retiree Health

The following presents the total OPEB liability of the City, calculated using the current healthcare rates, as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,647,221	\$ 2,822,516	\$ 3,017,048

City of Jasper, Texas

Notes to Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

TMRS

For the year ended September 30, 2022, the City recognized OPEB expense of \$63,671. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 39,869	\$ 85,219
Changes in actuarial assumptions and other inputs	83,758	6,000
Contributions subsequent to the measurement date	9,133	-
Totals	<u>\$ 132,760</u>	<u>\$ 91,219</u>

\$9,133 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2023. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30:</u>	
2023	\$ 20,495
2024	(4,002)
2025	14,042
2026	1,873
Totals	<u>\$ 32,408</u>

Retiree Health

For the year ended September 30, 2022, the City recognized OPEB expense of \$96,565. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 292,132
Changes in actuarial assumptions and other inputs	73,810	48,648
Totals	<u>\$ 73,810</u>	<u>\$ 340,780</u>

City of Jasper, Texas
Notes to Financial Statements

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30:</u>	
2023	\$ (166,295)
2024	<u>(100,675)</u>
Totals	<u>\$ (266,970)</u>

Combined Totals for Retiree Health Plan and Supplemental Death Benefit Plan

The combined totals for the two OBEB plans are as follows:

	<u>Retiree Health Plan</u>	<u>SDBP</u>	<u>Total</u>
OPEB Liability	\$ 2,822,516	\$ 609,523	\$ 3,432,039
Deferred Inflows	340,780	91,219	431,999
Deferred Outflows	73,810	132,760	206,570
OPEB Expense	96,565	63,671	160,236

C. Federal and State Awards

Federal and state grant funds are considered to be earned to the extent of expenditures made per the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

The City has received several federal and state grant awards. These awards are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The City's management believes that any liability for reimbursement which may arise as the result of these audits would not be material to the financial position of the City.

D. Energy and Power Purchase Commitments

The City entered into a contract with the Sam Rayburn Municipal Power Agency (Agency) on May 1, 1981, which was amended and restated on July 1, 2002, for the purchases of power and energy. The contract became effective upon the delivery to the Agency of the proceeds from the sale of the initial series of bonds. The contract will remain in force until all the bonds shall have been paid or provision for such payment shall have been made therefore pursuant to the indenture, i.e., all contractual obligations entered into by the Agency for the generation, purchase, transmission or transformation of power and energy have been terminated and provision has been made for the payment of any residual costs thereof and thereafter as permitted by law until the expiration of three years after notice of termination of the contract shall have been given by either the Agency or the City to the other party hereon.

City of Jasper, Texas

Notes to Financial Statements

Under the terms of the contract, the Agency shall sell and deliver to the City and the City shall purchase and take from the Agency all power and energy required by the City for the operation of its electrical system provided, however, that the maximum amount of Power and Energy required to be sold and delivered by the Agency, and purchased and taken by the City hereunder shall not exceed the owned or contracted power supply resources available to the Agency and shall not include off-system sales by the City. The Agency, as part of its Annual System Budget, will provide the City with its projection for the monthly usage of Power and Energy over the succeeding Contract Year. Whenever the City anticipates a significant change in monthly Power and Energy usage versus the Agency's projections, the City shall notify the Agency prior to the event triggering this change in order for the Agency to assess power supply resources and budgetary impacts. The Agency shall use its best efforts to acquire by purchase or otherwise, and to deliver or cause to be delivered to the Points of Delivery, Power and Energy in the manner determined by the Agency to be the most economical, dependable and otherwise feasible.

E. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases workers' compensation insurance coverage from Deep East Texas Self Insurance Fund, a public entity risk pool, which is self-sustaining through member premiums. The Fund reinsures through commercial companies for claims in excess of \$1,100,000. The City pays an annual premium to the Fund for its workers' compensation insurance coverage. By participating in the pool, the City is not responsible for its own paid claims; consequently, risks associated with workers' compensation are passed to the pool. However, members would be contingently liable for their share of liabilities in the event that the assets of the Fund were exhausted. Settled claims did not exceed the coverage during each of the past three fiscal years and there has not been any reduction in insurance coverages.

The City maintains insurance coverage covering liability and property risks of loss with Texas Municipal League Intergovernmental Risk Pool, a self-insurance pool created by its members to provide various coverages to participating members. Excess insurance is purchased to provide additional financial stability to the Pool. Catastrophic losses that exceed the Pool's self-insured retention are secured by excess insurance. City management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims did not exceed the coverage during each of the past three fiscal years and there has not been any reduction in insurance coverages.

F. Pending Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

G. Joint Venture

In 2019, the City and JEDCO entered into a joint venture agreement to create Jasper United. The purpose of Jasper United is to purchase and renovate a building to be used in an economic development agreement. The City and JEDCO share equally in managing the joint venture while, contributions, profits, and losses, are allocated proportionate to their equity interests of 70% and 30%, respectively. The City and JEDCO will continue to make capital and incentive contributions to the joint venture until all renovations are complete and within the terms of the economic development agreement. During the fiscal year ended September 30, 2022, the City and JEDCO provided capital contributions of \$33,600 and \$14,400, and incentive contributions of \$96,863 and \$41,513, respectively. These contributions are recorded as expenditures in their respective general funds. The City and JEDCO's equity interest in the joint venture totaled \$2,804,878 and \$1,202,089, respectively as of September 30, 2022 and are recorded as assets in the statement of net position. The joint venture does not issue separately available financial statements.

Required Supplementary Information

City of Jasper, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund For the Fiscal Year Ended September 30, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 945,664	\$ 983,816	\$ 983,816	\$ -
Franchise taxes	155,000	135,257	135,257	-
Sales taxes	2,240,000	3,151,910	3,151,910	-
Motel occupancy	275,000	350,315	350,315	-
Mixed beverage	13,000	17,586	17,586	-
Licenses and permits	50,000	76,099	76,099	-
Intergovernmental:				
Intergovernmental	-	100,978	100,978	-
CLEOSE grant	-	1,839	1,839	-
CDBG	-	863,965	863,965	-
Municipal court technology	5,075	4,363	4,363	-
Other grants and contributions	107,500	135,714	135,714	-
Charges for services:				
Sanitation collection fees	1,410,750	1,424,223	1,424,223	-
Landfill transfer fee	216,000	195,734	195,734	-
Animal shelter	-	8,831	8,831	-
Fines and forfeitures	376,810	271,030	271,030	-
Rents and royalties	35,510	20,906	20,906	-
Investment earnings	12,000	6,860	6,860	-
Other revenues	21,500	49,721	49,721	-
Total revenues	5,863,809	7,799,147	7,799,147	-
EXPENDITURES				
General government:				
Legislative	638,961	731,900	731,900	-
Administrative	151,927	150,719	150,719	-
Human resources	108,300	105,511	105,511	-
City secretary	53,268	48,363	48,363	-
Total general government	952,456	1,036,493	1,036,493	-
Finance:				
Budget and finance	343,701	357,328	357,328	-
Total finance	343,701	357,328	357,328	-
Intergovernmental services:				
Municipal shop	328,161	348,599	348,599	-
Custodial services	117,022	123,929	123,929	-
Total intergovernmental services	445,183	472,528	472,528	-
Community services:				
Library	341,557	320,459	320,459	-
Solid waste	1,008,805	1,168,452	1,168,452	-
Parks	310,745	346,118	346,118	-
Community services	281,255	309,265	309,265	-
Animal shelter	132,416	167,054	167,054	-
Total community services	2,074,778	2,311,348	2,311,348	-

The Notes to Required Supplementary Information are an integral part of this schedule.

City of Jasper, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Continued General Fund For the Fiscal Year Ended September 30, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Community development:				
Streets and drainage	797,218	829,179	829,179	-
Total community development	797,218	829,179	829,179	-
Public safety:				
Police	2,442,198	2,291,756	2,291,756	-
Municipal court	403,750	287,936	287,936	-
Fire	312,524	283,111	283,111	-
Total public safety	3,158,472	2,862,803	2,862,803	-
Incentive contributions:				
Incentive contributions to Jasper United	-	96,863	96,863	-
Total incentive contributions	-	96,863	96,863	-
Debt service:				
Principal	-	158,204	158,204	-
Interest and fees	-	21,369	21,369	-
Total debt service	-	179,573	179,573	-
Capital outlay:				
Governmental activities	-	3,306,904	3,306,904	-
Capital contributions to Jasper United	-	33,600	33,600	-
Total capital outlay	-	3,340,504	3,340,504	-
Total expenditures	7,771,808	11,486,619	11,486,619	-
Excess (deficiency) of revenues over expenditures	(1,907,999)	(3,687,472)	(3,687,472)	-
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	-	2,157	2,157	-
Transfers in	1,909,450	2,794,961	2,794,961	-
Transfers (out)	-	(48,406)	(48,406)	-
Total other financing sources (uses)	1,909,450	2,748,712	2,748,712	-
Net change in fund balance	1,451	(938,760)	(938,760)	-
Fund balance, beginning of year	6,958,487	6,958,487	6,958,487	-
FUND BALANCE, END OF YEAR	\$ 6,959,938	\$ 6,019,727	\$ 6,019,727	\$ -

The Notes to Required Supplementary Information are an integral part of this schedule.

City of Jasper, Texas

Schedule of Changes in the City's Net Pension Liability and Related Ratios - Texas Municipal Retirement System Last Eight Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 795,557	\$ 785,823	\$ 724,337
Interest	1,917,541	1,836,939	1,777,589
Differences between expected and actual experience	20,073	119,878	(91,534)
Changes of assumptions	-	-	(43,810)
Benefit payments, including refunds of employee contributions	(1,596,664)	(1,510,146)	(1,525,976)
	<u>1,136,507</u>	<u>1,232,494</u>	<u>840,606</u>
Net change in total pension liability			
Total pension liability - beginning	<u>28,808,571</u>	<u>27,576,077</u>	<u>26,735,471</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 29,945,078</u>	<u>\$ 28,808,571</u>	<u>\$ 27,576,077</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 566,482	\$ 583,112	\$ 526,898
Contributions - employee	456,841	449,042	412,560
Net investment income	3,642,710	2,005,992	3,620,669
Benefits payments, including refunds of employee contributions	(1,596,664)	(1,510,146)	(1,525,976)
Administrative expense	(16,884)	(13,004)	(20,496)
Other	117	(507)	(617)
	<u>3,052,602</u>	<u>1,514,489</u>	<u>3,013,038</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION			
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>27,990,970</u>	<u>26,476,483</u>	<u>23,463,445</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 31,043,572</u>	<u>\$ 27,990,972</u>	<u>\$ 26,476,483</u>
NET PENSION LIABILITY(ASSET) - ENDING (a)-(b)	<u>\$ (1,098,494)</u>	<u>\$ 817,599</u>	<u>\$ 1,099,594</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	103.67%	97.16%	96.01%
COVERED PAYROLL	\$ 6,526,307	\$ 6,414,885	\$ 5,893,711
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	-16.83%	12.75%	18.66%

*The amounts presented for the fiscal year were determined as of the Plan's fiscal year end December 31.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to Required Supplementary Information:

The following factors significantly affect trends in the amounts reported for the City's net pension liability:

Actuarial Assumptions:	<u>2022</u>	<u>2021</u>	<u>2020</u>
Inflation	2.50%	2.50%	2.50%
Payroll growth	2.75%	2.75%	2.75%
Investment rate of return	6.75%	6.75%	6.75%
Discount rate	6.75%	6.75%	6.75%

Measurement Date December 31, 2019 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31,

Measurement Date December 31, 2015 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31,

The Notes to Required Supplementary Information are an integral part of this schedule.

2019	2018	2017	2016	2015
\$ 684,753	\$ 666,063	\$ 622,813	\$ 588,614	\$ 527,036
1,710,044	1,645,742	1,585,624	1,558,567	1,496,058
(4,726)	(74,197)	(69,536)	(339,348)	150,354
-	-	-	665,404	-
(1,292,416)	(1,296,242)	(1,243,527)	(1,286,185)	(1,336,328)
1,097,655	941,366	895,374	1,187,052	837,120
25,637,816	24,696,450	23,801,076	22,614,024	21,776,904
<u>\$ 26,735,471</u>	<u>\$ 25,637,816</u>	<u>\$ 24,696,450</u>	<u>\$ 23,801,076</u>	<u>\$ 22,614,024</u>
\$ 535,648	\$ 522,285	\$ 447,224	\$ 449,296	\$ 444,943
393,860	381,230	350,176	348,292	346,452
(734,900)	3,037,584	1,417,236	31,669	1,191,798
(1,292,416)	(1,296,242)	(1,243,527)	(1,286,185)	(1,336,328)
(14,228)	(15,764)	(16,023)	(19,297)	(12,445)
(743)	(798)	(863)	(954)	(1,023)
(1,112,779)	2,628,295	954,223	(477,179)	633,397
24,576,224	21,947,929	20,993,706	21,470,885	20,837,488
<u>\$ 23,463,445</u>	<u>\$ 24,576,224</u>	<u>\$ 21,947,929</u>	<u>\$ 20,993,706</u>	<u>\$ 21,470,885</u>
<u>\$ 3,272,026</u>	<u>\$ 1,061,592</u>	<u>\$ 2,748,521</u>	<u>\$ 2,807,370</u>	<u>\$ 1,143,139</u>
87.76%	95.86%	88.87%	88.20%	94.94%
\$ 5,626,569	\$ 5,446,143	\$ 5,002,511	\$ 4,975,602	\$ 4,949,317
58.15%	19.49%	54.94%	56.42%	23.10%

2019	2018	2017	2016	2015
2.50%	2.50%	2.50%	2.50%	3.00%
2.75%	2.75%	2.75%	2.75%	3.00%
6.75%	6.75%	6.75%	6.75%	7.00%
6.75%	6.75%	6.75%	6.75%	7.00%

City of Jasper, Texas
 Schedule of the City Contributions -
 Texas Municipal Retirement System
 Last Eight Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 573,103	\$ 580,260	\$ 577,094
Contributions in relation to the actuarially determined contribution	<u>(573,103)</u>	<u>(580,260)</u>	<u>(577,094)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,737,011	\$ 6,602,847	\$ 6,376,747
Contributions as a percentage of covered payroll	8.51%	8.79%	9.05%

*The amounts presented for the fiscal year were determined as of the City's fiscal year end September 30. GASB 68 requires 10 fiscal years of data to be provided in this schedule. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Notes to Required Supplementary Information

Valuation date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

2019	2018	2017	2016	2015
\$ 528,426	\$ 530,845	\$ 499,517	\$ 443,977	\$ 445,462
<u>(528,426)</u>	<u>(530,845)</u>	<u>(499,517)</u>	<u>(443,977)</u>	<u>(445,462)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,806,097	\$ 5,564,688	\$ 5,304,307	\$ 4,952,492	\$ 4,938,995
9.10%	9.54%	9.42%	8.96%	9.02%

City of Jasper, Texas

Schedule of Changes in the City's OPEB Liability and Related Ratios Texas Municipal Retirement System Last Five Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Service cost	\$ 26,758	\$ 22,452	\$ 14,734	\$ 15,192	\$ 13,071
Interest on total OPEB liability	11,545	13,140	21,302	13,213	13,031
Difference between expected and actual experience	(4,424)	(1,510)	(203,386)	176,181	-
Changes of assumptions or other inputs	17,305	70,692	70,530	(26,504)	30,341
Benefit payments	(11,095)	(3,849)	(2,947)	(2,813)	(3,268)
Net change in total OPEB liability	40,089	100,925	(99,767)	175,269	53,175
Total OPEB liability - beginning	569,434	468,509	568,276	393,007	339,832
TOTAL OPEB LIABILITY - ENDING	<u>\$ 609,523</u>	<u>\$ 569,434</u>	<u>\$ 468,509</u>	<u>\$ 568,276</u>	<u>\$ 393,007</u>
Covered payroll	\$ 6,526,307	\$ 6,414,885	\$ 5,893,711	\$ 5,626,569	\$ 5,446,143
OPEB liability as a percentage of covered payroll	9.34%	8.88%	7.95%	10.10%	7.22%

*The amounts presented for the fiscal year were determined as of the Plan's fiscal year end December 31.

GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. The employer will be required to build this schedule over the next 10-year period, as only five years of data is available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria of GASB 75, Paragraph 4, and therefore, the Supplemental Death Benefits Plan does not report fiduciary net position.

The following factors significantly affect trends in the amounts reported for the City's total OPEB liability:

Actuarial Assumptions:	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Payroll growth	3.50%	3.50%	3.50%	3.50%	3.50%
Discount rate	1.84%	2.00%	2.75%	3.71%	3.31%

City of Jasper, Texas
 Schedule of City OPEB Contributions
 Texas Municipal Retirement System
 Last Five Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 11,960	\$ 9,311	\$ 3,656	\$ 2,903	\$ 2,938
Contributions in relation to the actuarially determined contribution	<u>(11,960)</u>	<u>(9,311)</u>	<u>(3,656)</u>	<u>(2,903)</u>	<u>(2,938)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,737,011	\$ 6,602,847	\$ 6,376,747	\$ 5,806,097	\$ 5,564,688
Contributions as a percentage of covered payroll	0.18%	0.14%	0.06%	0.05%	0.05%

*The amounts presented for the fiscal year were determined as of the City's fiscal year end September 30. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. GASB Statement No. 75 was implemented at the beginning of fiscal year 2018 and the City will be required to build this schedule over the next 10-year period.

City of Jasper, Texas

Schedule of Changes in the City's OPEB

Liability and Related Ratios

Retiree Health Plan

Last Five Fiscal Years *

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	\$ 103,989	\$ 122,727	\$ 67,274	\$ 55,843	\$ 63,546
Interest on total OPEB liability	74,999	71,108	73,030	100,673	92,441
Effect of economic/demographic gains or losses	(458,503)	-	(320,216)	-	(4,206)
Change in assumptions or other inputs	(77,539)	(7,009)	656,303	251,412	(164,542)
Benefit payments	(69,611)	(64,554)	(55,074)	(108,782)	(112,623)
Net change in total OPEB liability	(426,665)	122,272	421,317	299,146	(125,384)
Total OPEB liability - beginning	3,249,181	3,126,909	2,705,592	2,406,446	2,531,830
TOTAL OPEB LIABILITY - ENDING	\$ 2,822,516	\$ 3,249,181	\$ 3,126,909	\$ 2,705,592	\$ 2,406,446
Covered payroll	\$ 7,009,073	\$ 6,160,176	\$ 6,192,443	\$ 5,832,145	\$ 5,131,927
OPEB liability as a percentage of covered payroll	40.27%	52.74%	50.50%	46.39%	46.89%

*The amounts presented for the fiscal year were determined as of the plan year end September 30. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. The employer will be required to build this schedule over the next 10-year period, as only five years of data is available.

The Health Care Plan is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria of GASB 75, Paragraph 4, and therefore, the Retiree Health Care Plan does not report fiduciary net position.

The following factors significantly affect trends in the amounts reported for the City's total OPEB liability:

Actuarial Assumptions:	2022	2021	2020	2019	2018
Inflation	2.30%	2.20%	2.20%	2.30%	2.30%
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%
Discount rate	4.02%	2.26%	2.21%	4.18%	4.18%

City of Jasper, Texas
 Schedule of City OPEB Contributions
 Retiree Health Plan
 Last Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 69,611	\$ 64,554	\$ 55,074	\$ 108,782	\$ 112,623
Contributions in relation to the actuarially determined contribution	<u>(69,611)</u>	<u>(64,554)</u>	<u>(55,074)</u>	<u>(108,782)</u>	<u>(112,623)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,009,073	\$ 6,160,176	\$ 6,192,413	\$ 5,832,145	\$ 5,131,927
Contributions as a percentage of covered payroll	0.99%	1.05%	0.89%	1.87%	2.19%

*The amounts presented for the fiscal year were determined as of the City's fiscal year end September 30. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. GASB Statement No. 75 was implemented at the beginning of fiscal year 2018 and the City will be required to build this schedule over the next 10-year period.

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City of Jasper, Texas

Notes to Required Supplementary Information

Note 1. Budget

A. Budgetary Information

The City follows these procedures (as outlined in the City Charter, Sections 9.02 through 9.15) in establishing the budgetary data reflected in the financial statements:

1. Between 60 and 90 days prior to the end of each fiscal year, the City Manager submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain citizen comments.
3. Prior to September 15, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to allocate contingent appropriations which must be approved by the Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund, and the proprietary funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the proprietary funds.

City management can amend the approved budget within the scope or available monies within the various funds. Unrestricted appropriations are budgeted in each fund to cover expenditures in excess of original appropriations with the City Council's approval. Under the City Charter, total expenditures cannot exceed total appropriations for any fund. Appropriations which are not expended at the end of the year must be rejustified and rebudgeted in the succeeding year.

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Supplementary Information

City of Jasper, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Debt Service Fund

For the Fiscal Year Ended September 30, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 325,698	\$ 398,178	\$ 398,178	\$ -
Sales taxes	1,000,000	745,808	745,808	-
Investment earnings	8,000	11,976	11,976	-
Total revenues	1,333,698	1,155,962	1,155,962	-
EXPENDITURES				
Debt service:				
Principal	375,000	995,000	995,000	-
Interest and fees	29,450	12,825	12,825	-
Total expenditures	404,450	1,007,825	1,007,825	-
Net change in fund balance	929,248	148,137	148,137	-
Fund balance, beginning of year	3,770,869	3,770,869	3,770,869	-
FUND BALANCE, END OF YEAR	<u>\$ 4,700,117</u>	<u>\$ 3,919,006</u>	<u>\$ 3,919,006</u>	<u>\$ -</u>

City of Jasper, Texas
Schedule of Operating Expenses
by Department - Enterprise Funds
For the Fiscal Year Ended September 30, 2022

	Utility Fund			Total
	Water Utility	Sewer Utility	Light and Power Utility	
Water production:				
Personnel expenses	\$ 214,473	\$ -	\$ -	\$ 214,473
Maintenance and supplies	73,745	-	-	73,745
Contracted services	130,477	-	-	130,477
Other sundry expenses	1,385	-	-	1,385
Total water production	420,080	-	-	420,080
Water distribution:				
Personnel expenses	468,211	-	-	468,211
Maintenance and supplies	85,436	-	-	85,436
Contracted services	10,027	-	-	10,027
Other sundry expenses	3,774	-	-	3,774
Total water distribution	567,448	-	-	567,448
Sewer collection:				
Personnel expenses	-	393,975	-	393,975
Maintenance and supplies	-	110,950	-	110,950
Contracted services	-	41,918	-	41,918
Other sundry expenses	-	8,623	-	8,623
Total sewer collection	-	555,466	-	555,466
Sewer treatment:				
Personnel expenses	-	359,589	-	359,589
Maintenance and supplies	-	125,902	-	125,902
Contracted services	-	203,884	-	203,884
Other sundry expenses	-	27,617	-	27,617
Total sewer treatment	-	716,992	-	716,992
Public works:				
Personnel expenses	334,179	-	-	334,179
Maintenance and supplies	12,166	-	-	12,166
Contracted services	18,806	-	-	18,806
Other sundry expenses	5,921	-	-	5,921
Total public works	371,072	-	-	371,072
Power production:				
Purchased power	-	-	8,031,394	8,031,394
Personnel expenses	-	-	742,466	742,466
Maintenance and supplies	-	-	93,234	93,234
Contracted services	-	-	30,336	30,336
Other sundry expenses	-	-	30,616	30,616
Total power production	-	-	8,928,046	8,928,046
Right of way:				
Personnel expenses	-	-	387,123	387,123
Maintenance and supplies	-	-	67,549	67,549
Contracted services	-	-	5,214	5,214
Other sundry expenses	-	-	703	703
Total right of way	-	-	460,589	460,589
Inspection:				
Personnel expenses	-	-	199,054	199,054
Maintenance and supplies	-	-	24,732	24,732
Contracted services	-	-	1,462	1,462
Other sundry expenses	-	-	10,635	10,635
Total inspection	-	-	235,883	235,883
Customer service:				
Personnel expenses	-	-	307,785	307,785
Maintenance and supplies	-	-	82,592	82,592
Contracted services	-	-	650,314	650,314
Other sundry expenses	-	-	22,613	22,613
Total customer service	-	-	1,063,304	1,063,304
Nondepartmental:				
Depreciation	718,626	718,625	631,698	2,068,949
Total nondepartmental expenses	718,626	718,625	631,698	2,068,949
TOTAL OPERATING EXPENSES	\$ 2,077,226	\$ 1,991,083	\$ 11,319,520	\$ 15,387,829

City of Jasper, Texas

Statement of Net Position - Component Unit
Jasper Economic Development Corporation
September 30, 2022

	Component Unit
	JEDCO
ASSETS	
Cash and cash equivalents	\$ 2,562,546
Receivables	
Sales taxes	221,595
Equity interest ownership - Jasper United	1,202,089
Land held for resale	711,332
Capital assets:	
Land and improvements	159,823
Buildings and improvements	1,209,302
Industrial park	3,202,753
Signs	18,852
Office equipment	55,181
Accumulated depreciation	(1,347,697)
	<hr/>
Total assets	7,995,776
LIABILITIES	
Current liabilities:	
Accounts payable	6,894
Accrued liabilities	3,108
Due to primary government	279,219
Due to Jasper United	42,713
Accrued compensated absences	14,963
	<hr/>
Total liabilities	346,897
NET POSITION	
Net investment in capital assets	3,298,214
Restricted for:	
Equity interest ownership - Jasper United	1,202,089
Unrestricted	3,148,576
	<hr/>
TOTAL NET POSITION	\$ 7,648,879

City of Jasper, Texas

Statement of Revenues, Expenses, and Changes
in Net Position - Component Unit
Jasper Economic Development Corporation
For the Fiscal Year Ended September 30, 2022

	Component Unit
	JEDCO
OPERATING REVENUES	
Taxes:	
Sales taxes	\$ 1,292,449
Rental revenues	42,000
	<hr/>
Total revenues	1,334,449
OPERATING EXPENSES	
Economic development:	
Administration	378,854
Industry development	359,192
Incentive contributions to Jasper United	41,513
Marketing and promotion	12,931
Depreciation	95,989
	<hr/>
Total expenses	888,479
	<hr/>
Operating income	445,970
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	4,286
Other miscellaneous	4,264
	<hr/>
Total nonoperating revenues (expenses)	8,550
	<hr/>
Change in net position	454,520
Net position - beginning	7,194,359
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NET POSITION - ENDING	\$ 7,648,879

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Overall Compliance and Internal Control Section

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

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas
465 South Main
Jasper, Texas 75951

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of City of Jasper, Texas (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
March 10, 2023

**Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance
In Accordance with the Uniform Guidance**

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas
465 South Main
Jasper, Texas 75951

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Jasper, Texas (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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 September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

The Honorable Mayor
and Members of the City Council of the
City of Jasper, Texas

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
March 10, 2023

City of Jasper, Texas

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2022

Section 1. Summary of Auditor's Results

Financial Statements

- 1. Type of auditor's report issued Unmodified
- 2. Internal Control over Financial Reporting:
 - a. Material Weakness(es) identified? No
 - b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 3. Noncompliance material to Financial Statements noted? No

Federal Awards

- 4. Internal control over major programs:
 - a. Material Weakness(es) identified? No
 - b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? No
- 5. Type of auditor's report issued on compliance with major programs Unmodified
- 6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Uniform Guidance § 200.516(a)? No
- 7. Identification of Major Programs Community Development Block Grant - 14.228
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - 21.027
- 8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs \$750,000
- 9. Auditee Qualified as a Low-Risk Auditee? No

Section 2. Financial Statement Findings

None reported

Section 3. Federal Award Findings and Questioned Costs

None reported

City of Jasper, Texas

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2022

None reported

City of Jasper, Texas

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Texas General Land Office:			
Community Development Block Grant - Mitigation	14.228	22-085-022-D263	\$ 750,140
Community Development Block Grant - Recovery Grants	14.228	19-076-047-B700	<u>113,825</u>
Total Assistance Listing Number 14.228			<u>863,965</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			863,965
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Texas Department of Emergency Management:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	746001450	<u>1,188,340</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			1,188,340
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Texas Department of Emergency Management:			
Disaster Grants - Public Assistance	97.036	PA-06-TX-4572-PW00021	466,987
Disaster Grants - Public Assistance	97.036	PA-06-TX-3540-PW00031	24,589
Disaster Grants - Public Assistance	97.036	PA-06-TX-4332-PW01252	<u>8,324</u>
Total Assistance Listing Number 97.036			<u>499,900</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>499,900</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,552,205</u></u>

City of Jasper, Texas

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2022

Note 1. General

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Jasper, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in this schedule. The information on this schedule is prepared 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).

Note 2. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a special revenue fund, a component of the governmental fund type or general fund. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing resources) and decreases (i.e. expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e. both measurable and available); and, expenditures in the accounting period in which the fund liability is incurred, if measurable. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly when such funds are received, they are recorded as deferred revenues until earned.

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Availability of Federal Grant Funds

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions of the OMB Compliance Supplement.

Note 4. Relationship to Federal Financial Reports

Grant expenditures reports as of September 30, 2022, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

Note 5. Prior Year Federal Expenditures

The expenditures reported for Disaster Grants - Public Assistance (Assistance Listing 97.036) in the amount of \$499,900 were incurred in a prior fiscal year. The grant was awarded in the year ended September 30, 2022 and allowed prior year expenditures to be claimed.