

City of Jasper, Texas

Annual Financial Report

For the Fiscal Year Ended September 30, 2023

City of Jasper, Texas
 Annual Financial Report
 For the Fiscal Year Ended September 30, 2023
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Introductory Section

City of Jasper, Texas
Principal City Officials
September 30, 2023

Anderson M. Land Jr. Mayor
Marcus Barber.....Council Member, District 1
Ronald SampleCouncil 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
Karen Pumphrey City Secretary
Robbie Peek..... Director of Budget and Finance

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, 2023, 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, 2023, 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's 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.

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.

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.

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 6, 2024 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.

The Woodlands, Texas
March 6, 2024

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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, 2023. 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 \$115,582,757 (net position). Of this amount, \$51,161,323 (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 \$7,547,893 from current activities. This is due to an increase in governmental activities of \$6,561,066 and an increase in business-type activities of \$986,827.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,799,304, an increase of \$3,825,802 in current operations.
- The City's total long-term liabilities increased by \$3,708,709 during the fiscal year mainly due to the City's paying the remaining balance of the certificates of obligation and the net pension asset becoming a liability.

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 \$115,582,757 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 18,975,154	\$ 14,904,634	\$ 47,578,353	\$ 47,791,423	\$ 66,553,507	\$ 62,696,057
Capital assets	23,272,238	20,637,317	34,481,485	34,845,097	57,753,723	55,482,414
Total assets	42,247,392	35,541,951	82,059,838	82,636,520	124,307,230	118,178,471
Total deferred outflows of resources	1,394,666	399,351	1,092,177	306,664	2,486,843	706,015
Long-term liabilities outstanding	4,186,849	2,799,972	3,097,884	1,874,546	7,284,733	4,674,518
Other liabilities	2,039,096	1,219,578	1,466,240	2,623,626	3,505,336	3,843,204
Total liabilities	6,225,945	4,019,550	4,564,124	4,498,172	10,790,069	8,517,722
Total deferred inflows of resources	241,896	1,308,601	179,351	1,023,299	421,247	2,331,900
Net position:						
Net investment in capital assets	22,078,849	20,249,939	34,387,985	34,845,097	56,466,834	55,095,036
Restricted	7,954,600	7,747,860	-	-	7,954,600	7,747,860
Unrestricted	7,140,768	2,615,352	44,020,555	42,576,616	51,161,323	45,191,968
Total net position	\$ 37,174,217	\$ 30,613,151	\$ 78,408,540	\$ 77,421,713	\$ 115,582,757	\$ 108,034,864

The City's total assets of \$124,307,230 are largely comprised of capital assets, net of accumulated depreciation of \$57,753,723, or 46%. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported in the government-wide statements.

Long-term liabilities of \$7,284,733 comprise the largest portion of the City's total liabilities of \$10,790,069 at 68%. Of total long-term liabilities, \$676,092 is due within one year, with the remainder \$6,608,641 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 (49%) 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 (44%) 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, 2023.

City of Jasper, Texas's Change in Net Position. Governmental and business-type activities combined to increase the City's net position by \$7,547,893 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,133,653	\$ 2,001,570	\$ 24,500,002	\$ 22,524,745	\$ 26,633,655	\$ 24,526,315
Operating grants and contributions	547,804	238,534	-	408,823	547,804	647,357
Capital grants and contributions	1,662,070	863,965	703,990	16,916,174	2,366,060	17,780,139
General revenues:						
Taxes	5,726,046	5,794,291	-	-	5,726,046	5,794,291
Proceeds from insurance	1,425	2,157	3,583	30,386	5,008	32,543
Other revenues	87,962	49,721	-	-	87,962	49,721
Investment earnings	127,700	18,901	742,326	66,199	870,026	85,100
Total revenues	<u>10,286,660</u>	<u>8,969,139</u>	<u>25,949,901</u>	<u>39,946,327</u>	<u>36,236,561</u>	<u>48,915,466</u>
Expenses:						
General government	1,208,508	1,239,728	-	-	1,208,508	1,239,728
Finance	390,146	355,111	-	-	390,146	355,111
Intergovernmental service	514,989	496,041	-	-	514,989	496,041
Community services	2,971,124	2,694,902	-	-	2,971,124	2,694,902
Community development	1,958,033	1,929,601	-	-	1,958,033	1,929,601
Public safety	3,685,562	2,892,904	-	-	3,685,562	2,892,904
Incentive contributions to Jasper United	-	96,863	-	-	-	96,863
Interest and fees	15,613	-	-	-	15,613	-
Utility fund	-	-	17,944,693	15,387,829	17,944,693	15,387,829
Total expenses	<u>10,743,975</u>	<u>9,705,150</u>	<u>17,944,693</u>	<u>15,387,829</u>	<u>28,688,668</u>	<u>25,092,979</u>
Increase (decrease) in net position before transfers	(457,315)	(736,011)	8,005,208	24,558,498	7,547,893	23,822,487
Transfers	7,018,381	4,330,958	(7,018,381)	(4,330,958)	-	-
Change in net position	<u>6,561,066</u>	<u>3,594,947</u>	<u>986,827</u>	<u>20,227,540</u>	<u>7,547,893</u>	<u>23,822,487</u>
Net position - beginning	<u>30,613,151</u>	<u>27,018,204</u>	<u>77,421,713</u>	<u>57,194,173</u>	<u>108,034,864</u>	<u>84,212,377</u>
Net position - ending	<u>\$ 37,174,217</u>	<u>\$ 30,613,151</u>	<u>\$ 78,408,540</u>	<u>\$ 77,421,713</u>	<u>\$ 115,582,757</u>	<u>\$ 108,034,864</u>

Governmental Activities. The City's total revenues were \$10,286,660 from all governmental activities. A significant portion, \$5,726,046 or 56%, of the City's revenue comes from taxes. Charges for services revenue accounts for \$2,133,653, or 21%, of total revenue for governmental activities. Grants and contributions (operating and capital) revenue accounts for \$2,209,874, or 21% of total revenue for governmental activities. The remaining 2 percent is generated from proceeds from insurance, other revenues, and investment earnings.

The total cost of all governmental programs and services was \$10,743,975. The public safety function accounted for \$3,685,562, or 34% of this total. The community services function accounted for \$2,971,124, or 28% of total expenditures. The community development function accounted for \$1,958,033, or 18% of total expenditures. The general government function accounted for \$1,208,508, or 11% of total expenditures. Increase in public safety was the most significant change in expenses in the current year.

Net position increased \$6,561,066 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 \$986,827 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 \$24,500,002 are utilized to provide funds for program expenses of \$17,944,693.

The most significant factor affecting net position for business-type activities is a decrease in capital grants and contributions.

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 \$13,799,304, which is an increase of \$3,825,802 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 \$0. 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 0 percent of total general fund expenditures, while total fund balance represents 91 percent of total general fund expenditures. The fund balance of the City's general fund increased by \$4,238,531 during the current year from current operations. Increased transfers in from the proprietary fund was the primary reason for the increase in fund balance.

The debt service fund has a total fund balance of \$3,964,958 all of which is restricted for the payment of debt service. The fund balance of the debt service fund increased by \$45,952 from current operations. The increase in fund balance was primarily the result of there being no current debt service expenditures.

The capital projects fund has a total fund balance of (\$423,912). The increase in capital outlay exceeded the increase in transfers in which led to a decrease in fund balance of (\$458,681).

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 \$1,545,543
 Revenues – Intergovernmental increase of \$1,985,944
 Expenditures – Debt service increase of \$181,369
 Expenditures – Capital outlay increase of \$2,786,405
 Transfers in – increase of \$3,425,566

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, 2023 amounts to \$57,753,723 (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	
	2023	2022	2023	2022	2023	2022
Land and improvements	\$ 1,548,121	\$ 1,217,412	\$ 123,132	\$ 123,132	\$ 1,671,253	\$ 1,340,544
Construction in progress	2,902,617	1,087,019	32,750	2,287,133	2,935,367	3,374,152
Buildings and improvements	1,404,228	1,480,565	140,837	155,362	1,545,065	1,635,927
Improvements other than buildings	4,686,537	5,032,991	-	-	4,686,537	5,032,991
Utility systems	-	-	31,555,146	30,737,056	31,555,146	30,737,056
Machinery and equipment	5,257,182	3,990,946	2,629,620	1,542,414	7,886,802	5,533,360
Infrastructure	7,473,553	7,828,384	-	-	7,473,553	7,828,384
Total	\$ 23,272,238	\$ 20,637,317	\$ 34,481,485	\$ 34,845,097	\$ 57,753,723	\$ 55,482,414

Major capital asset projects during the year included the following:

- Water and sewer system improvements
- Improvements to parks and playground equipment
- Street improvements
- Vehicles and heavy equipment

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 \$12,119,089. These commitments will be funded with resources from the General Fund and Utility Fund.

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	
	2023	2022	2023	2022	2023	2022
Financed purchases	\$ 221,622	\$ 387,378	\$ -	\$ -	\$ 221,622	\$ 387,378
Compensated absences	514,649	472,366	410,069	382,735	924,718	855,101
Net pension liability/(asset)	1,546,396	(615,157)	1,215,026	(483,337)	2,761,422	(1,098,494)
OPEB liability	1,904,182	1,940,228	1,472,789	1,491,811	3,376,971	3,432,039
Total	\$ 4,186,849	\$ 2,184,815	\$ 3,097,884	\$ 1,391,209	\$ 7,284,733	\$ 3,576,024

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 \$.2313 per \$100 valuation in fiscal year 2023-2024 (\$.2313 for maintenance and operations).
- The unemployment rate for Jasper County, according to Texas Workforce statistics, is 6.0%, a decrease of 0.4% from last year's rate of 6.4%. The state unemployment rate, as recorded by the Bureau of Labor Statistics is 4.1%.
- The state sales tax receipts for the current fiscal year totaled \$4,065,543, an increase of \$167,825 or 4% from the previous year indicating a stable retail economy.

All of these factors were considered in preparing the City of Jasper's budget for 2023-2024 fiscal year.

The City is estimating revenues of \$9,265,700 and appropriated expenditures of \$9,263,819 in the 2023-2024 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.

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Basic Financial Statements

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City of Jasper, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental	Business-type	Total	JEDCO
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 12,704,053	\$ 37,370,291	\$ 50,074,344	\$ 3,033,876
Receivables (net):				
Property taxes	251,757	-	251,757	-
Sales, franchise, and other taxes	705,719	-	705,719	215,836
Accounts	194,458	1,451,618	1,646,076	-
Court fines	45,714	-	45,714	-
Intergovernmental	957,963	-	957,963	-
Other	41,410	140,119	181,529	-
Due from component unit	8,388	-	8,388	-
Internal balances	15,652	(15,652)	-	-
Inventories	82,858	707,351	790,209	-
Prepaid items	40,637	1,845	42,482	-
Restricted cash:				
Cash - construction	-	7,304,596	7,304,596	-
Cash - hotel/motel tax	558,487	-	558,487	-
Cash - courts	524,188	-	524,188	-
Cash - grants	4,587	-	4,587	-
Cash - meter deposits	-	618,185	618,185	-
Equity interest ownership - Jasper United	2,839,283	-	2,839,283	1,216,834
Land held for resale	-	-	-	711,332
Capital assets not being depreciated:				
Land and improvements	1,548,121	123,132	1,671,253	159,823
Construction in progress	2,902,617	32,750	2,935,367	-
Capital assets being depreciated:				
Buildings and improvements	3,291,070	606,910	3,897,980	1,209,302
Improvements other than buildings	9,955,387	-	9,955,387	-
Utility system	-	65,857,637	65,857,637	-
Machinery and equipment	16,226,168	8,017,406	24,243,574	-
Infrastructure	20,286,160	-	20,286,160	-
Industrial park	-	-	-	3,202,753
Signs	-	-	-	18,852
Office equipment	-	-	-	55,181
Accumulated depreciation	(30,937,285)	(40,156,350)	(71,093,635)	(1,443,160)
Total assets	42,247,392	82,059,838	124,307,230	8,380,629
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activities	1,104,265	867,637	1,971,902	-
Deferred outflow for pension contributions after the measurement date	250,400	196,743	447,143	-
Deferred outflows from OPEB activities	32,983	22,920	55,903	-
Deferred outflows for OPEB contributions after the measurement date	7,018	4,877	11,895	-
Total deferred outflows of resources	1,394,666	1,092,177	2,486,843	-
LIABILITIES				
Accounts payable	1,784,396	927,572	2,711,968	16,467
Escrow liability - seizure funds	66,394	-	66,394	-
Accrued liabilities	87,213	63,799	151,012	3,276
Due to primary government	-	-	-	8,388
Due to Jasper United	98,118	-	98,118	42,713
Unearned revenue	2,975	-	2,975	-
Payable from restricted assets:				
Customer meter deposits	-	474,869	474,869	-
Noncurrent liabilities:				
Due within one year	476,092	200,000	676,092	19,461
Due in more than one year	260,179	210,069	470,248	-
Net pension liability - long-term	1,546,396	1,215,026	2,761,422	-
OPEB liability - long term	1,904,182	1,472,789	3,376,971	-
Total liabilities	6,225,945	4,564,124	10,790,069	90,305
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activities	64,381	50,585	114,966	-
Deferred inflows for OPEB	177,515	128,766	306,281	-
Total deferred inflows of resources	241,896	179,351	421,247	-
NET POSITION				
Net investment in capital assets	22,078,849	34,387,985	56,466,834	3,202,751
Restricted for:				
Debt services	4,028,055	-	4,028,055	-
Equity interest ownership - Jasper United	2,839,283	-	2,839,283	1,216,834
Hotel/motel tax	558,487	-	558,487	-
Courts	524,188	-	524,188	-
Grants and contributions	4,587	-	4,587	-
Unrestricted	7,140,768	44,020,555	51,161,323	3,870,739
TOTAL NET POSITION	\$ 37,174,217	\$ 78,408,540	\$ 115,582,757	\$ 8,290,324

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 1,208,508	\$ -	\$ -	\$ -
Finance	390,146	-	-	-
Intergovernmental services	514,989	-	-	-
Community services	2,971,124	1,720,266	38,624	-
Community development	1,958,033	118,980	318,975	1,662,070
Public safety	3,685,562	294,407	190,205	-
Interest and fees	15,613	-	-	-
Total governmental activities	10,743,975	2,133,653	547,804	1,662,070
Business-type activities:				
Utility fund	17,944,693	24,500,002	-	703,990
Total business-type activities	17,944,693	24,500,002	-	703,990
TOTAL PRIMARY GOVERNMENT	\$ 28,688,668	\$ 26,633,655	\$ 547,804	\$ 2,366,060
COMPONENT UNIT:				
Jasper Economic Development Corp.	\$ 778,638	\$ 41,661	\$ -	\$ -
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
\$ (1,208,508)	\$ -	\$ (1,208,508)	\$ -
(390,146)	-	(390,146)	-
(514,989)	-	(514,989)	-
(1,212,234)	-	(1,212,234)	-
141,992	-	141,992	-
(3,200,950)	-	(3,200,950)	-
(15,613)	-	(15,613)	-
(6,400,448)	-	(6,400,448)	-
-	7,259,299	7,259,299	-
-	7,259,299	7,259,299	-
(6,400,448)	7,259,299	858,851	-
			(736,977)
1,122,212	-	1,122,212	-
139,843	-	139,843	-
4,065,543	-	4,065,543	1,351,268
398,448	-	398,448	-
1,425	3,583	5,008	-
87,962	-	87,962	-
127,700	742,326	870,026	27,154
7,018,381	(7,018,381)	-	-
12,961,514	(6,272,472)	6,689,042	1,378,422
6,561,066	986,827	7,547,893	641,445
30,613,151	77,421,713	108,034,864	7,648,879
<u>\$ 37,174,217</u>	<u>\$ 78,408,540</u>	<u>\$ 115,582,757</u>	<u>\$ 8,290,324</u>

City of Jasper, Texas

Balance Sheet - Governmental Funds

September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,662,208	\$ 3,964,761	\$ 77,084	\$ 12,704,053
Receivables (net):				
Property taxes	188,660	63,097	-	251,757
Sales, franchise, and other taxes	704,754	965	-	705,719
Accounts	194,458	-	-	194,458
Court fines	45,714	-	-	45,714
Intergovernmental	957,963	-	-	957,963
Other	41,410	-	-	41,410
Due from other funds	16,420	-	-	16,420
Due from component unit	8,388	-	-	8,388
Inventories	82,858	-	-	82,858
Prepaid items	40,637	-	-	40,637
Restricted cash:				
Cash - hotel/motel tax	558,487	-	-	558,487
Cash - courts	524,188	-	-	524,188
Cash - grants	4,587	-	-	4,587
Total assets	<u>12,030,732</u>	<u>4,028,823</u>	<u>77,084</u>	<u>16,136,639</u>
TOTAL ASSETS	<u>\$ 12,030,732</u>	<u>\$ 4,028,823</u>	<u>\$ 77,084</u>	<u>\$ 16,136,639</u>
 LIABILITIES				
Accounts payable	\$ 1,283,400	\$ -	\$ 500,996	\$ 1,784,396
Escrow liability - seizure funds	66,394	-	-	66,394
Accrued liabilities	87,213	-	-	87,213
Due to other funds	-	768	-	768
Due to Jasper United	98,118	-	-	98,118
Unearned revenue	2,975	-	-	2,975
Total liabilities	<u>1,538,100</u>	<u>768</u>	<u>500,996</u>	<u>2,039,864</u>
 DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	188,660	63,097	-	251,757
Unavailable revenue - court fines	45,714	-	-	45,714
Total deferred inflows of resources	<u>234,374</u>	<u>63,097</u>	<u>-</u>	<u>297,471</u>
 FUND BALANCES				
Nonspendable inventories	82,858	-	-	82,858
Nonspendable prepaid items	40,637	-	-	40,637
Restricted - debt	-	3,964,958	-	3,964,958
Restricted - hotel/motel tax	558,487	-	-	558,487
Restricted - courts	524,188	-	-	524,188
Restricted - grants and contributions	4,587	-	-	4,587
Assigned - construction	9,022,412	-	-	9,022,412
Assigned - purchases on order	25,089	-	-	25,089
Unassigned	-	-	(423,912)	(423,912)
Total fund balances	<u>10,258,258</u>	<u>3,964,958</u>	<u>(423,912)</u>	<u>13,799,304</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 12,030,732</u>	<u>\$ 4,028,823</u>	<u>\$ 77,084</u>	<u>\$ 16,136,639</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, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 13,799,304

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	\$ 54,209,523	
Accumulated depreciation of governmental capital assets	<u>(30,937,285)</u>	23,272,238

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. 251,757

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. 45,714

Investment in joint venture is not considered to represent a financial resource and, therefore is not reported in the funds. 2,839,283

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	\$ (514,649)	
Financed purchases	(221,622)	
Net pension liability	(1,546,396)	
OPEB liability	<u>(1,904,182)</u>	(4,186,849)

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. 1,354,665

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. (64,381)

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. 40,001

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. (177,515)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 37,174,217

City of Jasper, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 1,094,851	\$ 20,107	\$ -	\$ 1,114,958
Franchise taxes	139,843	-	-	139,843
Sales taxes	4,065,543	-	-	4,065,543
Other taxes	398,448	-	-	398,448
Licenses and permits	68,864	-	-	68,864
Intergovernmental	1,989,944	-	-	1,989,944
Other grants and contributions	224,901	-	-	224,901
Charges for services	1,714,655	-	-	1,714,655
Fines and forfeitures	296,349	-	-	296,349
Rents and royalties	50,116	-	-	50,116
Investment earnings	78,356	48,819	525	127,700
Other revenues	87,962	-	-	87,962
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	10,209,832	68,926	525	10,279,283
EXPENDITURES				
Current:				
General government	958,107	-	-	958,107
Finance	370,354	-	-	370,354
Intergovernmental services	440,606	-	-	440,606
Community services	2,396,194	-	-	2,396,194
Community development	748,174	-	138,630	886,804
Public safety	3,428,866	-	-	3,428,866
Debt service:				
Principal	165,756	-	-	165,756
Interest and fees	15,613	-	-	15,613
Capital outlay:				
Governmental activities	2,752,000	-	2,024,582	4,776,582
Capital contributions to Jasper United	34,405	-	-	34,405
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	11,310,075	-	2,163,212	13,473,287
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,100,243)	68,926	(2,162,687)	(3,194,004)
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	1,425	-	-	1,425
Transfers in	5,337,349	-	1,955,168	7,292,517
Transfers (out)	-	(22,974)	(251,162)	(274,136)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	5,338,774	(22,974)	1,704,006	7,019,806
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	4,238,531	45,952	(458,681)	3,825,802
Fund balances, beginning of year	6,019,727	3,919,006	34,769	9,973,502
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	<u>\$ 10,258,258</u>	<u>\$ 3,964,958</u>	<u>\$ (423,912)</u>	<u>\$ 13,799,304</u>

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, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 3,825,802
<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. Deferred tax revenues increased (decreased) by this amount this year.</p>		
		7,254
<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. Deferred court revenues increased (decreased) by this amount this year.</p>		
		(1,302)
<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	\$ 4,776,582	
Depreciation expense	<u>(2,141,661)</u>	2,634,921
<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>		
		165,756
<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)		(42,283)
<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>		
		34,405
<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)	1,074,976	
Deferred inflows (increased) decreased	999,564	
Net pension liability (increased) decreased	<u>(1,546,396)</u>	(87,013)
<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)	\$ (79,661)	
Deferred inflows (increased) decreased	67,141	
OPEB liability (increased) decreased	<u>36,046</u>	<u>23,526</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 6,561,066</u>

City of Jasper, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

**Business-type
Activities -
Enterprise Fund
Utility
Fund**

ASSETS

Current assets:

Cash and cash equivalents	\$ 37,370,291
Restricted cash - construction	7,304,596
Restricted cash - customer meter deposits	618,185
Receivables (net):	
Accounts	1,451,618
Other	140,119
Inventories	707,351
Prepaid items	1,845
Total current assets	47,594,005

Noncurrent assets:

Capital assets:

Land and improvements	123,132
Construction in progress	32,750
Buildings and improvements	606,910
Utility systems	65,857,637
Machinery and equipment	8,017,406
Accumulated depreciation	(40,156,350)
Total noncurrent assets	34,481,485

Total assets

82,075,490

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows from pension activities	867,637
Deferred outflow for pension contributions after the measurement date	196,743
Deferred outflows from OPEB activities	22,920
Deferred outflow for OPEB contributions after the measurement date	4,877
Total deferred outflows of resources	1,092,177

LIABILITIES

Current liabilities:

Accounts payable	927,572
Accrued liabilities	63,799
Due to other funds	15,652
Customer meter deposits	474,869
Accrued compensated absences - current	200,000
Total current liabilities	1,681,892

Noncurrent liabilities:

Accrued compensated absences - long term	210,069
Net pension liability - long term	1,215,026
OPEB liability - long term	1,472,789
Total noncurrent liabilities	2,897,884

Total liabilities

4,579,776

DEFERRED INFLOWS OF RESOURCES

Deferred inflows from pension activities	50,585
Deferred inflows for OPEB	128,766
Total deferred inflows of resources	179,351

NET POSITION

Net investment in capital assets	34,387,985
Unrestricted	44,020,555

TOTAL NET POSITION

\$ 78,408,540

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

City of Jasper, Texas

Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Business-type Activities - Enterprise Fund Utility Fund
OPERATING REVENUES	
Electrical services	\$ 12,385,502
Sale of excess electrical power	7,718,009
Water sales	2,503,434
Sewer services	1,778,174
Tapping fees	27,269
Cut-in fees	41,345
Miscellaneous income	46,269
Total operating revenues	<u>24,500,002</u>
OPERATING EXPENSES	
Water production	425,446
Water distribution	658,816
Sewer collection	603,130
Sewer treatment	822,165
Public works	384,603
Power production	10,314,453
Right of way	561,966
Inspection	278,187
Customer service	613,075
Nondepartmental: Depreciation	<u>3,282,852</u>
Total operating expenses	<u>17,944,693</u>
Operating income	6,555,309
NONOPERATING REVENUES	
Intergovernmental	703,990
Proceeds from insurance	3,583
Investment earnings	742,326
Total nonoperating revenues	<u>1,449,899</u>
Income before transfers	8,005,208
Transfers in	274,136
Transfers (out)	<u>(7,292,517)</u>
Total transfers	<u>(7,018,381)</u>
Change in net position	986,827
Net position, beginning of year	<u>77,421,713</u>
NET POSITION, END OF YEAR	<u><u>\$ 78,408,540</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, 2023

	Business-type Activities - Enterprise Fund Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for account services	\$ 25,020,350
Cash payments for operating expenses	(10,999,871)
Cash payments to employees for services	(3,979,472)
	<hr/>
Net cash provided by operating activities	10,041,007
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers, net	(7,018,381)
Intergovernmental	703,990
Insurance proceeds	3,583
	<hr/>
Net cash used for noncapital financing activities	(6,310,808)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant expenditures	(686,390)
Purchase of capital assets	(2,919,240)
	<hr/>
Net cash used for capital and related financing activities	(3,605,630)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	742,326
	<hr/>
Net cash provided by investing activities	742,326
Net increase in cash and cash equivalents	866,895
Cash and cash equivalents, beginning of year	44,426,177
	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 45,293,072
	<hr/>
CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	\$ 37,370,291
Restricted cash	7,922,781
	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 45,293,072
	<hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 6,555,309
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	3,282,852
(Increase) decrease in receivables	489,702
(Increase) decrease in due from other funds	170,086
(Increase) decrease in inventories	(78,812)
(Increase) decrease in net pension asset	483,337
(Increase) decrease in deferred outflows for pensions	(844,624)
(Increase) decrease in deferred outflows for OPEB	59,111
Increase (decrease) in accounts payable	(506,505)
Increase (decrease) in accrued liabilities	4,863
Increase (decrease) in due to other funds	15,652
Increase (decrease) in customer meter deposits	30,646
Increase (decrease) in accrued compensated absences	27,334
Increase (decrease) in other postemployment benefits	(19,022)
Increase (decrease) in net pension liability	1,215,026
Increase (decrease) in deferred inflows for pensions	(785,371)
Increase (decrease) in deferred inflows for OPEB	(58,577)
	<hr/>
Total adjustments	3,485,698
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 10,041,007
	<hr/>

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, 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 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, 2023.

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. 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, 2023. Compensated absences are liquidated by the General Fund, the proprietary fund and the component unit JEDCO.

6. 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*.

City of Jasper, Texas

Notes to Financial Statements

7. Other Postemployment 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 postemployment 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*.

8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net assets 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 assets 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.

9. 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.

10. 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.

City of Jasper, Texas

Notes to Financial Statements

11. 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.

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 current tax rate to finance general governmental services for the fiscal year ended September 30, 2023 was \$0.2554 per \$100, for the General 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.

City of Jasper, Texas

Notes to Financial Statements

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. 96, *Subscription-Based Information Technology Arrangements (GASB 96)*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the City's 2023 financial statements with no impact to amounts previously reported.

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.

City of Jasper, Texas

Notes to Financial Statements

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	\$ 9,022,412
General Fund - purchase on order	<u>25,089</u>
Total	\$ 9,047,501

Note 3. Detailed Notes on All Funds

A. Cash and Investments

Primary Government

At September 30, 2023, 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.

City of Jasper, Texas

Notes to Financial Statements

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, 2023, 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.

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, 2023, JEDCO's deposits at the DuGood Federal Credit Union were insured and collateralized with securities held by JEDCO's or the bank's agent in the City's name.

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	\$ -	\$ 7,304,596	\$ 7,304,596
Hotel/motel tax	558,487	-	558,487
Courts	524,188	-	524,188
Grants and contributions	4,587	-	4,587
Customer meter deposits	-	618,185	618,185
Total restricted assets	<u>\$ 1,087,262</u>	<u>\$ 7,922,781</u>	<u>\$ 9,010,043</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.

City of Jasper, Texas

Notes to Financial Statements

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	(3,574)
Change in uncollectibles related to general fund court fines	24,737
Change in uncollectibles related to debt service property taxes	1,000
Change in uncollectibles related to utility fund utilities	<u>(55,991)</u>
Total change in uncollectibles of the current fiscal year increased (decreased) revenues	<u>\$ (34,828)</u>

Allowances for uncollectibles at September 30, 2023 for the City's individual major governmental and proprietary funds are as follows:

	General Fund	Debt Service Fund	Utility Fund	Total
Property taxes	\$ (8,000)	\$ (3,000)	\$ -	\$ (11,000)
Accounts	(97,430)	-	(1,526,405)	(1,623,835)
Court fines	<u>(868,560)</u>	<u>-</u>	<u>-</u>	<u>(868,560)</u>
Totals	<u>\$ (973,990)</u>	<u>\$ (3,000)</u>	<u>\$ (1,526,405)</u>	<u>\$ (2,503,395)</u>

Approximately 84% 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, 2023 were as follows:

	Interfund Receivables	Interfund Payables
General	\$ 16,420	\$ -
Debt service	-	(768)
Utility	<u>-</u>	<u>(15,652)</u>
Totals	<u>\$ 16,420</u>	<u>\$ (16,420)</u>

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.

City of Jasper, Texas

Notes to Financial Statements

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, 2023.

<u>Transfers out</u>	<u>Transfer in General Fund</u>	<u>Transfer in Capital Projects Fund</u>	<u>Transfer in Utility Fund</u>	<u>Total</u>
Debt service	\$ -	\$ -	\$ 22,974	\$ 22,974
Capital projects	-	-	251,162	251,162
Utility	5,337,349	1,955,168	-	7,292,517
Totals	<u>\$ 5,337,349</u>	<u>\$ 1,955,168</u>	<u>\$ 274,136</u>	<u>\$ 7,566,653</u>

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

3. Component Unit - JEDCO

Amounts receivable and payable between the City and its component unit at September 30, 2023 were as follows:

<u>Primary Government/Component Unit</u>	<u>Receivables</u>	<u>Payables</u>
City - General fund	\$ 8,388	\$ -
Component unit - JEDCO	-	8,388
Totals	<u>\$ 8,388</u>	<u>\$ 8,388</u>

The receivable and payable between the City and its component unit consist of expenditures of \$8,388 for salaries and \$1,200 for JEDCO portion of Jasper United joint venture.

City of Jasper, Texas
Notes to Financial Statements

E. Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Adjustments and Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,217,412	\$ 330,709	\$ -	\$ -	\$ 1,548,121
Construction in progress	1,087,019	2,132,902	-	(317,304)	2,902,617
Total capital assets, not being depreciated	2,304,431	2,463,611	-	(317,304)	4,450,738
Capital assets, being depreciated:					
Buildings and improvements	3,171,915	37,447	-	81,708	3,291,070
Improvements other than buildings	9,955,387	-	-	-	9,955,387
Machinery and equipment	14,193,773	2,032,395	-	-	16,226,168
Infrastructure	19,807,435	243,129	-	235,596	20,286,160
Total capital assets being depreciated	47,128,510	2,312,971	-	317,304	49,758,785
Less accumulated depreciation for:					
Buildings and improvements	(1,691,350)	(195,492)	-	-	(1,886,842)
Improvements other than buildings	(4,922,396)	(346,454)	-	-	(5,268,850)
Machinery and equipment	(10,202,827)	(766,159)	-	-	(10,968,986)
Infrastructure	(11,979,051)	(833,556)	-	-	(12,812,607)
Total accumulated depreciation	(28,795,624)	(2,141,661)	-	-	(30,937,285)
Total capital assets, net	18,332,886	171,310	-	317,304	18,821,500
Governmental activities capital assets, net	\$ 20,637,317	\$ 2,634,921	\$ -	\$ -	\$ 23,272,238

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

Governmental activities:	
General government	\$ 243,628
Finance	14,070
Intergovernmental services	66,594
Community services	549,272
Community development	1,057,630
Public safety	210,467
Total	\$ 2,141,661

City of Jasper, Texas
Notes to Financial Statements

	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	2,287,133	32,750	-	(2,287,133)	32,750
Total capital assets, not being depreciated	2,410,265	32,750	-	(2,287,133)	155,882
Capital assets, being depreciated:					
Buildings and improvements	606,910	-	-	-	606,910
Utility systems	62,169,437	1,401,067	-	2,287,133	65,857,637
Machinery and equipment	6,531,983	1,485,423	-	-	8,017,406
Total capital assets being depreciated	69,308,330	2,886,490	-	2,287,133	74,481,953
Less accumulated depreciation for:					
Buildings and improvements	(451,548)	(14,525)	-	-	(466,073)
Utility systems	(31,432,381)	(2,870,110)	-	-	(34,302,491)
Machinery and equipment	(4,989,569)	(398,217)	-	-	(5,387,786)
Total accumulated depreciation	(36,873,498)	(3,282,852)	-	-	(40,156,350)
Total capital assets, net	32,434,832	(396,362)	-	2,287,133	34,325,603
Business-type activities capital assets, net	\$ 34,845,097	\$ (363,612)	\$ -	\$ -	\$ 34,481,485

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

Business-type activities:	
Water	\$ 755,487
Sewer	755,487
Light and power	1,771,878
Total business-type activities	\$ 3,282,852

City of Jasper, Texas
Notes to Financial Statements

Construction Commitments

The City has an active construction project as of September 30, 2023. At year end, the commitments with contractors are as follows:

City Project	Remaining Commitment
Governmental activities:	
CDBG street projects	\$ 11,396,891
Basketball pavilion	722,198
Total governmental activities	\$ 12,119,089

The commitments for construction for street improvements are being funded by transfers to the General Fund from the Utility Fund. The commitments for construction for the basketball pavilion are being funded by transfers to the Capital Projects Fund from the Utility Fund.

Component Unit - JEDCO

Activity for the component unit for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments and Transfers	Ending Balance
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	(102,814)	(27,856)	-	-	(130,670)
Industrial park	(1,201,060)	(64,055)	-	-	(1,265,115)
Signs	(18,852)	-	-	-	(18,852)
Office equipment	(24,971)	(3,552)	-	-	(28,523)
Total accumulated depreciation	(1,347,697)	(95,463)	-	-	(1,443,160)
Total depreciable assets, net	3,138,391	(95,463)	-	-	3,042,928
Component unit capital assets, net	\$ 3,298,214	\$ (95,463)	\$ -	\$ -	\$ 3,202,751

City of Jasper, Texas

Notes to Financial Statements

F. Long-term Liabilities

Primary Government and Discretely Presented Component Unit (JEDCO):

Long-term obligations include financed purchases, compensated absences, net pension liability, and other postemployment benefits. 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, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases	\$ 387,378	\$ -	\$ (165,756)	\$ 221,622	\$ 176,092
Compensated absences	472,366	356,618	(314,335)	514,649	300,000
Net pension liability/(asset)	(615,157)	3,823,333	(1,661,780)	1,546,396	-
OPEB liability / retiree health	1,580,609	108,067	(41,693)	1,646,983	-
OPEB liability / TMRS	359,619	23,192	(125,612)	257,199	-
Total governmental activities long-term liabilities	\$ 2,184,815	\$ 4,311,210	\$ (2,309,176)	\$ 4,186,849	\$ 476,092
Business-type activities:					
Compensated absences	\$ 382,735	\$ 258,129	\$ (230,795)	\$ 410,069	\$ 200,000
Net pension liability/(asset)	(483,337)	3,004,047	(1,305,684)	1,215,026	-
OPEB liability / retiree health	1,241,907	84,909	(32,758)	1,294,058	-
OPEB liability / TMRS	249,904	16,116	(87,289)	178,731	-
Total business-type activities long-term liabilities	\$ 1,391,209	\$ 3,363,201	\$ (1,656,526)	\$ 3,097,884	\$ 200,000
Component Unit - JEDCO					
Compensated absences	\$ 14,963	\$ 9,950	\$ (5,452)	\$ 19,461	\$ 19,461
Total	\$ 14,963	\$ 9,950	\$ (5,452)	\$ 19,461	\$ 19,461

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:

Year Ending September	Principal	Interest	Total
2024	\$ 176,092	\$ 7,091	\$ 183,183
2025	45,530	380	45,910
Total governmental activities	\$ 221,622	\$ 7,471	\$ 229,093

City of Jasper, Texas

Notes to Financial Statements

Note 4. Other Information

A. Pension Information

Plan Description

The City of Jasper participates in one of 919 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 Annual Comprehensive 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. 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.

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 2022	Plan Year 2021
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

City of Jasper, Texas

Notes to Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	94
Inactive employees entitled to but not yet receiving benefits	62
Active employees	117
	<hr/>
	273
	<hr/>

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, 2023, were \$594,428, and were equal to the required contributions.

Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability (Asset) in the December 31, 2022 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.

City of Jasper, Texas

Notes to Financial Statements

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). 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%	7.7%
Core fixed income	6.0%	4.9%
Non-core fixed income	20.0%	8.7%
Other public and private markets	12.0%	8.1%
Real estate	12.0%	5.8%
Hedge funds	5.0%	6.9%
Private equity	10.0%	11.8%
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, 2021	\$ 29,945,078	\$ 31,043,572	\$ (1,098,494)
Changes for the year			
Service cost	825,528	-	825,528
Interest	1,990,764	-	1,990,764
Difference between expected and actual experience	(160,770)	-	(160,770)
Contributions - employer	-	576,028	(576,028)
Contributions - employee	-	477,184	(477,184)
Net investment income	-	(2,261,396)	2,261,396
Benefit payments, including refunds of employee contributions	(1,730,083)	(1,730,083)	-
Administrative expense	-	(19,609)	19,609
Other changes	-	23,399	(23,399)
Net changes	925,439	(2,934,477)	3,859,916
Balance at December 31, 2022	\$ 30,870,517	\$ 28,109,095	\$ 2,761,422

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability 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	\$ 6,272,789	\$ 2,761,422	\$ (191,545)

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, 2023, the City recognized pension expense of \$749,809.

At September 30, 2023, 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	\$ 33,335	\$ 114,966
Difference between projected and actual investment earnings	1,938,567	-
Contributions subsequent to the measurement date	447,143	-
Totals	\$ 2,419,045	\$ 114,966

\$447,143 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, 2024. 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,	
2024	\$ 53,472
2025	434,753
2026	497,346
2027	871,365
Totals	\$ 1,856,936

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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	16
Active employees	<u>117</u>
	<u><u>208</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 \$746 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 0.18% and 0.22% in calendar years **2022** and 2023, respectively. The City's contributions to the SDBF for the year ended September 30, 2023 were \$15,032, 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 2023, 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	\$ 746
Spouse	1,514
Child	1,313
Family	2,200
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, 2022 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, 2023 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, 2022 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	4.05%
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, 2022 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 4.05% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Retiree Health

The Total OPEB Liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	October 1, 2021
Measurement date	September 30, 2023
Actuarial cost method	Entry age normal
Inflation	2.30% per annum, compounded annually
Salary increases	3.00% excluding inflation
Discount rate	4.09% 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 4.09% 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, 2021	\$ 609,523
Changes for the year:	
Service cost	27,949
Interest on Total OPEB Liability	11,359
Difference between expected and actual experience	(6,948)
Changes of assumptions or other inputs	(193,683)
Benefit payments	<u>(12,270)</u>
Net changes	<u>(173,593)</u>
Balance at December 31, 2022	<u>\$ 435,930</u>

Retiree Health

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at September 30, 2022	\$ 2,822,516
Changes for the year:	
Service cost	77,680
Interest on Total OPEB Liability	115,296
Change in assumptions or other inputs	(9,554)
Benefit payments	<u>(64,897)</u>
Net changes	<u>118,525</u>
Balance at September 30, 2023	<u>\$ 2,941,041</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 4.05%, 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 (3.05%) or 1 percentage-point higher (5.05%) than the current rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB liability	\$ 511,064	\$ 435,930	\$ 376,088

Retiree Health

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.09%, 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 (3.09%) or 1 percentage-point higher (5.09%) than the current rate:

	<u>1% Decrease in Discount Rate (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase in Discount Rate (5.09%)</u>
Total OPEB liability	\$ 3,080,417	\$ 2,941,041	\$ 2,808,086

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	\$ 2,757,781	\$ 2,941,041	\$ 3,144,458

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, 2023, the City recognized OPEB expense of \$15,118. At September 30, 2023, 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	\$ 5,791	\$ 48,516
Changes in actuarial assumptions and other inputs	50,112	151,420
Contributions subsequent to the measurement date	11,895	-
Totals	<u>\$ 67,798</u>	<u>\$ 199,936</u>

\$11,895 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, 2024. 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>	
2024	\$ (48,687)
2025	(30,643)
2026	(42,812)
2027	(21,891)
Totals	<u>\$ (144,033)</u>

Retiree Health

For the year ended September 30, 2023, the City recognized OPEB expense of \$22,797. At September 30, 2023, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 85,737
Changes in actuarial assumptions and other inputs	20,608
Totals	<u>\$ 106,345</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:

	Year Ending September 30,	
	2024	\$ (104,559)
	2025	<u>(1,786)</u>
Totals		<u>\$ (106,345)</u>

Combined Totals for Retiree Health Plan and Supplemental Death Benefit Plan

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

	Retiree Health Plan	SDBP	Total
OPEB Liability	\$ 2,941,041	\$ 435,930	\$ 3,376,971
Deferred Inflows	106,345	199,936	306,281
Deferred Outflows	-	67,798	67,798
OPEB Expense	22,797	15,118	37,915

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, 2023, the City and JEDCO provided capital contributions of \$34,405 and \$14,745. These contributions are recorded as expenditures in their respective general funds. The City and JEDCO's equity interest in the joint venture totaled \$2,839,283 and \$1,216,834, respectively as of September 30, 2023 and are recorded as assets in the statement of net position. The joint venture does not issue separately available financial statements.

City of Jasper, Texas

Notes to Financial Statements

Note 5. Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$423,912 due to expenditures that have occurred in which monies haven't been transferred from the General Fund and the Utility Fund.

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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, 2023

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 960,355	\$ 1,094,851	\$ 1,094,851	\$ -
Franchise taxes	132,000	139,843	139,843	-
Sales taxes	2,520,000	4,065,543	4,065,543	-
Motel occupancy	332,000	380,791	380,791	-
Mixed beverage	15,000	17,657	17,657	-
Licenses and permits	75,000	68,864	68,864	-
Intergovernmental:				
Intergovernmental	-	135,628	135,628	-
CLEOSE grant	-	3,926	3,926	-
CDBG	-	1,845,417	1,845,417	-
Municipal court technology	4,000	4,973	4,973	-
Other grants and contributions	184,928	224,901	224,901	-
Charges for services:				
Sanitation collection fees	1,427,000	1,553,341	1,553,341	-
Landfill transfer fee	250,000	149,914	149,914	-
Animal shelter	5,000	11,400	11,400	-
Fines and forfeitures	351,700	296,349	296,349	-
Rents and royalties	35,510	50,116	50,116	-
Investment earnings	5,000	78,356	78,356	-
Other revenues	41,500	87,962	87,962	-
Total revenues	6,338,993	10,209,832	10,209,832	-
EXPENDITURES				
General government:				
Legislative	717,294	620,895	620,895	-
Administrative	157,076	167,736	167,736	-
Human resources	112,693	110,655	110,655	-
City secretary	59,774	58,821	58,821	-
Total general government	1,046,837	958,107	958,107	-
Finance:				
Budget and finance	351,097	370,354	370,354	-
Total finance	351,097	370,354	370,354	-
Intergovernmental services:				
Municipal shop	341,634	310,694	310,694	-
Custodial services	122,032	129,912	129,912	-
Total intergovernmental services	463,666	440,606	440,606	-
Community services:				
Library	353,077	320,277	320,277	-
Solid waste	1,083,660	1,238,317	1,238,317	-
Parks	335,232	355,984	355,984	-
Community services	280,700	307,890	307,890	-
Animal shelter	137,466	173,726	173,726	-
Total community services	2,190,135	2,396,194	2,396,194	-

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, 2023

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Community development:				
Streets and drainage	824,478	748,174	748,174	-
Total community development	824,478	748,174	748,174	-
Public safety:				
Police	2,627,546	2,810,055	2,810,055	-
Municipal court	370,825	322,721	322,721	-
Fire	328,481	296,090	296,090	-
Total public safety	3,326,852	3,428,866	3,428,866	-
Debt service:				
Principal	-	165,756	165,756	-
Interest and fees	-	15,613	15,613	-
Total debt service	-	181,369	181,369	-
Capital outlay:				
Governmental activities	-	2,752,000	2,752,000	-
Capital contributions to Jasper United	-	34,405	34,405	-
Total capital outlay	-	2,786,405	2,786,405	-
Total expenditures	8,203,065	11,310,075	11,310,075	-
Excess (deficiency) of revenues over expenditures	(1,864,072)	(1,100,243)	(1,100,243)	-
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	-	1,425	1,425	-
Transfers in	1,911,783	5,337,349	5,337,349	-
Total other financing sources (uses)	1,911,783	5,338,774	5,338,774	-
Net change in fund balance	47,711	4,238,531	4,238,531	-
Fund balance, beginning of year	6,019,727	6,019,727	6,019,727	-
FUND BALANCE, END OF YEAR	\$ 6,067,438	\$ 10,258,258	\$ 10,258,258	\$ -

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 Nine Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 825,528	\$ 795,557	\$ 785,823	\$ 724,337
Interest	1,990,764	1,917,541	1,836,939	1,777,589
Differences between expected and actual experience	(160,770)	20,073	119,878	(91,534)
Changes of assumptions	-	-	-	(43,810)
Benefit payments, including refunds of employee contributions	(1,730,083)	(1,596,664)	(1,510,146)	(1,525,976)
Net change in total pension liability	925,439	1,136,507	1,232,494	840,606
Total pension liability - beginning	29,945,078	28,808,571	27,576,077	26,735,471
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 30,870,517</u>	<u>\$ 29,945,078</u>	<u>\$ 28,808,571</u>	<u>\$ 27,576,077</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 576,028	\$ 566,482	\$ 583,112	\$ 526,898
Contributions - employee	477,184	456,841	449,042	412,560
Net investment income	(2,261,396)	3,642,710	2,005,992	3,620,669
Benefits payments, including refunds of employee contributions	(1,730,083)	(1,596,664)	(1,510,146)	(1,525,976)
Administrative expense	(19,609)	(16,884)	(13,004)	(20,496)
Other	23,399	117	(507)	(617)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(2,934,477)	3,052,602	1,514,489	3,013,038
PLAN FIDUCIARY NET POSITION - BEGINNING	31,043,572	27,990,970	26,476,483	23,463,445
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 28,109,095</u>	<u>\$ 31,043,572</u>	<u>\$ 27,990,972</u>	<u>\$ 26,476,483</u>
NET PENSION LIABILITY (ASSET) - ENDING (a)-(b)	<u>\$ 2,761,422</u>	<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	91.05%	103.67%	97.16%	96.01%
COVERED PAYROLL	\$ 6,816,909	\$ 6,526,307	\$ 6,414,885	\$ 5,893,711
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	40.51%	-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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll growth	2.75%	2.75%	2.75%	2.75%
Investment rate of return	6.75%	6.75%	6.75%	6.75%
Discount rate	6.75%	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, 2014 to December 31, 2018.

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, 2010 to December 31, 2014.

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 Nine Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 594,428	\$ 573,103	\$ 580,260	\$ 577,094
Contributions in relation to the actuarially determined contribution	<u>(594,428)</u>	<u>(573,103)</u>	<u>(580,260)</u>	<u>(577,094)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,149,826	\$ 6,737,011	\$ 6,602,847	\$ 6,376,747
Contributions as a percentage of covered payroll	8.31%	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	21 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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 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>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 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 Six Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 27,949	\$ 26,758	\$ 22,452	\$ 14,734	\$ 15,192	\$ 13,071
Interest on total OPEB liability	11,359	11,545	13,140	21,302	13,213	13,031
Difference between expected and actual experience	(6,948)	(4,424)	(1,510)	(203,386)	176,181	-
Changes of assumptions or other inputs	(193,683)	17,305	70,692	70,530	(26,504)	30,341
Benefit payments	(12,270)	(11,095)	(3,849)	(2,947)	(2,813)	(3,268)
Net change in total OPEB liability	(173,593)	40,089	100,925	(99,767)	175,269	53,175
Total OPEB liability - beginning	609,523	569,434	468,509	568,276	393,007	339,832
TOTAL OPEB LIABILITY - ENDING	\$ 435,930	\$ 609,523	\$ 569,434	\$ 468,509	\$ 568,276	\$ 393,007
Covered payroll	\$ 6,816,909	\$ 6,526,307	\$ 6,414,885	\$ 5,893,711	\$ 5,626,569	\$ 5,446,143
OPEB liability as a percentage of covered payroll	6.39%	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>2023</u>	<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%	2.50%
Payroll growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Discount rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 15,032	\$ 11,960	\$ 9,311	\$ 3,656	\$ 2,903	\$ 2,938
Contributions in relation to the actuarially determined contribution	<u>(15,032)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 7,149,826	\$ 6,737,011	\$ 6,602,847	\$ 6,376,747	\$ 5,806,097	\$ 5,564,688
Contributions as a percentage of covered payroll	0.21%	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 Six Fiscal Years *

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 77,680	\$ 103,989	\$ 122,727	\$ 67,274	\$ 55,843	\$ 63,546
Interest on total OPEB liability	115,296	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	(9,554)	(77,539)	(7,009)	656,303	251,412	(164,542)
Benefit payments	(64,897)	(69,611)	(64,554)	(55,074)	(108,782)	(112,623)
Net change in total OPEB liability	118,525	(426,665)	122,272	421,317	299,146	(125,384)
Total OPEB liability - beginning	2,822,516	3,249,181	3,126,909	2,705,592	2,406,446	2,531,830
TOTAL OPEB LIABILITY - ENDING	\$ 2,941,041	\$ 2,822,516	\$ 3,249,181	\$ 3,126,909	\$ 2,705,592	\$ 2,406,446
Covered payroll	\$ 7,423,378	\$ 7,009,073	\$ 6,160,176	\$ 6,192,443	\$ 5,832,145	\$ 5,131,927
OPEB liability as a percentage of covered payroll	39.62%	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:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Inflation	2.30%	2.30%	2.20%	2.20%	2.30%	2.30%
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Discount rate	4.09%	4.02%	2.26%	2.21%	4.18%	4.18%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 64,897	\$ 69,611	\$ 64,554	\$ 55,074	\$ 108,782	\$ 112,623
Contributions in relation to the actuarially determined contribution	<u>(64,897)</u>	<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>				
Covered payroll	\$ 7,423,378	\$ 7,009,073	\$ 6,160,176	\$ 6,192,413	\$ 5,832,145	\$ 5,131,927
Contributions as a percentage of covered payroll	0.87%	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, 2023

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 15,000	\$ 20,107	\$ 20,107	\$ -
Investment earnings	10,000	48,819	48,819	-
Total revenues	25,000	68,926	68,926	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(22,974)	(22,974)	-
Total other financing sources (uses)	-	(22,974)	(22,974)	-
Net change in fund balance	25,000	45,952	45,952	-
Fund balance, beginning of year	3,919,006	3,919,006	3,919,006	-
FUND BALANCE, END OF YEAR	\$ 3,944,006	\$ 3,964,958	\$ 3,964,958	\$ -

City of Jasper, Texas
Schedule of Operating Expenses
by Department - Enterprise Funds
For the Fiscal Year Ended September 30, 2023

	Utility Fund			Total
	Water Utility	Sewer Utility	Light and Power Utility	
Water production:				
Personnel expenses	\$ 180,754	\$ -	\$ -	\$ 180,754
Maintenance and supplies	78,970	-	-	78,970
Contracted services	163,819	-	-	163,819
Other sundry expenses	1,903	-	-	1,903
Total water production	425,446	-	-	425,446
Water distribution:				
Personnel expenses	561,331	-	-	561,331
Maintenance and supplies	77,650	-	-	77,650
Contracted services	8,186	-	-	8,186
Other sundry expenses	11,649	-	-	11,649
Total water distribution	658,816	-	-	658,816
Sewer collection:				
Personnel expenses	-	434,367	-	434,367
Maintenance and supplies	-	108,744	-	108,744
Contracted services	-	45,362	-	45,362
Other sundry expenses	-	14,657	-	14,657
Total sewer collection	-	603,130	-	603,130
Sewer treatment:				
Personnel expenses	-	427,391	-	427,391
Maintenance and supplies	-	161,576	-	161,576
Contracted services	-	228,867	-	228,867
Other sundry expenses	-	4,331	-	4,331
Total sewer treatment	-	822,165	-	822,165
Public works:				
Personnel expenses	345,332	-	-	345,332
Maintenance and supplies	14,206	-	-	14,206
Contracted services	21,068	-	-	21,068
Other sundry expenses	3,997	-	-	3,997
Total public works	384,603	-	-	384,603
Power production:				
Purchased power	-	-	8,946,245	8,946,245
Personnel expenses	-	-	963,547	963,547
Maintenance and supplies	-	-	351,070	351,070
Contracted services	-	-	31,276	31,276
Other sundry expenses	-	-	22,315	22,315
Total power production	-	-	10,314,453	10,314,453
Right of way:				
Personnel expenses	-	-	477,807	477,807
Maintenance and supplies	-	-	72,112	72,112
Contracted services	-	-	7,645	7,645
Other sundry expenses	-	-	4,402	4,402
Total right of way	-	-	561,966	561,966
Inspection:				
Personnel expenses	-	-	247,020	247,020
Maintenance and supplies	-	-	20,770	20,770
Contracted services	-	-	1,925	1,925
Other sundry expenses	-	-	8,472	8,472
Total inspection	-	-	278,187	278,187
Customer service:				
Personnel expenses	-	-	424,000	424,000
Maintenance and supplies	-	-	90,773	90,773
Contracted services	-	-	68,475	68,475
Other sundry expenses	-	-	29,827	29,827
Total customer service	-	-	613,075	613,075
Nondepartmental:				
Depreciation	755,487	755,487	1,771,878	3,282,852
Total nondepartmental expenses	755,487	755,487	1,771,878	3,282,852
TOTAL OPERATING EXPENSES	\$ 2,224,352	\$ 2,180,782	\$ 13,539,559	\$ 17,944,693

City of Jasper, Texas

Statement of Net Position - Component Unit
Jasper Economic Development Corporation
September 30, 2023

	Component Unit
	JEDCO
ASSETS	
Cash and cash equivalents	\$ 3,033,876
Receivables:	
Sales taxes	215,836
Equity interest ownership - Jasper United	1,216,834
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	(1,443,160)
	<hr/>
Total assets	8,380,629
LIABILITIES	
Current liabilities:	
Accounts payable	16,467
Accrued liabilities	3,276
Due to primary government	8,388
Due to Jasper United	42,713
Accrued compensated absences	19,461
	<hr/>
Total liabilities	90,305
NET POSITION	
Net investment in capital assets	3,202,751
Restricted for:	
Equity interest ownership - Jasper United	1,216,834
Unrestricted	3,870,739
	<hr/>
TOTAL NET POSITION	\$ 8,290,324

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, 2023

	Component Unit
	JEDCO
OPERATING REVENUES	
Taxes:	
Sales taxes	\$ 1,351,268
Rental revenues	41,661
	<hr/>
Total revenues	1,392,929
OPERATING EXPENSES	
Economic development:	
Administration	490,481
Industry development	177,283
Marketing and promotion	15,411
Depreciation	95,463
	<hr/>
Total expenses	778,638
	<hr/>
Operating income	614,291
NONOPERATING REVENUES	
Investment earnings	27,154
	<hr/>
Total nonoperating revenues	27,154
	<hr/>
Change in net position	641,445
Net position - beginning	7,648,879
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NET POSITION - ENDING	\$ 8,290,324

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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, 2023, 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 6, 2024.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

The Woodlands, Texas
March 6, 2024

**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, 2023. 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's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

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.

The Woodlands, Texas
March 6, 2024

City of Jasper, Texas

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2023

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 |
| 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, 2023

None reported

City of Jasper, Texas

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2023

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	\$ 1,498,261
Community Development Block Grant - Recovery Grants	14.228	20-066-031-C225	318,975
Community Development Block Grant - Recovery Grants	14.228	19-076-047-B700	28,181
Passed Through Texas Department of Agriculture:			
Community Development Block Grant	14.228	CDV21-0281	17,600
Total Assistance Listing Number 14.228			1,863,017
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,863,017
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	n/a	2,097
TOTAL U.S. DEPARTMENT OF JUSTICE			2,097
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	686,390
TOTAL U.S. DEPARTMENT OF THE TREASURY			686,390
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,551,504

City of Jasper, Texas

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2023

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, 2023, 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.