

City of Jasper, Texas

Annual Financial Report

For the Fiscal Year Ended September 30, 2021

City of Jasper, Texas
 Annual Financial Report
 For the Fiscal Year Ended September 30, 2021
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Introductory Section

City of Jasper, Texas
Principal City Officials
September 30, 2021

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

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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 fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section and Supplementary Information, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2022, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
February 14, 2022

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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, 2021. 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 \$84,212,377 (net position). Of this amount, \$42,065,348 (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 \$6,186,994 from current activities. This is due to an increase in governmental activities of \$2,930,718 and an increase in business-type activities of \$3,256,276.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,780,946, an increase of \$3,368,548 in current operations.
- The City's total long-term liabilities decreased by \$123,314 during the fiscal year mainly due to the decrease in net pension 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 \$84,212,377 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 14,396,699	\$ 11,565,463	\$ 44,280,602	\$ 39,490,606	\$ 58,677,301	\$ 51,056,069
Capital assets	17,365,079	18,041,285	18,262,046	19,090,509	35,627,125	37,131,794
Total assets	31,761,778	29,606,748	62,542,648	58,581,115	94,304,426	88,187,863
Total deferred outflows of resources	582,900	603,077	447,965	470,863	1,030,865	1,073,940
Long-term liabilities outstanding	4,139,184	4,242,232	2,449,165	2,469,431	6,588,349	6,711,663
Other liabilities	567,820	1,166,771	2,867,727	2,087,093	3,435,547	3,253,864
Total liabilities	4,707,004	5,409,003	5,316,892	4,556,524	10,023,896	9,965,527
Total deferred inflows of resources	619,470	713,336	479,548	557,557	1,099,018	1,270,893
Net position:						
Net investment in capital assets	16,333,561	16,936,544	18,262,046	19,090,509	34,595,607	36,027,053
Restricted	7,551,422	5,845,522	-	-	7,551,422	5,845,522
Unrestricted	3,133,221	1,305,420	38,932,127	34,847,388	42,065,348	36,152,808
Total net position	\$ 27,018,204	\$ 24,087,486	\$ 57,194,173	\$ 53,937,897	\$ 84,212,377	\$ 78,025,383

The City's total assets of \$94,304,426 are largely comprised of capital assets, net of accumulated depreciation of \$35,627,125, or 38%. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported in the government-wide statements.

Long-term liabilities of \$6,588,349 comprise the largest portion of the City's total liabilities of \$10,023,896 at 66%. Of total long-term liabilities, \$560,000 is due within one year, with the remainder \$6,028,349 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 (41%) 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 (9%) represents resources that are subject to external restrictions on how they can be used.

The remaining balance of net position (50%) 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, 2021.

City of Jasper, Texas's Change in Net Position. Governmental and business-type activities combined to increase the City's net position by \$6,186,994 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,096,954	\$ 2,106,288	\$ 23,645,300	\$ 23,968,669	\$ 25,742,254	\$ 26,074,957
Operating grants and contributions	639,180	347,870	97,075	3,100	736,255	350,970
Capital grants and contributions	99,893	1,780,340	-	5,039	99,893	1,785,379
General revenues:						
Taxes	5,620,605	5,341,603	-	-	5,620,605	5,341,603
Proceeds from insurance	7,194	72,682	424	22,327	7,618	95,009
Other revenues	30,632	26,709	-	-	30,632	26,709
Investment earnings	21,252	74,047	139,167	361,490	160,419	435,537
Total revenues	<u>8,515,710</u>	<u>9,749,539</u>	<u>23,881,966</u>	<u>24,360,625</u>	<u>32,397,676</u>	<u>34,110,164</u>
Expenses:						
General government	1,073,162	1,001,153	-	-	1,073,162	1,001,153
Finance	334,335	347,325	-	-	334,335	347,325
Intergovernmental service	461,990	515,428	-	-	461,990	515,428
Community services	2,558,911	2,416,254	-	-	2,558,911	2,416,254
Community development	2,041,634	1,843,085	-	-	2,041,634	1,843,085
Public safety	3,075,358	3,269,507	-	-	3,075,358	3,269,507
Incentive contributions to Jasper United	70,718	84,421	-	-	70,718	84,421
Interest and fees on debt	21,849	26,530	-	-	21,849	26,530
Utility fund	-	-	16,572,725	16,561,570	16,572,725	16,561,570
Total expenses	<u>9,637,957</u>	<u>9,503,703</u>	<u>16,572,725</u>	<u>16,561,570</u>	<u>26,210,682</u>	<u>26,065,273</u>
Increase (decrease) in net position before transfers	(1,122,247)	245,836	7,309,241	7,799,055	6,186,994	8,044,891
Transfers	<u>4,052,965</u>	<u>7,001,442</u>	<u>(4,052,965)</u>	<u>(7,001,442)</u>	-	-
Change in net position	<u>2,930,718</u>	<u>7,247,278</u>	<u>3,256,276</u>	<u>797,613</u>	<u>6,186,994</u>	<u>8,044,891</u>
Net position - beginning	<u>24,087,486</u>	<u>16,840,208</u>	<u>53,937,897</u>	<u>53,140,284</u>	<u>78,025,383</u>	<u>69,980,492</u>
Net position - ending	<u>\$ 27,018,204</u>	<u>\$ 24,087,486</u>	<u>\$ 57,194,173</u>	<u>\$ 53,937,897</u>	<u>\$ 84,212,377</u>	<u>\$ 78,025,383</u>

Governmental Activities. The City's total revenues were \$8,515,710 from all governmental activities. A significant portion, \$5,620,605 or 66%, of the City's revenue comes from taxes. Charges for services revenue accounts for \$2,096,954, or 25%, of total revenue for governmental activities. Grants and contributions (operating and capital) revenue accounts for \$739,073, or 9% of total revenue for governmental activities.

The total cost of all governmental programs and services was \$9,637,957. The public safety function accounted for \$3,075,358, or 32% of this total. The community services function accounted for \$2,558,911, or 27% of total expenditures. The community development function accounted for \$2,041,634, or 21% of total expenditures. The general government function accounted for \$1,073,162, or 11% of total expenditures. There were no significant changes in expenses in the current year.

Changes in net position increased \$2,930,718 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 \$7,247,278. 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 \$23,645,300 are utilized to provide funds for program expenses of \$16,572,725.

The most significant factor affecting net position for business-type activities is a decrease in transfers out to governmental activities of \$2,948,477.

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 \$10,780,946, which is an increase of \$3,368,548 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 \$5,084,379. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 82% of total General Fund expenditures. The fund balance of the City's general fund increased by \$1,340,931 during the current year from current operations. For the most part, transfers from the utility fund were the primary reason for the increase in fund balance, as the total revenues did not exceed total expenditures.

The debt service fund has a total fund balance of \$3,770,869 all of which is restricted for the payment of debt service. The fund balance of the debt service fund increased by \$1,560,851 from current operations. The increase in fund balance was primarily the result of a decrease in debt payments.

The capital projects fund has a total fund balance of \$51,590. Transfers in from the utility fund of \$1,196,964 was the primary reason for the increase in fund balance of \$466,766.

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 \$356,975

Revenues – Intergovernmental increase of \$638,869

Expenditures – Community services: Streets and drainage increase of \$202,084

Transfers in – increase of \$1,107,567

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, 2021 amounts to \$35,627,125 (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	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 775,888	\$ 775,888	\$ 123,132	\$ 123,132	\$ 899,020	\$ 899,020
Construction in progress	451,265	171,266	154,024	72,850	605,289	244,116
Buildings and improvements	1,040,938	1,092,346	169,888	184,414	1,210,826	1,276,760
Improvements other than buildings	5,087,248	5,150,737	-	-	5,087,248	5,150,737
Utility systems	-	-	16,330,798	17,359,337	16,330,798	17,359,337
Machinery and equipment	2,654,264	2,626,938	1,484,204	1,350,776	4,138,468	3,977,714
Infrastructure	7,355,476	8,224,110	-	-	7,355,476	8,224,110
Total	\$ 17,365,079	\$ 18,041,285	\$ 18,262,046	\$ 19,090,509	\$ 35,627,125	\$ 37,131,794

Major capital asset projects during the year included the following:

- Water and sewer system improvements
- Light and Power system improvements
- 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 \$834,389.

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	
	2021	2020	2021	2020	2021	2020
Certificates of obligation	\$ 1,031,518	\$ 1,104,741	\$ -	\$ -	\$ 1,031,518	\$ 1,104,741
Compensated absences	494,304	494,229	426,313	417,681	920,617	911,910
Net pension liability	457,855	615,773	359,744	483,821	817,599	1,099,594
OPEB liability	2,155,507	2,027,489	1,663,108	1,567,929	3,818,615	3,595,418
Total	\$ 4,139,184	\$ 4,242,232	\$ 2,449,165	\$ 2,469,431	\$ 6,588,349	\$ 6,711,663

The City's certificates of obligation decreased \$73,223 during the current year. The key factor is debt payments.

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

Additional information on the City's net pension liability 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 \$.3579 per \$100 valuation in fiscal year 2021-2022 (\$.2554 for maintenance and operations and \$.1025 for interest and sinking).
- The unemployment rate for Jasper County, according to Texas Workforce statistics, is 9.0%, a decrease of 3.6% from last year's rate of 12.6%. The state unemployment rate, as recorded by the Bureau of Labor Statistics is 5.6%.
- The state sales tax receipts for the current fiscal year totaled \$3,772,646, an increase of \$179,545 or 5% from the previous year indicating a stable retail economy.

All of these factors were considered in preparing the City of Jasper's budget for 2021-2022 fiscal year.

The City is estimating revenues of \$7,773,259 and appropriated expenditures of \$7,771,808 in the 2021-2022 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, 2021

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		JEDCO
ASSETS				
Cash and cash equivalents	\$ 8,949,718	\$ 36,789,740	\$ 45,739,458	\$ 2,398,259
Receivables (net):				
Property taxes	233,082	-	233,082	-
Sales, franchise, and other taxes	735,777	-	735,777	222,791
Accounts	175,827	2,170,481	2,346,308	-
Court fines	46,629	-	46,629	-
Other	47,006	15,534	62,540	-
Due from component unit	691,665	-	691,665	-
Internal balances	(282,231)	282,231	-	-
Inventories	62,435	468,245	530,680	-
Prepaid items	39,658	-	39,658	-
Restricted cash:				
Cash - construction	-	3,999,958	3,999,958	-
Cash - hotel/motel tax	447,362	-	447,362	-
Cash - courts	474,931	-	474,931	-
Cash - grants	3,562	-	3,562	-
Cash - meter deposits	-	554,413	554,413	-
Equity interest ownership - Jasper United	2,771,278	-	2,771,278	1,187,689
Land held for resale	-	-	-	711,332
Capital assets not being depreciated:				
Land and improvements	775,888	123,132	899,020	159,823
Construction in progress	451,265	154,024	605,289	-
Capital assets being depreciated:				
Buildings and improvements	2,542,697	606,910	3,149,607	1,209,302
Improvements other than buildings	9,663,191	-	9,663,191	-
Utility system	-	46,044,637	46,044,637	-
Machinery and equipment	12,167,035	6,137,892	18,304,927	-
Infrastructure	18,408,781	-	18,408,781	-
Industrial park	-	-	-	3,202,753
Signs	-	-	-	18,852
Office equipment	-	-	-	55,181
Accumulated depreciation	(26,643,778)	(34,804,549)	(61,448,327)	(1,251,708)
Total assets	31,761,778	62,542,648	94,304,426	7,914,274
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activities	49,278	38,718	87,996	-
Deferred outflow for pension contributions after the measurement date	236,389	185,734	422,123	-
Deferred outflows from OPEB activities	292,355	220,124	512,479	-
Deferred outflows for OPEB contributions after the measurement date	4,878	3,389	8,267	-
Total deferred outflows of resources	582,900	447,965	1,030,865	-
LIABILITIES				
Accounts payable	446,751	1,458,493	1,905,244	3,500
Escrow liability - seizure funds	51,167	-	51,167	-
Accrued liabilities	62,166	54,055	116,221	2,890
Accrued interest payable	3,056	-	3,056	-
Due to primary government	-	-	-	691,665
Due to Jasper United	2,800	-	2,800	1,200
Unearned revenue	1,880	935,516	937,396	-
Payable from restricted assets:				
Customer meter deposits	-	419,663	419,663	-
Noncurrent liabilities:				
Due within one year	360,000	200,000	560,000	20,660
Due in more than one year	1,165,822	226,313	1,392,135	-
Net pension liability - long-term	457,855	359,744	817,599	-
OPEB liability - long term	2,155,507	1,663,108	3,818,615	-
Total liabilities	4,707,004	5,316,892	10,023,896	719,915
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activities	458,126	359,957	818,083	-
Deferred inflows for OPEB	161,344	119,591	280,935	-
Total deferred inflows of resources	619,470	479,548	1,099,018	-
NET POSITION				
Net investment in capital assets	16,333,561	18,262,046	34,595,607	3,394,203
Restricted for:				
Debt services	3,854,289	-	3,854,289	-
Equity interest ownership - Jasper United	2,771,278	-	2,771,278	1,187,689
Hotel/motel tax	447,362	-	447,362	-
Courts	474,931	-	474,931	-
Grants and contributions	3,562	-	3,562	-
Unrestricted	3,133,221	38,932,127	42,065,348	2,612,467
TOTAL NET POSITION	\$ 27,018,204	\$ 57,194,173	\$ 84,212,377	\$ 7,194,359

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 1,073,162	\$ -	\$ -	\$ -
Finance	334,335	-	-	-
Intergovernmental services	461,990	-	-	-
Community services	2,558,911	1,685,725	28,043	-
Community development	2,041,634	143,399	169,416	99,893
Public safety	3,075,358	267,830	441,721	-
Incentive contributions to Jasper United	70,718	-	-	-
Interest and fees on debt	21,849	-	-	-
Total governmental activities	9,637,957	2,096,954	639,180	99,893
Business-type activities:				
Utility fund	16,572,725	23,645,300	97,075	-
Total business-type activities	16,572,725	23,645,300	97,075	-
TOTAL PRIMARY GOVERNMENT	\$ 26,210,682	\$ 25,742,254	\$ 736,255	\$ 99,893
COMPONENT UNIT:				
Jasper Economic Development Corp.	\$ 724,105	\$ 45,513	\$ -	\$ -
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
\$ (1,073,162)	\$ -	\$ (1,073,162)	\$ -
(334,335)	-	(334,335)	-
(461,990)	-	(461,990)	-
(845,143)	-	(845,143)	-
(1,628,926)	-	(1,628,926)	-
(2,365,807)	-	(2,365,807)	-
(70,718)	-	(70,718)	-
(21,849)	-	(21,849)	-
(6,801,930)	-	(6,801,930)	-
-	7,169,650	7,169,650	-
-	7,169,650	7,169,650	-
(6,801,930)	7,169,650	367,720	-
			(678,592)
1,368,862	-	1,368,862	-
132,048	-	132,048	-
3,772,646	-	3,772,646	1,250,671
347,049	-	347,049	-
7,194	424	7,618	-
30,632	-	30,632	-
21,252	139,167	160,419	4,482
4,052,965	(4,052,965)	-	-
9,732,648	(3,913,374)	5,819,274	1,255,153
2,930,718	3,256,276	6,186,994	576,561
24,087,486	53,937,897	78,025,383	6,617,798
<u>\$ 27,018,204</u>	<u>\$ 57,194,173</u>	<u>\$ 84,212,377</u>	<u>\$ 7,194,359</u>

City of Jasper, Texas
 Balance Sheet - Governmental Funds
 September 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,329,841	\$ 3,543,383	\$ 76,494	\$ 8,949,718
Receivables (net):				
Property taxes	146,606	86,476	-	233,082
Sales, franchise, and other taxes	507,523	228,254	-	735,777
Accounts	175,827	-	-	175,827
Court fines	46,629	-	-	46,629
Other	47,006	-	-	47,006
Due from other funds	768	-	-	768
Due from component unit	691,665	-	-	691,665
Inventories	62,435	-	-	62,435
Prepaid items	39,658	-	-	39,658
Restricted cash:				
Cash - hotel/motel tax	447,362	-	-	447,362
Cash - courts	474,931	-	-	474,931
Cash - grants	3,562	-	-	3,562
	<u>7,973,813</u>	<u>3,858,113</u>	<u>76,494</u>	<u>11,908,420</u>
Total assets	<u>7,973,813</u>	<u>3,858,113</u>	<u>76,494</u>	<u>11,908,420</u>
TOTAL ASSETS	<u>\$ 7,973,813</u>	<u>\$ 3,858,113</u>	<u>\$ 76,494</u>	<u>\$ 11,908,420</u>
LIABILITIES				
Accounts payable	\$ 421,847	\$ -	\$ 24,904	\$ 446,751
Escrow liability - seizure funds	51,167	-	-	51,167
Accrued liabilities	62,166	-	-	62,166
Due to other funds	282,231	768	-	282,999
Due to Jasper United	2,800	-	-	2,800
Unearned revenue	1,880	-	-	1,880
	<u>822,091</u>	<u>768</u>	<u>24,904</u>	<u>847,763</u>
Total liabilities	<u>822,091</u>	<u>768</u>	<u>24,904</u>	<u>847,763</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	146,606	86,476	-	233,082
Unavailable revenue - court fines	46,629	-	-	46,629
	<u>193,235</u>	<u>86,476</u>	<u>-</u>	<u>279,711</u>
Total deferred inflows of resources	<u>193,235</u>	<u>86,476</u>	<u>-</u>	<u>279,711</u>
FUND BALANCES				
Nonspendable inventories	62,435	-	-	62,435
Nonspendable prepaid items	39,658	-	-	39,658
Restricted - debt	-	3,770,869	-	3,770,869
Restricted - hotel/motel tax	447,362	-	-	447,362
Restricted - courts	474,931	-	-	474,931
Restricted - grants and contributions	3,562	-	-	3,562
Assigned - construction	834,389	-	-	834,389
Assigned - purchases on order	11,771	-	51,590	63,361
Unassigned	5,084,379	-	-	5,084,379
	<u>6,958,487</u>	<u>3,770,869</u>	<u>51,590</u>	<u>10,780,946</u>
Total fund balances	<u>6,958,487</u>	<u>3,770,869</u>	<u>51,590</u>	<u>10,780,946</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,973,813</u>	<u>\$ 3,858,113</u>	<u>\$ 76,494</u>	<u>\$ 11,908,420</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, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 10,780,946

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	\$ 44,008,857	
Accumulated depreciation of governmental capital assets	<u>(26,643,778)</u>	17,365,079

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.	233,082
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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.	46,629
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Investment in joint venture is not considered to represent a financial resource and, therefore is not reported in the funds.	2,771,278
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Long-term liabilities, including certificates of obligation, compensated absences, OPEB, and net pension 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:

Certificates of obligation	\$ (995,000)	
Premium on debt issues	(36,518)	
Accrued interest on debt	(3,056)	
Compensated absences	(494,304)	
Net pension liability	(457,855)	
OPEB liability	<u>(2,155,507)</u>	(4,142,240)

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.	285,667
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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.	(458,126)
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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.	297,233
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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.	<u>(161,344)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 27,018,204

City of Jasper, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 975,187	\$ 397,996	\$ -	\$ 1,373,183
Franchise taxes	132,048	-	-	132,048
Sales taxes	2,521,975	1,250,671	-	3,772,646
Other taxes	347,049	-	-	347,049
Licenses and permits	107,889	-	-	107,889
Intergovernmental	638,869	-	-	638,869
Other grants and contributions	104,595	-	-	104,595
Charges for services	1,679,965	-	-	1,679,965
Fines and forfeitures	269,054	-	-	269,054
Rents and royalties	35,510	-	-	35,510
Investment earnings	13,749	7,434	69	21,252
Other revenues	30,632	-	-	30,632
	<u>6,856,522</u>	<u>1,656,101</u>	<u>69</u>	<u>8,512,692</u>
Total revenues				
EXPENDITURES				
Current:				
General government	1,022,166	-	-	1,022,166
Finance	332,924	-	-	332,924
Intergovernmental services	405,569	-	-	405,569
Community services	2,020,049	-	-	2,020,049
Community development	955,447	-	149	955,596
Public safety	2,898,419	-	-	2,898,419
Incentive contributions to Jasper United	70,718	-	-	70,718
Debt service:				
Principal	-	70,000	-	70,000
Interest and fees	-	25,250	-	25,250
Capital outlay:				
Governmental activities	677,391	-	660,584	1,337,975
Capital contributions to Jasper United	65,637	-	-	65,637
	<u>8,448,320</u>	<u>95,250</u>	<u>660,733</u>	<u>9,204,303</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(1,591,798)</u>	<u>1,560,851</u>	<u>(660,664)</u>	<u>(691,611)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	7,194	-	-	7,194
Transfers in	3,015,245	-	1,286,674	4,301,919
Transfers (out)	(89,710)	-	(159,244)	(248,954)
	<u>2,932,729</u>	<u>-</u>	<u>1,127,430</u>	<u>4,060,159</u>
Total other financing sources (uses)				
Net change in fund balances	1,340,931	1,560,851	466,766	3,368,548
Fund balances, beginning of year	5,617,556	2,210,018	(415,176)	7,412,398
	<u>\$ 6,958,487</u>	<u>\$ 3,770,869</u>	<u>\$ 51,590</u>	<u>\$ 10,780,946</u>
FUND BALANCES, END OF YEAR				

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, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 3,368,548
<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>		
		(4,321)
<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>		
		145
<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	\$ 1,337,975	
Depreciation expense	<u>(2,014,181)</u>	(676,206)
<p>Repayment of certificates of obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		70,000
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in interest expense reported in the statement of activities consist of the following:</p>		
Accrued interest on bonds payable decreased (increased)	\$ 178	
Amortization of bond premium	<u>3,223</u>	3,401
<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)		(75)
<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>		
		65,637
<p>The net change in 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>		
Deferred outflows increased (decreased)	\$ 47,680	
Deferred inflows (increased) decreased	66,890	
Net pension liability (increased) decreased	<u>157,918</u>	272,488
<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)	\$ (67,857)	
Deferred inflows (increased) decreased	26,976	
OPEB liability (increased) decreased	<u>(128,018)</u>	(168,899)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 2,930,718</u>

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

City of Jasper, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-Type Activities - Enterprise Fund Utility Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 36,789,740
Restricted cash - construction	3,999,958
Restricted cash - customer meter deposits	554,413
Receivables (net)	
Accounts	2,170,481
Other	15,534
Due from other funds	282,231
Inventories	468,245
Total current assets	<u>44,280,602</u>
Noncurrent assets	
Capital assets	
Land and improvements	123,132
Construction in progress	154,024
Buildings and improvements	606,910
Utility systems	46,044,637
Machinery and equipment	6,137,892
Accumulated depreciation	<u>(34,804,549)</u>
Total noncurrent assets	<u>18,262,046</u>
Total assets	62,542,648
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension activities	38,718
Deferred outflow for pension contribution after the measurement date	185,734
Deferred outflows from OPEB / TMRS activities	220,124
Deferred outflow for OPEB / TMRS contribution after the measurement date	<u>3,389</u>
Total deferred outflows of resources	447,965
LIABILITIES	
Current liabilities	
Accounts payable	1,458,493
Accrued liabilities	54,055
Customer meter deposits	419,663
Accrued compensated absences - current	200,000
Unearned revenue	<u>935,516</u>
Total current liabilities	3,067,727
Noncurrent liabilities	
Accrued compensated absences - long term	226,313
Net pension liability - long term	359,744
OPEB liability / retiree health - long term	1,429,640
OPEB liability / TMRS - long term	<u>233,468</u>
Total noncurrent liabilities	<u>2,249,165</u>
Total liabilities	5,316,892
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows for pensions	359,957
Deferred inflows for OPEB / retiree health	<u>119,591</u>
Total deferred inflows of resources	479,548
NET POSITION	
Net investment in capital assets	18,262,046
Unrestricted	<u>38,932,127</u>
TOTAL NET POSITION	<u>\$ 57,194,173</u>

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, 2021

	Business-Type Activities - Enterprise Fund Utility Fund
OPERATING REVENUES	
Electrical services	\$ 11,962,810
Sale of excess electrical power	7,793,323
Water sales	2,152,794
Sewer services	1,576,471
Tapping fees	100,999
Cut-in fees	34,474
Miscellaneous income	24,429
	<hr/>
Total operating revenues	23,645,300
OPERATING EXPENSES	
Water production	438,934
Water distribution	545,430
Sewer collection	544,696
Sewer treatment	722,633
Public works	343,295
Power production	10,801,349
Right of way	497,148
Inspection	216,696
Customer service	429,394
Nondepartmental:	
Depreciation	2,033,150
	<hr/>
Total operating expenses	16,572,725
	<hr/>
Operating income	7,072,575
	<hr/>
NONOPERATING REVENUES	
Intergovernmental	97,075
Proceeds from insurance	424
Investment earnings	139,167
	<hr/>
Total nonoperating revenues	236,666
	<hr/>
Income before capital contributions and transfers	7,309,241
	<hr/>
Transfers in	159,244
Transfers (out)	(4,212,209)
	<hr/>
Total capital contributions and transfers	(4,052,965)
	<hr/>
Change in net position	3,256,276
	<hr/>
Net position, beginning of year	53,937,897
	<hr/>
NET POSITION, END OF YEAR	\$ 57,194,173

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, 2021

	Business-Type Activities - Enterprise Fund Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for account services	\$ 23,765,097
Cash payments for operating expenses	(11,223,259)
Cash payments to employees for services	(3,546,565)
	<hr/>
Net cash provided by operating activities	8,995,273
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers, net	(4,052,965)
Intergovernmental	97,075
Insurance proceeds	424
	<hr/>
Net cash used for noncapital financing activities	(3,955,466)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant contributions	935,516
Purchase of capital assets	(1,204,687)
	<hr/>
Net cash used for capital and related financing activities	(269,171)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	139,167
	<hr/>
Net cash provided by investing activities	139,167
Net increase (decrease) in cash and cash equivalents	4,909,803
Cash and cash equivalents, beginning of year	36,434,308
	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 41,344,111
CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	\$ 36,789,740
Restricted Cash	4,554,371
	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 41,344,111
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 7,072,575
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation and amortization	2,033,150
(Increase) decrease in receivables	99,140
(Increase) decrease in due from other funds	101,046
(Increase) decrease in inventories	(80,378)
(Increase) decrease in deferred outflows for pensions	(17,164)
(Increase) decrease in deferred outflows for OPEB	95,241
Increase (decrease) in accounts payable	(187,749)
Increase (decrease) in accrued liabilities	12,209
Increase (decrease) in customer meter deposits	20,658
Increase (decrease) in accrued compensated absences	8,632
Increase (decrease) in other postemployment benefits	95,179
Increase (decrease) in net pension liability	(124,077)
Increase (decrease) in deferred inflows for pensions	(72,856)
Increase (decrease) in deferred inflows for OPEB	(60,333)
	<hr/>
Total adjustments	1,922,698
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,995,273

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

City of Jasper, Texas

Notes to the 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 the 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 the Financial Statements

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

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

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

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

1. Cash and Cash Equivalents

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

2. Inventories and Prepaid Items

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

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

3. Land held for resale

Land held for resale consists of acquisition and improvements to real property that is purchased with the intent to sell to private-sector purchasers and currently recorded in the City's discretely presented component unit, JEDCO. The land held for resale is reported at cost. The land held for resale consists of an airport hangar and office buildings at the JEDCO industrial park location. The City did not recognize any impairment on the land held for resale for the year ended September 30, 2021.

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 the Financial Statements

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

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

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

5. Long-Term Obligations

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

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

6. Compensated Absences

The City and JEDCO employees are paid for absence due to vacation or sickness according to a prescribed policy. Employees can carry forward up to 160 hours of vacation. Payment for unused vacation is made upon termination of employment with more than 6 months service. Employees are also allowed to carry forward up to 840 or 720 hours of sick leave depending on the employee's hire date. Also, upon retirement or resignation in good standing the City will pay 100% or 33% of unused sick leave depending on the employee's hire date. Accordingly, these financial statements reflect the accrual of vacation and unused sick leave at September 30, 2021. Compensated absences are liquidated by the General Fund, the proprietary fund and the component unit JEDCO.

City of Jasper, Texas

Notes to the Financial Statements

7. Pensions

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

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

8. Other Post-Employment Benefits

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

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

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

9. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

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

City of Jasper, Texas

Notes to the Financial Statements

10. Net Position Flow Assumption

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

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

11. Fund Balance Flow Assumptions

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

12. Fund Balance Policies

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

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

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

City of Jasper, Texas

Notes to the Financial Statements

2. Property Taxes

Property values are determined by the County Appraisal District as of July 31 of each year. Prior to October 1 of each year, the City sets its tax rate thus creating the tax levy. The taxes are levied and payable October 1 on property values assessed as of January 1. Taxes may be paid without penalty before February 1 of the following year and create a tax lien as of July 1 of each year. The tax assessor/collector for Jasper County bills and collects the property taxes for the City. City property tax revenues are recognized when levied to the extent that they result in current receivables. The combined current tax rate to finance general governmental services and payment of principal and interest on long-term debt for the fiscal year ended September 30, 2021 was \$0.3579 per \$100, allocated \$0.2554 for the General Fund and \$0.1025 for the Debt Service Fund.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

H. Use of Estimates

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

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 the 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	\$ 834,389
General Fund - purchase on order	11,771
Capital Projects Fund - purchases on order	<u>548,197</u>
Total	<u>\$ 1,394,357</u>

The City has encumbrances in the Capital Projects Fund totaling \$548,197. The excess amount of \$490,607 in encumbrances over fund balance of \$51,590 will be funded by future transfers.

Note 3. Detailed Notes on All Funds

A. Cash and Investments

Primary Government

At September 30, 2021, 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.

City of Jasper, Texas

Notes to the Financial Statements

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

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

Interest rate risk

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

Concentration of credit risk

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

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At September 30, 2021, 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, 2021, JEDCO's deposits at the First National Bank were unsecured by \$113,116 and deposits at the Mobil Oil Federal Credit Union were unsecured by \$78,034.

City of Jasper, Texas
Notes to the Financial Statements

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	\$ -	\$ 721,006	\$ 721,006
Hotel/motel tax	447,362	-	447,362
Courts	474,931	-	474,931
Grants and contributions	3,562	-	3,562
Customer meter deposits	-	554,413	554,413
	<u> </u>	<u> </u>	<u> </u>
Total restricted assets	<u>\$ 925,855</u>	<u>\$ 1,275,419</u>	<u>\$ 2,201,274</u>

C. Receivables

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

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

Change in uncollectibles related to general fund property taxes	\$ -
Change in uncollectibles related to general fund sanitation	(8,992)
Change in uncollectibles related to general fund court fines	(2,746)
Change in uncollectibles related to debt service property taxes	-
Change in uncollectibles related to utility fund utilities	(140,871)
	<u> </u>
Total change in uncollectibles of the current fiscal year increased (decreased) revenues	<u>\$ (152,609)</u>

City of Jasper, Texas

Notes to the Financial Statements

Allowances for uncollectibles at September 30, 2021 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)	\$ (5,000)	\$ -	\$ (13,000)
Accounts	(92,959)	-	(1,456,353)	(1,549,312)
Court fines	(885,951)	-	-	(885,951)

Approximately 77% 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, 2021 were as follows:

	Interfund Receivables	Interfund Payables
General	\$ 768	\$ (282,231)
Debt service	-	(768)
Utility	282,231	-
Totals	\$ 282,999	\$ (282,999)

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

2. Transfers To and From Other Funds

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the City's transfers for the year ended September 30, 2021.

Transfers out	Transfer in General Fund	Transfer in Capital Projects Fund	Transfer in Utility Fund	Total
General	\$ -	\$ 89,710	\$ -	\$ 89,710
Capital projects	-	-	159,244	159,244
Utility	3,015,245	1,196,964	-	4,212,209
Totals	\$ 3,015,245	\$ 1,286,674	\$ 159,244	\$ 4,461,163

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

City of Jasper, Texas
Notes to the Financial Statements

3. Component Unit - JEDCO

Amounts receivable and payable between the City and its component unit at September 30, 2021 were as follows:

<u>Primary Government/Component Unit</u>	<u>Receivables</u>	<u>Payables</u>
City - General fund	\$ 691,665	\$ -
Component unit - JEDCO	-	(691,665)
Totals	<u>\$ 691,665</u>	<u>\$ (691,665)</u>

The receivable and payable between the City and its component unit consist of expenditures of \$691,665 for JEDCO portion of Main Street construction project in progress.

E. Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments and Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 775,888	\$ -	\$ -	\$ -	\$ 775,888
Construction in progress	171,266	451,265	-	(171,266)	451,265
Total capital assets, not being depreciated	947,154	451,265	-	(171,266)	1,227,153
Depreciable assets:					
Buildings and improvements	2,542,697	-	-	-	2,542,697
Improvements other than buildings	9,393,578	98,347	-	171,266	9,663,191
Machinery and equipment	11,426,482	740,553	-	-	12,167,035
Infrastructure	18,360,971	47,810	-	-	18,408,781
Total depreciable assets	41,723,728	886,710	-	171,266	42,781,704
Less accumulated depreciation for:					
Buildings and improvements	(1,450,351)	(51,408)	-	-	(1,501,759)
Improvements other than buildings	(4,242,841)	(333,102)	-	-	(4,575,943)
Machinery and equipment	(8,799,544)	(713,227)	-	-	(9,512,771)
Infrastructure	(10,136,861)	(916,444)	-	-	(11,053,305)
Total accumulated depreciation	(24,629,597)	(2,014,181)	-	-	(26,643,778)
Total depreciable assets, net	17,094,131	(1,127,471)	-	171,266	16,137,926
Governmental activities capital assets, net	<u>\$ 18,041,285</u>	<u>\$ (676,206)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,365,079</u>

City of Jasper, Texas
Notes to the Financial Statements

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

Governmental activities:	
General government	\$ 58,961
Finance	5,389
Intergovernmental services	65,712
Community services	566,735
Community development	1,100,639
Public safety	216,745
Total	\$ 2,014,181

	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	72,850	154,024	-	(72,850)	154,024
Total capital assets, not being depreciated	195,982	154,024	-	(72,850)	277,156
Depreciable assets:					
Buildings and improvements	606,910	-	-	-	606,910
Utility systems	45,376,727	595,060	-	72,850	46,044,637
Machinery and equipment	5,682,289	455,603	-	-	6,137,892
Total depreciable assets	51,665,926	1,050,663	-	72,850	52,789,439
Less accumulated depreciation for:					
Buildings and improvements	(422,496)	(14,526)	-	-	(437,022)
Utility systems	(28,017,390)	(1,696,449)	-	-	(29,713,839)
Machinery and equipment	(4,331,513)	(322,175)	-	-	(4,653,688)
Total accumulated depreciation	(32,771,399)	(2,033,150)	-	-	(34,804,549)
Total depreciable assets, net	18,894,527	(982,487)	-	72,850	17,984,890
Business-type activities capital assets, net	\$ 19,090,509	\$ (828,463)	\$ -	\$ -	\$ 18,262,046

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

Business-type activities:	
Water and sewer	\$ 1,403,617
Light and power	629,533
Total business-type activities	\$ 2,033,150

City of Jasper, Texas

Notes to the Financial Statements

Construction Commitments

The City has an active construction project as of September 30, 2021. The project is for Street Improvements. At year end, the commitments with contractors are as follows:

City Project	Remaining Commitment
Springhill Street Rebuild	\$ 834,389
Totals	\$ 834,389

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

Component Unit - JEDCO

Activity for the component unit for the year ended September 30, 2021, 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	(47,101)	(27,856)	-	-	(74,957)
Industrial park	(1,072,950)	(64,055)	-	-	(1,137,005)
Signs	(17,426)	(901)	-	-	(18,327)
Office equipment	(17,867)	(3,552)	-	-	(21,419)
Total accumulated depreciation	(1,155,344)	(96,364)	-	-	(1,251,708)
Total depreciable assets, net	3,330,744	(96,364)	-	-	3,234,380
Component unit capital assets, net	\$ 3,490,567	\$ (96,364)	\$ -	\$ -	\$ 3,394,203

F. Long-term Liabilities

Primary Government and Discretely Presented Component Unit (JEDCO):

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

City of Jasper, Texas
Notes to the Financial Statements

Changes in Long-term Liabilities

Changes in long-term obligations for the period ended September 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Certificates of obligation	\$ 1,065,000	\$ -	\$ (70,000)	\$ 995,000	\$ 70,000
Deferred amounts:					
For issuance premiums	39,741	-	(3,223)	36,518	-
Total bonds payable, net	1,104,741	-	(73,223)	1,031,518	70,000
Compensated absences	494,229	334,891	(334,816)	494,304	290,000
Net pension liability	615,773	2,389,126	(2,547,044)	457,855	-
OPEB liability / retiree health	1,751,069	108,548	(40,076)	1,819,541	-
OPEB liability / TMRS	276,420	62,708	(3,162)	335,966	-
Total governmental activities long-term liabilities	\$ 4,242,232	\$ 2,895,273	\$ (2,998,321)	\$ 4,139,184	\$ 360,000
Business-type activities:					
Compensated absences	\$ 417,681	\$ 220,961	\$ (212,329)	\$ 426,313	\$ 200,000
Net pension liability	483,821	1,877,170	(2,001,247)	359,744	-
OPEB liability / retiree health	1,375,840	85,287	(31,487)	1,429,640	-
OPEB liability / TMRS	192,089	43,576	(2,197)	233,468	-
Total business-type activities long-term liabilities	\$ 2,469,431	\$ 2,226,994	\$ (2,247,260)	\$ 2,449,165	\$ 200,000
Component Unit - JEDCO					
Compensated absences	\$ 15,633	\$ 10,412	\$ (5,385)	\$ 20,660	\$ 20,660
Total	\$ 15,633	\$ 10,412	\$ (5,385)	\$ 20,660	\$ 20,660

Primary Government:

Certificates of Obligation

Governmental activities:

\$4,400,000 2012 Combination Tax and Revenue certificates of obligation due in annual installments of \$70,000 to \$510,000 through February 15, 2033, interest ranging from 2.00% to 3.00% secured by ad valorem taxes and a subordinate pledge of surplus revenues of water and sewer funds.

\$ 995,000

\$ 995,000

City of Jasper, Texas
Notes to the Financial Statements

The principal and interest requirements for certificates of obligation are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 70,000	\$ 23,350	\$ 93,350
2023	70,000	21,950	91,950
2024	75,000	20,500	95,500
2025	75,000	19,000	94,000
2026	80,000	17,450	97,450
2027	80,000	15,850	95,850
2028	85,000	13,988	98,988
2029	85,000	11,862	96,862
2030	90,000	9,675	99,675
2031	90,000	7,200	97,200
2032	95,000	4,425	99,425
2033	100,000	1,500	101,500
Totals	\$ 995,000	\$ 166,750	\$ 1,161,750

Note 4. Other Information

A. Pension Information

Plan Description

The City of Jasper participates in one of 888 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

City of Jasper, Texas

Notes to the Financial Statements

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

	Plan Year 2020	Plan Year 2019
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI
Supplemental death benefit to active employees	Yes	Yes
Supplemental death benefit to retirees	Yes	Yes

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	55
Active employees	123
	262

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 9.09% and 8.68% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$580,260, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

City of Jasper, Texas

Notes to the Financial Statements

Actuarial assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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 2021 are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	100%	

City of Jasper, Texas

Notes to the 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2019	\$ 27,576,077	\$ 26,476,483	\$ 1,099,594
Changes for the year			
Service cost	785,823	-	785,823
Interest	1,836,939	-	1,836,939
Difference between expected and actual experience	119,878	-	119,878
Contributions - employer	-	583,112	(583,112)
Contributions - employee	-	449,042	(449,042)
Net investment income	-	2,005,992	(2,005,992)
Benefit payments, including refunds of employee contributions	(1,510,146)	(1,510,146)	-
Administrative expense	-	(13,004)	13,004
Other changes	-	(507)	507
Net changes	<u>1,232,494</u>	<u>1,514,489</u>	<u>(281,995)</u>
Balance at December 31, 2020	<u>\$ 28,808,571</u>	<u>\$ 27,990,972</u>	<u>\$ 817,599</u>

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	\$ 4,160,445	\$ 817,599	\$ 1,993,974

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 the Financial Statements

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

For the year ended September 30, 2021, the City recognized pension expense of \$93,675.

At September 30, 2021, 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	\$ 87,996	\$ 46,135
Changes in actuarial assumptions	-	21,052
Difference between projected and actual investment earnings	-	750,896
Contributions subsequent to the measurement date	422,123	-
Totals	\$ 510,119	\$ 818,083

\$422,123 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. 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,	
2022	\$ (288,956)
2023	29,547
2024	(426,913)
2025	(43,765)
Totals	\$ (730,087)

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 the 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>123</u>
	<u><u>205</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 \$623 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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	8
Active employees	<u>17</u>
	<u><u>25</u></u>

City of Jasper, Texas
Notes to the 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 0.06% and 0.17% in calendar years **2020** and 2021, respectively. The City's contributions to the SDBF for the year ended September 30, 2021 were \$9,311, 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 2021, a premium of approximately \$5,000 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	\$ 623
Spouse	1,266
Child	1,097
Family	1,839
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, 2020 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, 2021 and was determined by an actuarial valuation as of October 1, 2019.

City of Jasper, Texas
Notes to the Financial Statements

Actuarial Assumptions

TMRS

The Total OPEB Liability in the December 31, 2020 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	2.00%
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, 2020 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 2.75% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

Retiree Health

The Total OPEB Liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	October 1, 2019
Measurement date	September 30, 2021
Actuarial cost method	Entry age normal
Inflation	2.20% per annum, compounded annually
Salary increases	3.00% including inflation
Discount rate	2.26% 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 2.21% and was based on the Bond Buyer General Obligation 20-Bond Municipal Index rate as of October 1, 2019.

City of Jasper, Texas
Notes to the Financial Statements

Changes in Total OPEB Liability

TMRS

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at December 31, 2019	\$ 468,509
Changes for the year:	
Service cost	22,452
Interest on Total OPEB Liability	13,140
Difference between expected and actual experience	(1,510)
Changes of assumptions or other inputs	70,692
Benefit payments	<u>(3,849)</u>
Net changes	<u>100,925</u>
Balance at December 31, 2020	<u>\$ 569,434</u>

Retiree Health

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at September 30, 2020	\$ 3,126,909
Changes for the year:	
Service cost	122,727
Interest on Total OPEB Liability	71,108
Change of benefit terms	(7,009)
Benefit payments	<u>(64,554)</u>
Net changes	<u>122,272</u>
Balance at September 30, 2021	<u>\$ 3,249,181</u>

City of Jasper, Texas

Notes to the 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 2.00%, 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 (1.00%) or 1 percentage-point higher (3.00%) than the current rate:

	<u>1% Decrease in Discount Rate (1.00%)</u>	<u>Discount Rate (2.00%)</u>	<u>1% Increase in Discount Rate (3.00%)</u>
Total OPEB liability	\$ 686,739	\$ 569,434	\$ 478,049

Retiree Health

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.26%, 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 (1.26%) or 1 percentage-point higher (3.26%) than the current rate:

	<u>1% Decrease in Discount Rate (1.26%)</u>	<u>Discount Rate (2.26%)</u>	<u>1% Increase in Discount Rate (3.26%)</u>
Total OPEB liability	\$ 3,400,956	\$ 3,249,181	\$ 3,100,768

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	\$ 3,035,455	\$ 3,249,181	\$ 3,489,876

City of Jasper, Texas

Notes to the Financial Statements

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

TMRS

For the year ended September 30, 2021, the City recognized OPEB expense of \$58,208. At September 30, 2021, 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	\$ 73,947	\$ 122,898
Changes in actuarial assumptions and other inputs	104,972	11,126
Contributions subsequent to the measurement date	<u>8,267</u>	<u>-</u>
Totals	<u>\$ 187,186</u>	<u>\$ 134,024</u>

\$8,267 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, 2022. 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>	
2022	\$ 22,616
2023	17,743
2024	(6,754)
2025	<u>11,290</u>
Totals	<u>\$ 44,895</u>

Retiree Health

For the year ended September 30, 2021, the City recognized OPEB expense of \$314,643. At September 30, 2021, 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	\$ -	\$ 120,630
Changes in actuarial assumptions and other inputs	<u>333,560</u>	<u>26,281</u>
Totals	<u>\$ 333,560</u>	<u>\$ 146,911</u>

City of Jasper, Texas
 Notes to the Financial Statements

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

<u>Year Ending September 30:</u>	
2022	\$ 135,480
2023	51,608
2024	<u>(439)</u>
Totals	<u>\$ 186,649</u>

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, but in no event shall the term expire before October 1, 2021.

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.

City of Jasper, Texas

Notes to the Financial Statements

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, 2021, the City and JEDCO provided capital contributions of \$65,637 and \$28,129, and incentive contributions of \$70,718 and \$30,308, respectively. These contributions are recorded as expenditures in their respective general funds. All incentive contributions were paid from the joint venture to the awardee during the year. The City and JEDCO's equity interest in the joint venture totaled \$2,771,278 and \$1,187,689, respectively as of September 30, 2021 and are recorded as assets in the statement of net position. The joint venture does not issue separately available financial statements.

Required Supplementary Information

City of Jasper, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended September 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 845,545	\$ 975,187	\$ 975,187	\$ -
Franchise taxes	155,000	132,048	132,048	-
Sales taxes	2,165,000	2,521,975	2,521,975	-
Motel occupancy	275,000	331,895	331,895	-
Mixed beverage	13,000	15,154	15,154	-
Licenses and permits	50,000	107,889	107,889	-
Intergovernmental:				
Intergovernmental	-	462,985	462,985	-
CLEOSE grant	-	2,071	2,071	-
CDBG	-	169,416	169,416	-
Municipal court technology	5,075	4,397	4,397	-
Other grants and contributions	102,500	104,595	104,595	-
Charges for services:				
Sanitation collection fees	1,382,579	1,430,371	1,430,371	-
Landfill transfer fee	150,000	243,559	243,559	-
Animal shelter	-	6,033	6,033	-
Recycling income	-	2	2	-
Fines and forfeitures	372,310	269,054	269,054	-
Rents and royalties	35,510	35,510	35,510	-
Investment earnings	10,000	13,749	13,749	-
Other revenues	16,500	30,632	30,632	-
Total revenues	5,578,019	6,856,522	6,856,522	-
EXPENDITURES				
General government:				
Legislative	607,114	720,542	720,542	-
Administrative	145,242	147,365	147,365	-
Human resources	105,175	101,240	101,240	-
City secretary	58,600	53,019	53,019	-
Total general government	916,131	1,022,166	1,022,166	-
Finance:				
Budget and finance	332,851	332,924	332,924	-
Total finance	332,851	332,924	332,924	-
Intergovernmental services:				
Municipal shop	326,500	305,907	305,907	-
Custodial services	117,217	99,662	99,662	-
Total intergovernmental services	443,717	405,569	405,569	-
Community services:				
Library	332,633	296,240	296,240	-
Solid waste	986,246	1,040,030	1,040,030	-
Parks	258,880	280,841	280,841	-
Community services	269,450	261,991	261,991	-
Animal shelter	124,436	140,947	140,947	-
Total community services	1,971,645	2,020,049	2,020,049	-

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, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Community development:				
Streets and drainage	753,363	955,447	955,447	-
Total community development	753,363	955,447	955,447	-
Public safety:				
Police	2,401,511	2,302,069	2,302,069	-
Municipal court	392,044	302,072	302,072	-
Fire	295,321	294,278	294,278	-
Total public safety	3,088,876	2,898,419	2,898,419	-
Incentive contributions:				
Incentive contributions to Jasper United	-	70,718	70,718	-
Total incentive contributions	-	70,718	70,718	-
Capital outlay:				
Governmental activities	-	677,391	677,391	-
Capital contributions to Jasper United	-	65,637	65,637	-
Total capital outlay	-	743,028	743,028	-
Total expenditures	7,506,583	8,448,320	8,448,320	-
Excess (deficiency) of revenues over expenditures	(1,928,564)	(1,591,798)	(1,591,798)	-
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	-	7,194	7,194	-
Transfers in	1,907,678	3,015,245	3,015,245	-
Transfers (out)	-	(89,710)	(89,710)	-
Total other financing sources (uses)	1,907,678	2,932,729	2,932,729	-
Net change in fund balance	(20,886)	1,340,931	1,340,931	-
Fund balance, beginning of year	5,617,556	5,617,556	5,617,556	-
FUND BALANCE, END OF YEAR	\$ 5,596,670	\$ 6,958,487	\$ 6,958,487	\$ -

City of Jasper, Texas

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

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

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%

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

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

<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>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,806,097	\$ 5,564,688	\$ 5,304,307	\$ 4,952,492	\$ 4,938,995
9.10%	9.54%	9.42%	8.96%	9.02%

City of Jasper, Texas

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 9,311	\$ 3,656	\$ 2,903	\$ 2,938
Contributions in relation to the actuarially determined contribution	<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>	<u><u>\$ -</u></u>
Covered payroll	\$ 6,602,847	\$ 6,376,747	\$ 5,806,097	\$ 5,564,688
Contributions as a percentage of covered payroll	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 Four Fiscal Years *

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 64,554	\$ 55,074	\$ 108,782	\$ 112,623
Contributions in relation to the actuarially determined contribution	<u>(64,554)</u>	<u>(55,074)</u>	<u>(108,782)</u>	<u>(112,623)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,160,176	\$ 6,192,413	\$ 5,832,145	\$ 5,131,927
Contributions as a percentage of covered payroll	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.

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.

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, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 325,698	\$ 397,996	\$ 397,996	\$ -
Sales taxes	1,000,000	1,250,671	1,250,671	-
Investment earnings	8,000	7,434	7,434	-
Total revenues	1,333,698	1,656,101	1,656,101	-
EXPENDITURES				
Debt service:				
Principal	360,000	70,000	70,000	-
Interest and fees	42,750	25,250	25,250	-
Total expenditures	402,750	95,250	95,250	-
Net change in fund balance	930,948	1,560,851	1,560,851	-
Fund balance, beginning of year	2,210,018	2,210,018	2,210,018	-
FUND BALANCE, END OF YEAR	<u>\$ 3,140,966</u>	<u>\$ 3,770,869</u>	<u>\$ 3,770,869</u>	<u>\$ -</u>

City of Jasper, Texas
 Schedule of Operating Expenses
 by Department - Enterprise Funds
 For the Fiscal Year Ended September 30, 2021

	Utility Fund			Total
	Water Utility	Sewer Utility	Light and Power Utility	
Water production:				
Personnel expenses	\$ 220,465	\$ -	\$ -	\$ 220,465
Maintenance and supplies	61,243	-	-	61,243
Contracted services	154,180	-	-	154,180
Other sundry expenses	3,046	-	-	3,046
Total water production	438,934	-	-	438,934
Water distribution:				
Personnel expenses	481,941	-	-	481,941
Maintenance and supplies	47,957	-	-	47,957
Contracted services	7,412	-	-	7,412
Other sundry expenses	8,120	-	-	8,120
Total water distribution	545,430	-	-	545,430
Sewer collection:				
Personnel expenses	-	373,301	-	373,301
Maintenance and supplies	-	103,614	-	103,614
Contracted services	-	62,183	-	62,183
Other sundry expenses	-	5,598	-	5,598
Total sewer collection	-	544,696	-	544,696
Sewer treatment:				
Personnel expenses	-	367,880	-	367,880
Maintenance and supplies	-	123,773	-	123,773
Contracted services	-	226,845	-	226,845
Other sundry expenses	-	4,135	-	4,135
Total sewer treatment	-	722,633	-	722,633
Public works:				
Personnel expenses	314,675	-	-	314,675
Maintenance and supplies	8,868	-	-	8,868
Contracted services	17,043	-	-	17,043
Other sundry expenses	2,709	-	-	2,709
Total public works	343,295	-	-	343,295
Power production:				
Purchased power	-	-	9,896,739	9,896,739
Personnel expenses	-	-	799,098	799,098
Maintenance and supplies	-	-	58,856	58,856
Contracted services	-	-	32,896	32,896
Other sundry expenses	-	-	13,760	13,760
Total power production	-	-	10,801,349	10,801,349
Right of way:				
Personnel expenses	-	-	427,903	427,903
Maintenance and supplies	-	-	66,711	66,711
Contracted services	-	-	2,534	2,534
Total right of way	-	-	497,148	497,148
Inspection:				
Personnel expenses	-	-	203,176	203,176
Maintenance and supplies	-	-	7,899	7,899
Contracted services	-	-	2,462	2,462
Other sundry expenses	-	-	3,159	3,159
Total inspection	-	-	216,696	216,696
Customer service:				
Personnel expenses	-	-	294,958	294,958
Maintenance and supplies	-	-	42,718	42,718
Contracted services	-	-	71,233	71,233
Other sundry expenses	-	-	20,485	20,485
Total customer service	-	-	429,394	429,394
Nondepartmental:				
Depreciation	701,809	701,808	629,533	2,033,150
Total nondepartmental expenses	701,809	701,808	629,533	2,033,150
TOTAL OPERATING EXPENSES	\$ 2,029,468	\$ 1,969,137	\$ 12,574,120	\$ 16,572,725

City of Jasper, Texas

Statement of Net Position - Component Unit
Jasper Economic Development Corporation
September 30, 2021

	Component Unit
	JEDCO
ASSETS	
Cash and cash equivalents	\$ 2,398,259
Receivables	
Sales taxes	222,791
Equity interest ownership - Jasper United	1,187,689
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	(1,251,708)
	<hr/>
Total assets	7,914,274
LIABILITIES	
Current liabilities:	
Accounts payable	3,500
Accrued liabilities	2,890
Due to primary government	691,665
Due to Jasper United	1,200
Accrued compensated absences	20,660
	<hr/>
Total liabilities	719,915
NET POSITION	
Net investment in capital assets	3,394,203
Restricted for:	
Equity interest ownership - Jasper United	1,187,689
Unrestricted	2,612,467
	<hr/>
TOTAL NET POSITION	\$ 7,194,359

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, 2021

	<u>Component Unit</u>
	<u>JEDCO</u>
OPERATING REVENUES	
Taxes:	
Sales taxes	\$ 1,250,671
Rental revenues	45,513
	<hr/>
Total revenues	1,296,184
OPERATING EXPENSES	
Economic development:	
Administration	356,527
Industry development	231,953
Incentive contributions to Jasper United	30,308
Marketing and promotion	8,953
Depreciation	96,364
	<hr/>
Total expenses	724,105
	<hr/>
Operating income	572,079
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	4,482
	<hr/>
Total nonoperating revenues (expenses)	4,482
	<hr/>
Change in net position	576,561
Net position - beginning	6,617,798
	<hr/>
NET POSITION - ENDING	\$ 7,194,359
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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 aggregate discretely presented component unit, and each major fund of City of Jasper, Texas (the City) as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 14, 2022.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

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

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
February 14, 2022

City of Jasper, Texas

Schedule of Findings and Responses
For the Fiscal Year Ended September 30, 2021

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 the financial statements noted? | No |

Section 2. Findings Related to Financial Statements

None reported

City of Jasper, Texas

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2021

None reported